ESTTA Tracking number: **ESTTA1134277**

Filing date: **05/17/2021**

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

| | |
|---|---|
| Proceeding | 91231133 |
| Party | Plaintiff<br>adidas AG, adidas America, Inc., & adidas International Marketing BV |
| Correspondence Address | NICHOLE DAVIS CHOLLET<br>KILPATRICK TOWNSEND & STOCKTON LLP<br>1100 PEACHTREE ST NE STE 2800<br>ATLANTA, GA 30309<br>UNITED STATES<br>Primary Email: nchollet@ktslaw.com<br>Secondary Email(s): dbreitman@ktslaw.com, kcook@ktslaw.com, kteil-haber@ktslaw.com, tmadmin@ktslaw.com, brnelson@ktslaw.com<br>4048156500 |
| Submission | Plaintiff's Notice of Reliance |
| Filer's Name | Nichole Davis Chollet |
| Filer's email | nchollet@ktslaw.com, bjones@ktslaw.com, kcook@ktslaw.com, kteil-haber@ktslaw.com, tmadmin@ktslaw.com |
| Signature | /Nichole Davis Chollet/ |
| Date | 05/17/2021 |
| Attachments | 2021.05.17 Opposers' Fourth Notice of Reliance_Printed Publications.pdf(83026 bytes )<br>Exhibit A cover.pdf(6326 bytes )<br>BrandZ 2006-2013.pdf(64987 bytes )<br>2006_BrandZ_Top100_Report Copy.pdf(1420264 bytes )<br>2007_BrandZ_Top100_Report Copy.pdf(943983 bytes )<br>2008_BrandZ_Top100_Report Copy.pdf(445673 bytes )<br>2009_BrandZ_Top100_Report Copy.pdf(5172700 bytes )<br>2010_BrandZ_Top100_Report Copy_Part1.pdf(4546940 bytes )<br>2010_BrandZ_Top100_Report Copy_Part2.pdf(4689586 bytes )<br>2010_BrandZ_Top100_Report Copy_Part3.pdf(3186144 bytes )<br>2011_BrandZ_Top100_Chart Copy.pdf(768708 bytes )<br>2011_BrandZ_Top100_Report Copy_Part1.pdf(2867197 bytes )<br>2011_BrandZ_Top100_Report Copy_Part2.pdf(4037803 bytes )<br>2011_BrandZ_Top100_Report Copy_Part3.pdf(3729192 bytes )<br>2011_BrandZ_Top100_Report Copy_Part4.pdf(1779465 bytes )<br>2012_BrandZ_Top100_Chart Copy.pdf(6057923 bytes )<br>2012_BrandZ_Top100_Report Copy.pdf(5583976 bytes )<br>2013_BrandZ_Top100_Chart Copy.pdf(289205 bytes )<br>2013_BrandZ_Top100_Report Copy_Part1.pdf(4048367 bytes )<br>2013_BrandZ_Top100_Report Copy_Part2.pdf(3616128 bytes ) |

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**
**BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

| | |
|---|---|
| ADIDAS AG, ADIDAS AMERICA, INC., AND ADIDAS INTERNATIONAL MARKETING BV,<br><br>Opposers,<br><br>v.<br><br>KENNETH JACKSON,<br><br>Applicant. | Consolidated Opposition No. 91231133 (Parent Case), 91232234<br><br>Marks: 3 STRIPE LIFE, MRS. 3 STRIPE LIFE, MR. 3 STRIPE LIFE |

**OPPOSERS' FOURTH NOTICE OF RELIANCE: PRINTED PUBLICATIONS**

Opposers, adidas AG, adidas America, Inc. and adidas International Marketing BV (collectively "adidas"), pursuant to 37 C.F.R. §§ 2.122(e)(2) submit into the record of this opposition proceeding copies of printouts of publicly available reports from Interbrand and Millward Brown. These documents, all of which are attached hereto as **Exhibit A** are relevant to show fame of and widespread recognition by the general consuming public of adidas's Three-Stripe Mark.

DATED: May 17, 2021

Respectfully submitted:

**KILPATRICK TOWNSEND & STOCKTON LLP**

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*Attorneys for Opposers*

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**
**BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

| | | |
|---|---|---|
| adidas AG, adidas America, Inc. and adidas International Marketing BV | ) | |
| Opposers, | ) | |
| v. | ) | Consolidated Opposition No. 91231133 (Parent Case), 91232234 |
| | ) | Marks: 3 STRIPE LIFE, MRS. 3 STRIPE LIFE, MR. 3 STRIPE LIFE |
| Kenneth Jackson | ) | |
| Applicants. | ) | |

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing **OPPOSERS' FOURTH NOTICE OF RELIANCE: PRINTED PUBLICATIONS** has been served on Applicant via email as follows:

Kenneth Jackson
iiistripelife@gmail.com,
mrcheeksfl@gmail.com

/Kris Teilhaber/
Kilpatrick Townsend & Stockton LLP

# EXHIBIT A

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**
**BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

| | |
|---|---|
| ADIDAS AG, ADIDAS AMERICA, INC., AND ADIDAS INTERNATIONAL MARKETING BV,<br><br>Opposers,<br><br>v.<br><br>KENNETH JACKSON,<br><br>Applicant. | Consolidated Opposition No. 91231133 (Parent Case), 91232234<br><br>Marks: 3 STRIPE LIFE, MRS. 3 STRIPE LIFE, MR. 3 STRIPE LIFE |

# OPPOSER'S FOURTH NOTICE OF RELIANCE: PRINTED PUBLICATIONS

## BRANDZ 2006-2013

MillwardBrown
Optimor

2006

# BRANDZ™

# Top 100 Most Powerful Brands



## Contents


| | Page |
|---|---|
| Methodology overview — how the BRANDZ™ Ranking was created | 3 |
| Key learning and stories from the BRANDZ™ Ranking | 5 |
| BRANDZ™ Top 100 Ranking | 6 |
| Brand Contribution and Momentum — Top 10 | 9 |
| Category Rankings — Top 10 | 10 |
| Validation of the BRANDZ™ Ranking approach | 17 |
| Contacts | 18 |

# How the BRANDZ™ Top 100 most powerful global brands study was created.

Millward Brown Optimor, the brand consulting practice of market research company Millward Brown, has created a ranking of the world's most powerful and valuable brands. Driven by real research insights into the power of brands, it provides actionable information for finance, marketing and business professionals that can drive decision making into managing and growing a company's brand assets.

To derive these insights, the study drew on data from BRANDZ™, the world's largest in-depth brand equity database that interviews 650,000 consumers and business-to-business customers globally and covers thousands of brands worldwide. It provides broad sector and geographic coverage of market-facing brands, including brands in apparel, beer, cars, fast food, financial services, luxury goods, mobile communications, motor fuel, personal care, retail and technology. It covers brands in both the developed markets currently driving world GDP, and BRIC countries (Brazil, Russia, India and China) whose share of world GDP will grow in the future.

The ranking is based on the brand's 'dollar value', calculated using an economic use approach. This means that the value is based on the present day value of the future earnings the brand is expected to generate for its current owner. The value of these future earnings is estimated based on three key steps:

1. Using publicly available financial data from Bloomberg, Millward Brown Optimor have measured the current earnings of the company. Additional information from Euromonitor International and other sources is also used to allocate the company's overall earnings to each individual brand, line of business and geography. From these earnings, operating costs, relevant taxes and a charge for the capital employed are deducted, which gives a figure for the intangible earnings coming from the branded business.

2. BRANDZ™ data is employed to establish what proportion of intangible earnings coming from the branded business is driven by brand relative to other factors, such as price, availability or performance. This we call the Brand Contribution. It is expressed as an index from 1 to 5: brands that have an index of 5 are those that derive the greatest proportion of their value from the brand itself. The score is calculated using three inputs from BRANDZ™; the degree of market sector commoditization, the influence of structural factors such as distribution or switching costs, and the strength of each individual's relationship with the brand.

Brands that drive the highest proportion of value are typically where the structural barriers to switching are low, and yet the buyer perceives the brands to be highly differentiated and the brands have strong, relevant and distinctive images.

3. The third and final step is to project the brand's earnings forward. This projection is based on forecast growth and risk expectations. Future growth is based on three factors: the projections of growth for the market sectors and countries which the brand operates in (data used from Bloomberg, Millward Brown Optimor research and Euromonitor), and Voltage™ (from BRANDZ™) a validated research-based estimate of the brand's ability to grow share in the future. These growth inputs are used to calculate a Brand Momentum score. Momentum is expressed as an index from 0 to 10, where 10 indicate the brands with the greatest likelihood of future growth. Brands with above-average growth rates have a momentum score above 5; brands with below average growth rates have a momentum score below 5. However it is not enough just to project the future growth in earnings, Millward Brown Optimor also estimates the risks associated with those revenues. The risk assessment is based on the risks associated with the company, market sector and countries from which the brand derives its earnings (Bloomberg), and outputs from the BRANDZ™ data.

The use of real consumer and customer research insights from BRANDZ™ makes this new ranking unique and far more comprehensive and actionable than any other brand valuation study currently available. BRANDZ™ is a diagnostic and predictive brand equity measurement tool that was developed for WPP's operating companies by Millward Brown in 1998 and has been running every year since then. It is based on Millward Brown's established BrandDynamics™ framework. BRANDZ™ data is collected from interviews with category buyers or users (eg new car owners) who are asked about brands within a competitive framework (eg BMW, VW, Ford, Toyota, etc).

# Key learnings from the BRANDZ™ ranking

## *Five themes emerge from the study.*

### *1. The importance of innovation*

The brands that are creating real value and momentum tend to have unique business models that, in turn, help differentiate them from the pack. Brands like Zara and Starbucks exemplify this trend, but also brands such as Toyota who have been successful by focusing on strong operations and differentiated product line. Toyota's brand is substantially bigger than all GM brands combined. This shows the importance of innovating within your sector.

### *2. Obsessively nurture your brand*

Building on from this, the study shows the morality tale of what happens when you do not nurture your brand. Over the time of this study, we have seen the value of Japanese and European car brands rise, while companies like GM who have entered a price war and lost focus on what their brands stand for have seen values erode, at considerable cost to their operations.

### *3. The power of the retailers*

The report shows the success that retailers like Wal-Mart and Tesco are having in building highly valuable brands. Increasingly, the value of retailer brands dwarfs the value of the brands they sell.

### *4. China rises*

China's dizzying growth has fuelled the growth of many brands in the study, but what is interesting is the rise of some gigantic Chinese brands. China Mobile makes it into the Top 10 of the world's most powerful brands due to having more than 280 million subscribers and very high levels of loyalty.

### *5. The future of the West: handbag makers?*

China specifically and Asia in particular, have fuelled unparalleled demand for luxury goods. LVMH brands perform well in the study as do the luxury automotive brands Porsche and Mercedes. The high end positioning of these brands has allowed them to generate strong demand from the BRIC markets where the number of super-rich is rapidly expanding.

# BRANDZ™ Top 100 Brand Ranking

## BRANDZ™ RANKING

| # | Brand | Parent | Value ($m) |
|---|---|---|---|
| 1 | Microsoft | Microsoft Corp. | 62,039 |
| 2 | GE | GE | 55,834 |
| 3 | Coca-Cola | The Coca-Cola Company | 41,406 |
| 4 | China Mobile | China Mobile (Hong Kong) Limited | 39,168 |
| 5 | Marlboro | Altria Group, Inc. | 38,510 |
| 6 | Wal-Mart | Wal-Mart Stores, Inc. | 37,567 |
| 7 | Google | Google Inc. | 37,445 |
| 8 | IBM | International Business Machines Corp. | 36,084 |
| 9 | Citibank | Citigroup Inc. | 31,028 |
| 10 | Toyota | Toyota Motor Corporation | 30,201 |
| 11 | McDonald's | McDonald's Corporation | 28,985 |
| 12 | Bank of America | Bank of America Corporation | 28,155 |
| 13 | Home Depot | The Home Depot (R) | 27,312 |
| 14 | Nokia | Nokia Corporation | 26,538 |
| 15 | Intel | Intel Corporation | 25,156 |
| 16 | Vodafone | Vodafone Group Plc | 24,072 |
| 17 | BMW | BMW Group | 23,820 |
| 18 | Disney | The Walt Disney Company | 22,232 |
| 19 | UPS | United Parcel Service of America, Inc. | 21,829 |
| 20 | Cisco | Cisco Systems, Inc. | 20,922 |
| 21 | HP | Hewlett-Packard Company | 19,732 |
| 22 | TIM | Telecom Italia Mobile SpA | 19,551 |
| 23 | NTT DoCoMo | NTT DoCoMo, Inc. | 19,518 |
| 24 | Louis Vuitton | LVMH Moët Hennessy Louis Vuitton SA | 19,479 |
| 25 | American Express | American Express Company | 18,780 |
| 26 | Dell | Dell Inc. | 18,303 |
| 27 | Gillette | Proctor & Gamble | 17,832 |
| 28 | Mercedes | DaimlerChrysler AG | 17,801 |
| 29 | Apple | Apple Computer, Inc. | 15,976 |
| 30 | Tesco | Tesco PLC | 15,532 |
| 31 | Telefónica Móviles | Telefónica, S.A. | 15,188 |
| 32 | Verizon Wireless | Verizon Communications Inc. | 14,908 |
| 33 | Honda | Honda Motor Co., Ltd. | 14,394 |
| 34 | Yahoo! | Yahoo! Inc. | 14,101 |
| 35 | Oracle | Oracle | 13,913 |
| 36 | HSBC | HSBC Holdings plc | 13,889 |

*Source: Millward Brown Optimor (with data from Euromonitor International and Bloomberg)*

# BRANDZ™ Top 100 Brand Ranking

## BRANDZ™ RANKING

| # | Brand | Parent | Value ($m) |
|---|---|---|---|
| 37 | Ford | Ford Motor Company | 13,844 |
| 38 | eBay | eBay, Inc. | 13,191 |
| 39 | Deutsche Bank | Deutsche Bank | 13,022 |
| 40 | Banco Santander | Banco Santander Central Hispano, S.A. | 12,537 |
| 41 | Chevrolet | General Motors Corp. | 12,458 |
| 42 | Pfizer | Pfizer, Inc. | 12,372 |
| 43 | Samsung | Samsung Electronics Co., Ltd. | 12,028 |
| 44 | Porsche | Dr. Ing. h.c. F. Porsche AG | 12,025 |
| 45 | T-Mobile | Deutsche Telekom AG | 11,870 |
| 46 | Budweiser | Anheuser-Busch Companies, Inc. | 11,724 |
| 47 | Pepsi-Cola | Pepsico Inc. | 11,484 |
| 48 | Starbucks | Starbucks Corporation | 11,077 |
| 49 | Nissan | Nissan Motor Co., Ltd | 10,915 |
| 50 | Carrefour | Carrefour | 10,803 |
| 51 | Nike | NIKE, Inc. | 10,783 |
| 52 | L'Oréal | L'Oréal Group | 10,692 |
| 53 | Morgan Stanley | Morgan Stanley | 10,619 |
| 54 | Wachovia | Wachovia Corporation | 10,228 |
| 55 | Merrill Lynch | Merrill Lynch & Co., Inc. | 10,073 |
| 56 | Harley-Davidson | Harley-Davidson, Inc. | 9,955 |
| 57 | Canon | Canon Inc. | 9,908 |
| 58 | Accenture | Accenture | 9,786 |
| 59 | Chase | JPMorgan Chase & Co. | 9,716 |
| 60 | SAP | SAP AG | 9,574 |
| 61 | UBS | UBS AG | 9,541 |
| 62 | Orange | Orange SA | 9,431 |
| 63 | Sony | Sony Corporation | 9,358 |
| 64 | Motorola | Motorola, Inc. | 9,072 |
| 65 | Goldman Sachs | The Goldman Sachs Group, Inc. | 8,863 |
| 66 | FedEx | FedEx Corp. | 8,240 |
| 67 | H&M | H&M Hennes & Mauritz AB | 8,022 |
| 68 | State Farm | State Farm Mutual Automobile Insurance Co. | 7,905 |

*Source: Millward Brown Optimor (with data from Euromonitor International and Bloomberg)*

# BRANDZ™ Top 100 Brand Ranking

## BRANDZ™ RANKING

| # | Brand | Parent | Value ($m) |
|---|---|---|---|
| 69 | IKEA | Inter IKEA Systems B.V. | 7,206 |
| 70 | JPMorgan | JPMorgan Chase & Co. | 7,078 |
| 71 | VW (Volkswagen) | Volkswagen AG | 6,793 |
| 72 | Siemens | Siemens AG | 6,741 |
| 73 | Cingular Wireless | Cingular Wireless LLC | 6,680 |
| 74 | Avon | Avon Products, Inc. | 6,598 |
| 75 | Chanel | Chanel SA | 6,499 |
| 76 | ING Bank | ING Groep N.V. | 6,353 |
| 77 | Target | Target Corporation | 6,135 |
| 78 | Amazon | Amazon.com, Inc. | 5,983 |
| 79 | Colgate | Colgate-Palmolive Company | 5,839 |
| 80 | AIG | American International Group, Inc. | 5,665 |
| 81 | Wrigley's | Wm. Wrigley Jr. Company | 5,550 |
| 82 | Cartier | Compagnie Financière Richemont SA | 5,548 |
| 83 | BP | BP p.l.c. | 5,470 |
| 84 | Auchan | Auchan S.A. | 5,354 |
| 85 | Electronic Arts | Electronic Arts Inc. | 5,300 |
| 86 | Renault | Renault S.A. | 5,173 |
| 87 | Zara | Industria de Diseño Textil | 5,112 |
| 88 | Barclays | Barclays PLC | 5,070 |
| 89 | Lexus | Toyota Motor Corporation | 5,050 |
| 90 | Rolex | Montres Rolex S.A. | 4,925 |
| 91 | Allstate | The Allstate Corporation | 4,842 |
| 92 | Hermès | Hermès International | 4,830 |
| 93 | Caterpillar | Caterpillar Inc. | 4,747 |
| 94 | Mizuho Bank | Mizuho Financial Group, Inc. | 4,740 |
| 95 | Washington Mutual | Washington Mutual, Inc. | 4,686 |
| 96 | Asda | Wal-Mart Stores, Inc. | 4,650 |
| 97 | Mitsui Sumitomo Bank | Mitsui Sumitomo Bank | 4,528 |
| 98 | Gucci | Gucci Group N.V. | 4,370 |
| 99 | Esprit | Esprit Holdings Ltd. | 4,206 |
| 100 | Hennessy | LVMH Moët Hennessy Louis Vuitton SA | 4,191 |

*Source: Millward Brown Optimor (with data from Euromonitor International and Bloomberg)*

## BRANDZ™ Top 10 brands with highest brand contribution

| # | Brand | Parent |
|---|---|---|
| 1 | Louis Vuitton | LVMH Moët Hennessy Louis Vuitton SA |
| 2 | Porsche | Dr. Ing. h. c. F. Porsche AG |
| 3 | Chanel | Chanel SA |
| 4 | Cartier | Compagnie Financière Richemont SA |
| 5 | Lexus | Toyota Motor Corporation |
| 6 | Rolex | Montres Rolex S.A. |
| 7 | Hermès | Hermès International |
| 8 | Gucci | Gucci Group N.V. |
| 9 | Hennessey | LVMH Moët Hennessy Louis Vuitton SA |
| 10 | Moet & Chandon | LVMH Moët Hennessy Louis Vuitton SA |

*Source: Millward Brown Optimor (with data from Euromonitor International and Bloomberg)*

## BRANDZ™ Top 10 brands with highest brand momentum

| # | Brand | Parent |
|---|---|---|
| 1 | Google | Google, Inc. |
| 2 | Louis Vuitton | LVMH Moët Hennessy Louis Vuitton SA |
| 3 | Apple | Apple Computer, Inc. |
| 4 | eBay | eBay, Inc. |
| 5 | Porsche | Dr. Ing. h. c. F. Porsche AG |
| 6 | Starbucks | Starbucks Corporation |
| 7 | Chanel | Chanel SA |
| 8 | Amazon | Amazon.com, Inc. |
| 9 | Zara | Industria de Diseño Textil, S.A. |
| 10 | Rolex | Montres Rolex S.A. |

*Source: Millward Brown Optimor (with data from Euromonitor International and Bloomberg)*

# BRANDZ™ Top 10 by Geography *(Global valuations)* — UK and Europe

## UK

| # | Brand | Parent | Value ($m) | Contribution | Momentum |
|---|---|---|---|---|---|
| 1 | Vodafone | Vodafone Group Plc | 24,072 | 2 | 4.5 |
| 2 | Tesco | Tesco PLC | 15,532 | 3 | 4.5 |
| 3 | HSBC | HSBC Holdings plc | 13,889 | 1 | 5.0 |
| 4 | Orange | Orange SA | 9,431 | 2 | 4.5 |
| 5 | BP | BP p.l.c. | 5,470 | 2 | 5.5 |
| 6 | Barclays | Barclays PLC | 5,070 | 2 | 7.0 |
| 7 | Asda | Wal-Mart Stores, Inc. | 4,650 | 2 | 4.0 |
| 8 | Lloyds TSB | Lloyds TSB Group plc | 4,097 | 2 | 5.0 |
| 9 | $O_2$ | $O_2$ plc | 3,929 | 2 | 4.5 |
| 10 | Marks & Spencer | Marks & Spencer Group plc | 3,255 | 3 | 5.5 |

## Europe (excluding UK)

| # | Brand | Parent | Value ($m) | Contribution | Momentum |
|---|---|---|---|---|---|
| 1 | Nokia | Nokia Corporation | 26,538 | 3 | 5.5 |
| 2 | BMW | BMW AG | 23,820 | 4 | 4.5 |
| 3 | TIM | Telecom Italia Mobile SpA | 19,551 | 2 | 4.5 |
| 4 | Louis Vuitton | LVMH Moët Hennessy Louis Vuitton SA | 19,479 | 5 | 10.0 |
| 5 | Mercedes | DaimlerChrysler | 17,801 | 4 | 4.5 |
| 6 | Telefónica Móviles | Telefónica, S.A. | 15,188 | 2 | 5.5 |
| 7 | Deutsche Bank | Deutsche Bank | 13,022 | 2 | 1.5 |
| 8 | Banco Santander | Banco Santander Central Hispano, S.A. | 12,537 | 2 | 5.0 |
| 9 | Porsche | Dr. Ing. h.c. F. Porsche AG | 12,025 | 5 | 10.0 |
| 10 | T-Mobile | Deutsche Telekom AG | 11,870 | 2 | 4.0 |

## Europe (including UK)

| # | Brand | Parent | Value ($m) | Contribution | Momentum |
|---|---|---|---|---|---|
| 1 | Nokia | Nokia Corporation | 26,538 | 3 | 5.5 |
| 2 | Vodafone | Vodafone Group Plc | 24,072 | 2 | 4.5 |
| 3 | BMW | BMW AG | 23,820 | 4 | 4.5 |
| 4 | TIM | Telecom Italia Mobile SpA | 19,551 | 2 | 4.5 |
| 5 | Louis Vuitton | LVMH Moët Hennessy Louis Vuitton SA | 19,479 | 5 | 10.0 |
| 6 | Mercedes | DaimlerChrysler AG | 17,801 | 4 | 4.5 |
| 7 | Tesco | Tesco PLC | 15,532 | 3 | 4.5 |
| 8 | Telefónica Móviles | Telefónica, S.A. | 15,188 | 2 | 5.5 |
| 9 | HSBC | HSBC Holdings plc | 13,889 | 1 | 5.0 |
| 10 | Deutsche Bank | Deutsche Bank | 13,022 | 2 | 1.5 |

*Source: Millward Brown Optimor (with data from Euromonitor International and Bloomberg)*

# BRANDZ™ Top 10 by Geography *(Global valuations)* — North America and Asia

## North America

| # | Brand | Parent | Value ($m) | Contribution | Momentum |
|---|---|---|---|---|---|
| 1 | Microsoft | Microsoft Corp. | 62,039 | 3 | 8.0 |
| 2 | GE | GE | 55,834 | 2 | 7.0 |
| 3 | Coca-Cola | The Coca-Cola Company | 41,406 | 4 | 4.0 |
| 4 | Marlboro | Altria Group, Inc. | 38,510 | 3 | 5.0 |
| 5 | Wal-Mart | Wal-Mart Stores, Inc. | 37,567 | 2 | 7.5 |
| 6 | Google | Google Inc. | 37,445 | 3 | 10.0 |
| 7 | IBM | International Business Machines Corp. | 36,084 | 2 | 4.5 |
| 8 | Citibank | Citigroup Inc. | 31,028 | 2 | 4.0 |
| 9 | McDonald's | McDonald's Corporation | 28,985 | 3 | 5.0 |
| 10 | Bank of America | Bank of America Corporation | 28,155 | 2 | 7.5 |

## Asia

| # | Brand | Parent | Value ($m) | Contribution | Momentum |
|---|---|---|---|---|---|
| 1 | China Mobile | China Mobile (Hong Kong) Limited | 39,168 | 3 | 7.5 |
| 2 | Toyota | Toyota Motor Corporation | 30,201 | 3 | 5.5 |
| 3 | NTT DoCoMo | NTT DoCoMo, Inc. | 19,518 | 2 | 5.5 |
| 4 | Honda | Honda Motor Co., Ltd | 14,394 | 3 | 4.0 |
| 5 | Samsung | Samsung Electronics Co., Ltd. | 12,028 | 3 | 5.0 |
| 6 | Nissan | Nissan Motor Co., Ltd | 10,915 | 3 | 4.0 |
| 7 | Canon | Canon Inc. | 9,908 | 2 | 4.0 |
| 8 | Sony | Sony Corporation | 9,358 | 3 | 4.0 |
| 9 | Lexus | Toyota Motor Corporation | 5,050 | 5 | 4.0 |
| 10 | Mizuho Bank | Mizuho Financial Group, Inc. | 4,740 | 2 | 3.0 |

*Source: Millward Brown Optimor (with data from Euromonitor International and Bloomberg)*

* BC Brand Contribution – Brand contribution indicates the importance of the brand in driving earnings: we use an index from 1 to 5 to indicate brand contribution, where 5 indicates the strongest brands

** BM Brand Momentum – Brand momentum indicates how likely the brand is to increase in value in the near-term future: we use an index from 0 to 10, where 10 indicates the strongest brands

# BRANDZ™ Top 10 by Category — Apparel, Beer, Financial Institutions

## Apparel

| # | Brand | Parent | Value ($m) | Contribution | Momentum |
|---|---|---|---|---|---|
| 1 | Nike | NIKE, Inc. | 10,783 | 3 | 6.0 |
| 2 | H&M | H&M Hennes & Mauritz AB | 8,022 | 2 | 5.5 |
| 3 | Zara | Industria de Diseño Textil | 5,112 | 3 | 10.0 |
| 4 | Esprit | Esprit Holdings Ltd | 4,206 | 3 | 5.5 |
| 5 | Next | NEXT plc | 3,065 | 2 | 5.0 |
| 6 | Gap | Gap, Inc. | 2,761 | 2 | 4.0 |
| 7 | Adidas | adidas-Salomon AG | 2,311 | 3 | 4.5 |
| 8 | Ralph Lauren | Polo Ralph Lauren Corporation | 1,869 | 3 | 5.5 |
| 9 | Old Navy | Gap, Inc. | 1,809 | 2 | 5.0 |
| 10 | Puma | PUMA AG | 1,794 | 3 | 5.0 |

## Beer

| # | Brand | Parent | Value ($m) | Contribution | Momentum |
|---|---|---|---|---|---|
| 1 | Budweiser | Anheuser-Busch Companies, Inc. | 6,767 | 4 | 4.0 |
| 2 | Bud Light | Anheuser-Busch Companies, Inc. | 4,957 | 3 | 4.0 |
| 3 | Heineken | Heineken N.V. | 3,372 | 4 | 3.5 |
| 4 | Guinness | Diageo plc | 2,940 | 4 | 4.0 |
| 5 | Corona | Grupo Modelo S.A. de C.V. | 2,565 | 4 | 4.0 |
| 6 | Stella Artois | InBev | 2,235 | 4 | 3.5 |
| 7 | Miller Lite | SABMiller plc | 1,951 | 3 | 4.5 |
| 8 | Skol | InBev | 1,059 | 4 | 5.0 |
| 9 | Amstel | Heineken N.V. | 978 | 3 | 2.5 |
| 10 | Kronenbourg 1664 | Scottish and Newcastle plc | 920 | 3 | 1.0 |

## Financial Institutions

| # | Brand | Parent | Value ($m) | Contribution | Momentum |
|---|---|---|---|---|---|
| 1 | Citibank | Citigroup Inc. | 31,028 | 2 | 4.0 |
| 2 | Bank of America | Bank of America Corporation | 28,155 | 2 | 7.5 |
| 3 | American Express | American Express Company | 18,780 | 2 | 5.0 |
| 4 | HSBC | HSBC Holdings plc | 13,889 | 1 | 5.0 |
| 5 | Deutsche Bank | Deutsche Bank | 13,022 | 2 | 1.5 |
| 6 | Banco Santander | Banco Santander Central Hispano, S.A. | 12,537 | 2 | 5.0 |
| 7 | Morgan Stanley | Morgan Stanley | 10,619 | 3 | 4.5 |
| 8 | Wachovia | Wachovia Corporation | 10,228 | 2 | 6.5 |
| 9 | Merill Lynch | Merrill Lynch & Co., Inc. | 10,073 | 2 | 5.5 |
| 10 | Chase | JPMorgan Chase & Co. | 9,716 | 2 | 2.5 |

*Source: Millward Brown Optimor (with data from Euromonitor International and Bloomberg)*

# BRANDZ™ Top 10 by Category — Motor Fuels, Personal Care, Soft Drinks

## Motor Fuels

| # | Brand | Parent | Value ($m) | Contribution | Momentum |
|---|---|---|---|---|---|
| 1 | BP | BP p.l.c | 5,470 | 2 | 5.5 |
| 2 | Shell | Royal Dutch Shell plc | 3,399 | 2 | 4.5 |
| 3 | Mobil | Exxon Mobil Corporation | 1,954 | 2 | 3.5 |
| 4 | Exxon | Exxon Mobil Corporation | 1,330 | 2 | 4.0 |
| 5 | Esso | Exxon Mobil Corporation | 949 | 2 | 4.0 |
| 6 | Chevron | Chevron Corporation | 814 | 2 | 4.5 |
| 7 | Texaco | Chevron Corporation | 785 | 1 | 4.5 |
| 8 | Aral | BP plc | 542 | 2 | 5.0 |
| 9 | 76 | ConocoPhillips | 296 | 1 | 3.0 |
| 10 | Total | TOTAL S.A. | 276 | 1 | 5.0 |

## Personal Care

| # | Brand | Parent | Value ($m) | Contribution | Momentum |
|---|---|---|---|---|---|
| 1 | Gillette | Procter & Gamble | 17,832 | 4 | 5.0 |
| 2 | L'Oréal | L'Oréal Group | 10,692 | 4 | 5.5 |
| 3 | Avon | Avon Products Inc. | 6,598 | 3 | 6.0 |
| 4 | Colgate | Colgate-Palmolive Company | 5,839 | 4 | 4.0 |
| 5 | Garnier | L'Oréal Groupe | 3,525 | 3 | 5.5 |
| 6 | Lancôme | L'Oréal Groupe | 2,559 | 3 | 7.0 |
| 7 | Nivea | Beiersdorf AG | 2,365 | 3 | 5.0 |
| 8 | Estée Lauder | Estée Lauder Cos Inc. | 2,020 | 3 | 6.0 |
| 9 | Oral B | Procter & Gamble | 1,621 | 3 | 4.0 |
| 10 | Crest | Procter & Gamble | 1,519 | 4 | 4.0 |

## Soft Drinks

| # | Brand | Parent | Value ($m) | Contribution | Momentum |
|---|---|---|---|---|---|
| 1 | Coca-Cola | The Coca-Cola Company | 32,786 | 4 | 4.0 |
| 2 | Pepsi-Cola | Pepsico Inc. | 9,150 | 4 | 6.0 |
| 3 | Diet Coke/Coca-Cola Light | The Coca-Cola Company | 8,620 | 4 | 4.0 |
| 4 | Fanta | The Coca-Cola Company | 3,320 | 3 | 4.0 |
| 5 | Sprite | The Coca-Cola Company | 2,896 | 2 | 4.0 |
| 6 | Diet Pepsi | Pepsico Inc. | 2,335 | 4 | 6.0 |
| 7 | Dr. Pepper | Cadbury Schweppes plc | 1,906 | 3 | 4.0 |
| 8 | Mountain Dew | Pepsico Inc. | 1,519 | 4 | 5.0 |
| 9 | 7-Up | Pepsico Inc. | 949 | 2 | 5.0 |
| 10 | Nestea | Nestlé S.A. | 586 | 3 | 6.0 |

*Source: Millward Brown Optimor (with data from Euromonitor International and Bloomberg)*

# BRANDZ™ Top 10 by Category — Automotive, Mobile Comms, Coffee

## Automotive

| # | Brand | Parent | Value ($m) | Contribution | Momentum |
|---|---|---|---|---|---|
| 1 | Toyota | Toyota Motor Corporation | 30,201 | 3 | 5.5 |
| 2 | BMW | BMW Group | 23,820 | 4 | 4.5 |
| 3 | Mercedes | DaimlerChrysler AG | 17,801 | 4 | 4.5 |
| 4 | Honda | Honda Motor Co., Ltd. | 14,394 | 3 | 4.0 |
| 5 | Ford | Ford Motor Company | 13,844 | 2 | 3.5 |
| 6 | Chevrolet | General Motors Corp. | 12,458 | 2 | 3.5 |
| 7 | Porsche | Dr. Ing. h.c. F. Porsche AG | 12,025 | 5 | 10.0 |
| 8 | Nissan | Nissan Motor Co., Ltd | 10,915 | 3 | 4.0 |
| 9 | VW (Volkswagen) | Volkswagen AG | 6,793 | 3 | 3.0 |
| 10 | Renault | Renault S.A. | 5,173 | 2 | 3.5 |

## Mobile Communication

| # | Brand | Parent | Value ($m) | Contribution | Momentum |
|---|---|---|---|---|---|
| 1 | China Mobile | China Mobile (Hong Kong) Limited | 39,168 | 3 | 7.5 |
| 2 | Vodafone | Vodafone Group Plc | 24,072 | 2 | 4.5 |
| 3 | TIM | Telecom Italia Mobile SpA | 19,551 | 2 | 4.5 |
| 4 | NTT DoCoMo | NTT DoCoMo, Inc. | 19,518 | 2 | 5.5 |
| 5 | Telefónica Móviles | Telefónica, S.A. | 15,188 | 2 | 5.5 |
| 6 | Verizon Wireless | Verizon Communications Inc. | 14,908 | 2 | 6.0 |
| 7 | T-Mobile | Deutsche Telekom AG | 11,870 | 2 | 4.0 |
| 8 | Orange | Orange SA | 9,431 | 2 | 4.5 |
| 9 | Cingular Wireless | Cingular Wireless LLC | 6,680 | 2 | 5.5 |
| 10 | $O_2$ | $O_2$ plc | 3,929 | 2 | 4.5 |

## Coffee

| # | Brand | Parent | Value ($m) | Contribution | Momentum |
|---|---|---|---|---|---|
| 1 | Nescafé | Nestlé S.A. | 3,787 | 4 | 5.0 |
| 2 | Folgers | Procter & Gamble | 823 | 4 | 3.5 |
| 3 | Jacobs | Kraft Foods, Inc. | 804 | 3 | 4.0 |
| 4 | Douwe Egberts | Sara Lee Corporation | 709 | 4 | 5.0 |
| 5 | Maxwell House | Kraft Foods, Inc. | 657 | 3 | 2.5 |

*Source: Millward Brown Optimor (with data from Euromonitor International and Bloomberg)*

# BRANDZ™ Top 10 by Category — Fast Foods, Luxury, Water

## Fast Foods

| # | Brand | Parent | Value ($m) | Contribution | Momentum |
|---|---|---|---|---|---|
| 1 | McDonald's | McDonald's Corporation | 28,985 | 3 | 5.0 |
| 2 | Starbucks | Starbucks Corporation | 11,077 | 3 | 10.0 |
| 3 | KFC | YUM! Brands, Inc. | 4,044 | 3 | 4.5 |
| 4 | Pizza Hut | YUM! Brands, Inc. | 2,275 | 2 | 3.5 |
| 5 | Wendy's | Wendy's International, Inc. | 1,634 | 3 | 4.5 |
| 6 | Taco Bell | YUM! Brands, Inc. | 1,266 | 2 | 3.5 |
| 7 | Burger King | Burger King Corporation | 861 | 2 | 3.5 |
| 8 | Domino's Pizza | Domino's Pizza, Inc. | 375 | 1 | 2.5 |
| 9 | Subway | Doctor's Associates Inc. | 283 | 3 | 4.5 |
| 10 | Pret A Manger | Pret A Manger (Europe) Ltd | 193 | 4 | 6.5 |

## Luxury Brands

| # | Brand | Parent | Value ($m) | Contribution | Momentum |
|---|---|---|---|---|---|
| 1 | Louis Vuitton | LVMH Moët Hennessy Louis Vuitton SA | 19,479 | 5 | 10.0 |
| 2 | Chanel | Chanel SA | 6,499 | 5 | 10.0 |
| 3 | Cartier | Compagnie Financière Richemont SA | 5,548 | 5 | 9.0 |
| 4 | Rolex | Montres Rolex S.A. | 4,925 | 5 | 10.0 |
| 5 | Hermes | Hermès International | 4,830 | 5 | 10.0 |
| 6 | Gucci | Gucci Group N.V. | 4,370 | 5 | 9.0 |
| 7 | Hennessy | LVMH Moët Hennessy Louis Vuitton SA | 4,191 | 5 | 7.5 |
| 8 | Moet & Chandon | LVMH Moët Hennessy Louis Vuitton SA | 3,729 | 5 | 7.5 |
| 9 | Fendi | LVMH Moët Hennessy Louis Vuitton SA | 3,542 | 5 | 10.0 |
| 10 | Armani | Giorgio Armani S.P.A. | 3,535 | 5 | 9.0 |

## Bottled Water

| # | Brand | Parent | Value ($m) | Contribution | Momentum |
|---|---|---|---|---|---|
| 1 | Evian | Groupe DANONE | 651 | 3 | 6.5 |
| 2 | Aquafina | Pepsico Inc. | 618 | 3 | 7.0 |
| 3 | Perrier | Nestlé S.A. | 516 | 3 | 5.5 |
| 4 | Dasani | The Coca-Cola Company | 451 | 3 | 6.5 |
| 5 | Volvic | Groupe DANONE | 409 | 3 | 5.5 |
| 6 | Poland Spring | Nestlé S.A. | 331 | 2 | 7.0 |
| 7 | Pure Life | Nestlé S.A. | 324 | 4 | 9.0 |
| 8 | Vittel | Nestlé S.A. | 298 | 3 | 4.0 |
| 9 | Contrex | Nestlé S.A. | 212 | 3 | 4.5 |
| 10 | Levissima | Nestlé S.A. | 212 | 3 | 3.0 |

*Source: Millward Brown Optimor (with data from Euromonitor International and Bloomberg)*

# BRANDZ™ Top 10 by Category — Retail, Technology

## Retail

| # | Brand | Parent | Value ($m) | Contribution | Momentum |
|---|---|---|---|---|---|
| 1 | Wal-Mart | Wal-Mart Stores, Inc. | 37,567 | 2 | 7.5 |
| 2 | Home Depot | The Home Depot, (R) | 27,312 | 2 | 4.0 |
| 3 | Tesco | Tesco PLC | 15,532 | 3 | 4.5 |
| 4 | eBay | eBay, Inc. | 13,191 | 2 | 10.0 |
| 5 | Carrefour | Carrefour | 10,803 | 3 | 5.0 |
| 6 | IKEA | Inter IKEA Systems B.V. | 7,206 | 3 | 7.5 |
| 7 | Target | Target Corporation | 6,135 | 2 | 4.0 |
| 8 | Amazon | Amazon.com, Inc. | 5,983 | 2 | 10.0 |
| 9 | Auchan | Auchan S.A. | 5,354 | 3 | 5.0 |
| 10 | Asda | Wal-Mart Stores, Inc. | 4,650 | 2 | 4.0 |

## Technology

| # | Brand | Parent | Value ($m) | Contribution | Momentum |
|---|---|---|---|---|---|
| 1 | Microsoft | Microsoft Corporation | 62,039 | 3 | 8.0 |
| 2 | Google | Google Inc. | 37,445 | 3 | 10.0 |
| 3 | IBM | International Business Machines Corp. | 36,084 | 2 | 4.5 |
| 4 | Nokia | Nokia Corporation | 26,538 | 3 | 5.5 |
| 5 | Intel | Intel Corporation | 25,156 | 2 | 6.5 |
| 6 | Cisco | Cisco Systems, Inc. | 20,922 | 2 | 8.0 |
| 7 | HP | Hewlett-Packard Company | 19,732 | 3 | 4.0 |
| 8 | Dell | Dell Inc. | 18,303 | 2 | 6.0 |
| 9 | Apple | Apple Computer, Inc. | 15,976 | 3 | 10.0 |
| 10 | Yahoo! | Yahoo! Inc. | 14,101 | 2 | 4.0 |

*Source: Millward Brown Optimor (with data from Euromonitor International and Bloomberg)*

# Validation of the BRANDZ™ ranking approach.

The BRANDZ™ ranking is grounded in consumer-based BrandDynamics™ equity metrics which have been validated against sales and financial performance:

1. Consumers with a strong brand relationship spend more of their budget with that brand
2. Brands with a high voltage are more likely to gain share and less likely to lose, hence voltage has a proven link with risk and growth
3. Consumer loyalty measures from BRANDZ™ (BrandDynamics) have a proven link with levels of acquisition and retention
4. Brand Presence has a proven link with market share volatility
5. Consumers who feel brands are undifferentiated are more likely to be driven by price, and 'Price Driven' consumers pay less for their purchases
6. Brands with high equity can charge higher prices
7. Companies that have strong brands with high brand leverage as identified by BRANDZ™ metrics have outperformed the S&P 500 over the past six years

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Notes:


Millward • Communication • Advantage • Global • Dynamic • Innovation • Understanding • Insight
Brands • Creative • Marketing • Knowledge • Strategic • Solutions • Attitudes • Research
Convergence • ROI • Technology • Ideas • Leader • Analysis • Focus • Relationships • Future
Consulting • Experience • Satisfaction • Vision • Momentum • Advertising • Media • Evaluation
Multicultural • Information • Opportunity • Qualitative • Crossmedia • Optimization • Predictive
Intelligence • B2B • Quantitative • Impact • Loyalty • Online • Measurement • Consumer • Clarity
Internet • Conceptual • Emotion • Impression • Performance • Digital • Impact • Positioning
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Innovation • Understanding • Convergence • Brands • Creative • Marketing • Knowledge • Strategic
Solutions • ROI • Attitudes • Research • Insight • Technology • Leader • Analysis • Ideas
Focus • Relationships • Future • Consulting • Experience • Satisfaction • Vision • Momentum
Advertising • Evaluation • Media • B2B • Multicultural • Information • Opportunity • Qualitative
Crossmedia • Optimization • Predictive • Impact • Quantitative • Intelligence • Loyalty • Online
Measurement • Clarity • Consumer • Internet • Conceptual • B2B • Impression • Performance
Positioning • Digital • Impact • Value • Communication • Advantage • Global • Dynamic • Innovation
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Relationships • Consulting • Future • Experience • Satisfaction • Vision • Momentum • Advertising
Media • Evaluation • Multicultural • Information • Opportunity • Qualitative • Crossmedia
Optimization • Predictive • Impact • Quantitative • Intelligence • Loyalty • Measurement • Online
Clarity • Consumer • Marketing • Internet • Conceptual • Emotion • Impression • Performance
B2B • Positioning • Digital • Impact • Youth • Communication • Advantage • Dynamic • Global
Innovation • Understanding • Insight • Brands • Creative • Marketing • Knowledge • Strategic
Solutions • Attitudes • Research • Convergence • Technology • ROI • Leader • Analysis • Ideas
Focus • Future • Relationships • Consulting • Experience • Satisfaction • Vision • Momentum
Advertising • Media • Evaluation • Multicultural • Information • Opportunity • Qualitative
Crossmedia • Optimization • Predictive • Impact • Quantitative • Intelligence • Loyalty • Online
Measurement • Clarity • Consumer • Internet • Conceptual • Emotion • Impression • Performance
Ideas • Positioning • Digital • Impact • Value • Momentum • Consulting • Communication
Global • Advantage • Dynamic • Innovation • Understanding • Convergence • Brands • Creative
Marketing • Knowledge • Strategic • Solutions • ROI • Attitudes • Research • Insight • B2B
Ideas • Technology • Leader • Analysis • Focus • Relationships • Future • Consulting • Experience
Media • Satisfaction • Vision • Momentum • Advertising • Evaluation • Multicultural • Information
Opportunity • Qualitative • Crossmedia • Optimization • Impact • Consumer • Predictive • Global
Online • Quantitative • Loyalty • Intelligence • Clarity • Measurement • Consumer • Internet
Conceptual • Emotion • Impression • Performance • Digital • Impact • Youth • Positioning
Communication • Advantage • Dynamic • Global • Innovation • Insight • Understanding • Brands
Creative • Marketing • Knowledge • Strategic • Solutions • Attitudes • Research • Convergence
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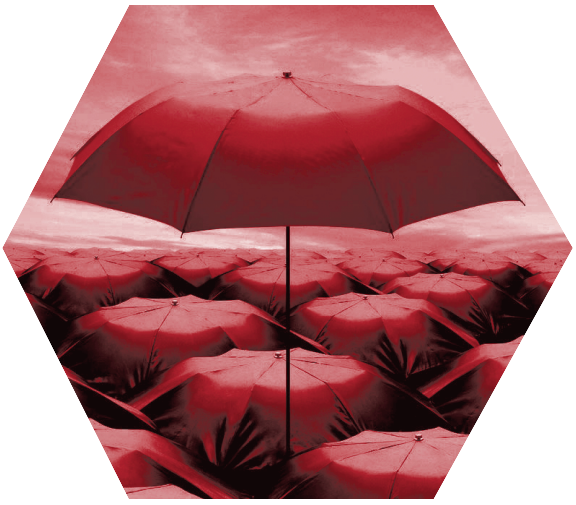
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# 2007 BRANDZ™

## Top 100 Most Powerful Brands



# Contents


| | |
|---|---|
| About the BRANDZ™ Top 100 Ranking | 3 |
| How We Calculate Brand Value | 4 |
| Key Insights | 5 |
| Sector Highlights | 6 |
| **BRANDZ™** Top 100 Brand Ranking Charts | 10 |
| Frequently Asked Questions | 24 |
| About Millward Brown Optimor | 28 |

# About the BRANDZ Top 100 Ranking

As economies become global and information more critical, intangible assets have replaced tangibles as a major source of shareholder value. Of these intangibles, brands are often the most valuable assets, accounting for approximately one third of the value of today's Fortune 500 companies.

The ability of brands to create such enormous value captivated the financial community. It's the reason why we developed a ranking of the world's most financially powerful brands.

The **BRANDZ**™ ranking is the first to combine publicly available financial data with primary research data. The ranking was developed by Millward Brown Optimor, the brand finance and ROI unit of leading market research and consultancy Millward Brown.

Driven by primary research insights, the **BRANDZ** ranking provides actionable information for marketing, finance and business professionals that can drive decision making into managing and growing a company's brand assets. The primary research comes from WPP's **BRANDZ**, the world's largest brand equity database for which Millward Brown has interviewed over 1 million consumers and business-to-business customers about thousands of brands worldwide.

The **BRANDZ** ranking provides sector and geographic coverage of market facing brands, including brands in Apparel, Beer, Cars, Fast Food, Financial Services, Luxury Goods, Mobile Communications, Motor Fuel, Personal Care, Retail, Soft Drinks, and Technology. It covers brands in developed markets currently driving world GDP, and emerging markets whose share of world GDP is expected to grow in the future.

The ranking is based on the brand's 'dollar value', calculated by using an economic use approach; the brand value shown in our ranking is based on the present value of the earnings that the brand is expected to generate in the future.

The **BRANDZ** Top 100 provides two metrics of brand performance in addition to brand value: Brand Contribution and Brand Momentum. Brand Contribution quantifies the share of the company's earnings attributable to the brand. Brand Momentum is an index of a brand's short-term growth rate (1 year).

**BRANDZ** is a diagnostic and predictive brand equity measurement tool that was developed for WPP's operating companies by Millward Brown in 1998 and has been running every year since then. It is based on Millward Brown's established BrandDynamics™ framework. **BRANDZ** data is collected from interviews with category buyers or users (e.g. new car owners) who are asked about brands within a competitive framework (e.g. BMW, VW, Ford, Toyota etc).

# How We Calculate Brand Value

Brand value is the financial value of a brand, defined as the sum of all earnings that a brand is expected to generate.

For the purpose of the **BRANDZ** ranking, Millward Brown Optimor values brands in three steps:

1. Establish a company's intangible earnings and allocate them to individual brands and countries of operation, based on publicly available financial data from Bloomberg, Datamonitor (www.datamonitor.com) and Millward Brown Optimor's own research.

2. Determine the portion of intangible earnings attributable to brand alone, as opposed to other factors such as price. This metric, known as Brand Contribution, reflects the share of earnings from a product or service's most loyal consumers or users. For this second step, we use research-based loyalty data from the **BRANDZ** database.

3. Project the brand value forward based on market valuations, the brand's risk profile, and its growth potential. Data for this step is sourced from the **BRANDZ** database, Bloomberg and Millward Brown Optimor's own research.




**Step 1: Intangible Earnings**

Intangible corporate earnings allocated to each brand by country, based on company and analyst reports, industry studies, revenue estimates, etc.

**Data Sources**

Bloomberg
DATAMONITOR

**Step 2: Brand Contribution**

Portion of intangible earnings attributable to brand.

Directly driven by BrandDynamics™ Loyalty Pyramid and Category Segmentation collected wihin the BRANDZ™ study.

**Data Sources**

BRANDZ

**Step 3: Brand Multiple**

Brand earnings multiple

Calculated based on market valuations, brand growth potential and Voltage™ as measured by BrandDynamics

**Data Sources**

Bloomberg
BRANDZ

# Key Insights from this Year's BRANDZ Ranking

There are many actionable insights to be derived from the **BRANDZ** rankings. They prove that a blend of good business leadership, responsible financial management and powerful marketing are an unbeatable combination that can be leveraged to create and grow corporate wealth.

**The rise of the East** – Today, consumers in emerging markets, especially the ones known as the BRIC countries (Brazil, Russia, India, China) have more disposable income than ever before. In order to succeed in the BRICs, Western brands must offer products or services that are relevant to local consumers. Fast food brands such as KFC ($4,485 million) and McDonald's ($33,138 million) appeal to BRIC consumers looking for a Western dining experience. Apparel brands including Nike ($10,290 million), Levi's ($1,041 million) and Zara ($6,469 million) fill the gap between local brands and imported luxury brands by providing "affordable fashion" to young consumers. Luxury brands such as Louis Vuitton ($22,686 million) and Rolex ($5,387 million) also experience significant growth in these markets as wealthy consumers look for brands that represent their status.

**Converging technologies** – Convergence is the hot topic in technology: the ability to mix and match different services (voice, data, GPS, music, internet, email, etc) and deliver them over different devices has the potential to improve the lives of consumers. In the face of increasing complexity, branding has been leveraged to simplify and contrast different offerings: from Apple's ($24,728 million) basics-but-smarter iPhone to Sony Ericsson's Walkman-branded music phones to Nokia's ($31,670 million) all-in-one mobile computers, manufacturers are crafting coherent offerings that are aligned with their brand identity. Like Apple and Nokia, strong brands are able to stretch allowing parent companies to increase revenue streams by investing in high growth ventures.

**Delivering on Corporate Social Responsibility** – Delivering on the promise of corporate social responsibility helped boost the value of major brands including BP ($5,931 million), Shell ($4,679 million) and Toyota ($33,427 million). BP was the first major oil company to address climate change with its 'beyond petroleum' brand positioning. BP executed on that brand positioning to become one of the top three global suppliers of solar energy. Toyota's success in marketing its hybrid model Prius contributed to its positive brand image and its continued leadership in the automotive sector.

**Fast food brands react to health conscious consumers** – Rising concerns about healthy eating disrupted the fast food industry that had enjoyed continuous growth since the 1980s. Most fast food chains, including McDonald's ($33,138 million), repositioned themselves with the introduction of healthier food alternatives. Burger King ($1,401 million) took the opposite stance through marketing campaigns that called attention to the chain's original offering: the high-calorie and masculine hamburger. The 63% increase in Burger King's brand value proves that strong brands can succeed whether they follow or defy market trends.

# Sector Highlights

The **BRANDZ** ranking provides in-depth sector analysis of brands that allows companies to assess the performance of their brand in a competitive context.

The sectors that experienced most growth this year are:

| | Category | Brand Value Growth |
|---|---|---|
| 1 | Fast Food | 22% |
| 2 | Luxury | 20% |
| 3 | Motor Fuel | 15% |
| 4 | Personal Care | 15% |
| 5 | Technology | 14% |

*Source: Millward Brown Optimor (including data from **BRANDZ**, Datamonitor, and Bloomberg)

### Apparel

The **BRANDZ** ranking illustrates that fashion brands are subject to the distinct cycle that characterizes the apparel category and makes it difficult to retain leadership. Successful apparel brands are searching for growth through different extension strategies. Brands including Armani ($4,100 million) and Zara ($6,469 million) are extending into home furnishing and other related businesses. Successful co-branding initiatives raised awareness about apparel brands such as H&M ($8,711 million). There is a also trend toward ethics leading to partnerships with charities as well as environmentally friendly products.

### Beer

The beer category has not changed significantly over the past year. Analysis for the **BRANDZ** ranking reveals that consumers in saturated markets such as the United States are turning to premium, imported beers such as Heineken ($3,699 million) and Corona ($3,286 million). The general trend towards healthier lifestyles affected the beer category as consumers turned to light alternatives such as Miller Lite ($2,104 million). Emerging markets including Latin America, Central and Eastern Europe hold growth potential for the beer category.

### Coffee

Coffee makers are branching out into higher margin items such as ready to drink coffee and coffee pods. Most brands have extended to premium or flavoured coffee to capitalise on consumers' shift to more sophisticated taste. Many brands have also responded to consumers' social responsibility concerns with the successful introduction of fair trade products.

### Fast Food

After decades of continuous growth, the fast food establishment came under fire. With consumers' continued obsession with dieting and fitness, the industry is being criticized by consumer groups and the media for promoting unhealthy eating habits. The fast food industry has responded to the decline in consumer demand by changing its product offerings. Most chains have emphasized the use of quality ingredients and incorporated healthier options such as salads and fresh fruit into their menus. Despite the challenges posed by this market disruption, fast food brands have found ways to distinguish themselves. The category as a whole outperformed all other categories with the highest aggregate brand value growth.

### Financial Institutions

As financial markets in developed countries become saturated, financial institutions are extending into emerging markets. Multi-national banks are eager to tap into China's banking sector as the country deregulates its financial institutions. India's retail banking is expected to grow 18% a year until 2010. Most global players entering the market have realized the need to focus on marketing issues to establish brand awareness and gain a share of the market. Globally, an increase in the number of wealthy individuals has led banks to introduce or strengthen wealth management services. Meanwhile, insurers are focusing on a single brand strategy that has proven effective. Large insurers such as AIG ($5,880 million) are re-branding acquisitions to their own brands.

### Luxury Goods

Luxury is the category with the second largest growth in aggregate brand value. Part of the growth comes from successful brand extensions into new offerings. Armani's ($4,100 million) brand extension into other luxury lifestyle businesses such as hotel and home not only enables the brand to grow but also reinforces its image as a lifestyle provider. More significant, however, is the growth in emerging markets, as self-made millionaires in China, Russia and other countries develop their tastes for luxury products. While most luxury brands have established presence in China and Russia, several designer labels, such as Fendi ($4,116 million) among the Italian brands, are now planning to tap into the Indian market.

### Mobile Communications

The mobile communications industry has undergone significant changes due to acquisitions, re-branding and financial restatements which have led to some major changes in brand value in this sector. As the markets become saturated and price competition in mature markets erode margins, companies are moving into non-traditional services. Orange ($9,922 million) has created a strong brand identity associated with films and managed to build consumer loyalty with incentives such as free movie tickets on Wednesdays. Movistar's ($4,686 million) 'Lend Me €2' service is an industry first and may jump start a new service throughout the industry. Brands that fail to meet consumer demand in updating network and product range are losing market share. Emerging markets and the US are expected to deliver 60% of forecasted growth over next 5 years.

### Motor Fuel

Recent high crude oil prices are reflected in retail prices, but only marginally inform consumers' purchase behavior and improve brand value. In this category, BP's ($5,931 million) and Shell's ($4,679 million) success shows that brands have increasingly important roles. The two companies lead the trend in repositioning their brands as global energy companies that confront the conflict between energy and environmental needs by taking actions beyond what is expected of an oil company. BRIC energy companies seem to have strong brands, but this is largely due to their historical status as monopolies.

### Personal Care

There have been dramatic increases in brand value for several brands in the category, mainly driven by an increase of disposable income in fast growing countries. Brands with premium price and positioning, such as Clarins ($1,137 million), Lancome ($3,090 million) and Shiseido ($1,863 million), have grown more significantly relative to their less prestigious, mass market competitors. Growth segments have included premium products, anti-aging products and products based on natural/organic ingredients. Companies have increased marketing spend as well as frequency of new products as strategies to boost performance and compete for market share.

### Retail

Established brands face competitors brandishing cut-rate prices, although some have succeeded in avoiding a price war by introducing premium own-brand products. More importantly, significant growth of brands such as Marks & Spencer ($9,509 million) and Best Buy ($6,674 million) shows that brands must be able to differentiate themselves from the competition. M&S refocused on its British heritage and realigned its products with its brand positioning. The result is a 192% growth in brand value. As is the case in other categories, the new competition ground is China, where most Western chains are seeking to grab a share of the 7th-largest consumer market.

### Soft Drinks

The soft drinks category has been affected by the campaigns toward healthy eating. In the UK, restrictions have been imposed on advertising to children and the world's three largest soft drinks companies have agreed to ban most soda sales in U.S. public schools where they will sell only lower-calorie and nutritious beverages. Potential areas ripe for growth in developing countries are healthy and organic products. Coca-Cola ($34,958 million) has made significant investment in this area, both on marketing of existing products and innovation of new, healthier products.

### Technology

Convergence and commoditization are the biggest trends in this category with short product cycles that compel companies to consistently innovate. While Apple ($24,728 million) introduced the iPhone which claims to be "basic but smarter," Nokia's ($31,670 million) all-in-one mobile computers try to offer more functionality in one device. In the desktop PC sector, Dell ($13,903 million) recognizes the need to change its focus from price-led advertising and differentiate its brand in other ways. Convergence is evident in B2B segments as well, with SAP and Oracle expanding into each other's core segments to provide a one-stop shop for B2B clients. Growth is slowing in mature markets, and brands such as Samsung ($12,742 million) have invested heavily in brand building in order to compete in the higher margin, high-end segments. Emerging markets are driving growth, but the demand for lower margin, low-end phones are damaging gross margins.

### Water

The market for bottled water is fragmented with many small, local brands. It is a commoditized sector with limited growth and fierce competition, which explains a decline in brand contribution across the category. Within the category, still water represents the main category growth driver as health awareness rises in consumers, but innovation (e.g., flavoured water) will be important for growth. Emerging countries such as China, are also markets with potential as disposable income increases.

## BRANDZ RANKING

| # | Brand | Brand Value ($m) | Brand Value Change (%) |
|---|---|---|---|
| 1 | Google | 66,434 | 77% |
| 2 | GE (General Electric) | 61,880 | 11% |
| 3 | Microsoft | 54,951 | -11% |
| 4 | Coca Cola (*) | 44,134 | 7% |
| 5 | China Mobile | 41,214 | 5% |
| 6 | Marlboro | 39,166 | 2% |
| 7 | Wal-Mart | 36,880 | -2% |
| 8 | Citi | 33,706 | 9% |
| 9 | IBM | 33,572 | -7% |
| 10 | Toyota | 33,427 | 11% |
| 11 | McDonald's | 33,138 | 14% |
| 12 | Nokia | 31,670 | 19% |
| 13 | Bank of America | 28,767 | 2% |
| 14 | BMW | 25,751 | 8% |
| 15 | HP | 24,987 | 27% |
| 16 | Apple | 24,728 | 55% |
| 17 | UPS | 24,580 | 13% |
| 18 | Wells Fargo | 24,284 | N.A. |
| 19 | American Express | 23,113 | 23% |
| 20 | Louis Vuitton | 22,686 | 16% |
| 21 | Disney | 22,572 | 2% |
| 22 | Vodafone | 21,107 | -12% |
| 23 | NTT DoCoMo | 19,450 | 0% |
| 24 | Cisco | 18,812 | -10% |
| 25 | Intel | 18,707 | -26% |
| 26 | Home Depot | 18,335 | -33% |
| 27 | SAP | 18,103 | N.A. |
| 28 | Gillette | 17,954 | 1% |
| 29 | Mercedes | 17,813 | 0% |
| 30 | Oracle | 17,809 | 28% |
| 31 | HSBC | 17,457 | 26% |
| 32 | Tesco | 16,649 | 7% |
| 33 | ICBC | 16,460 | N.A. |
| 34 | Verizon Wireless | 16,261 | 9% |
| 35 | Starbucks | 16,057 | 45% |
| 36 | Honda | 15,465 | 7% |

*Source: Millward Brown Optimor (including data from BRANDZ™, Datamonitor, and Bloomberg)*

## BRANDZ RANKING

| # | Brand | Brand Value ($m) | Brand Value Change (%) |
|---|---|---|---|
| 37 | Dell | 13,903 | -24% |
| 38 | Bank of China | 13,689 | N.A. |
| 39 | Royal Bank of Canada | 13,624 | N.A. |
| 40 | Porsche | 13,372 | 11% |
| 41 | Deutsche Bank | 13,210 | 1% |
| 42 | Yahoo! | 13,201 | -6% |
| 43 | eBay | 12,927 | -2% |
| 44 | Samsung | 12,742 | 6% |
| 45 | Ford | 12,627 | -9% |
| 46 | L'Oréal | 12,303 | 15% |
| 47 | Banco Santander | 12,094 | -4% |
| 48 | Pepsi (*) | 11,756 | 2% |
| 49 | Carrefour | 11,710 | 8% |
| 50 | Merrill Lynch | 11,655 | 16% |
| 51 | UBS | 11,591 | 21% |
| 52 | Target | 11,560 | 88% |
| 53 | ING | 11,539 | N.A. |
| 54 | Canon | 11,413 | 15% |
| 55 | Sony | 11,389 | 22% |
| 56 | Morgan Stanley | 11,204 | 6% |
| 57 | Chevrolet | 11,202 | -10% |
| 58 | Nissan | 11,189 | 3% |
| 59 | Chase | 11,182 | 15% |
| 60 | Motorola | 10,787 | 19% |
| 61 | China Construction Bank | 10,757 | N.A. |
| 62 | Accenture | 10,534 | 8% |
| 63 | Nike | 10,290 | -5% |
| 64 | Harley-Davidson | 10,269 | 3% |
| 65 | Wachovia | 10,035 | -2% |
| 66 | Budweiser (*) | 9,977 | -15% |
| 67 | Orange | 9,922 | 5% |
| 68 | Marks & Spencer | 9,509 | 192% |
| 69 | FedEx | 9,310 | 13% |
| 70 | Cingular Wireless | 9,260 | 39% |
| 71 | Siemens | 9,111 | 35% |

*Source: Millward Brown Optimor (including data from BRANDZ™, Datamonitor, and Bloomberg)*

## BRANDZ RANKING

| # | Brand | Brand Value ($m) | Brand Value Change (%) |
|---|---|---|---|
| 72 | State Farm | 8,738 | 11% |
| 73 | H&M | 8,711 | 9% |
| 74 | JP Morgan | 8,490 | 20% |
| 75 | TIM (*) | 8,440 | N.A. |
| 76 | Goldman Sachs | 8,239 | -7% |
| 77 | T-Mobile | 8,047 | -32% |
| 78 | Colgate | 7,711 | 32% |
| 79 | Chanel | 7,499 | 15% |
| 80 | Subway (**) | 7,433 | N.A. |
| 81 | IKEA | 7,373 | 2% |
| 82 | Royal Bank of Scotland | 7,200 | N.A. |
| 83 | VW (Volkswagen) | 7,033 | 4% |
| 84 | Cartier | 7,021 | 27% |
| 85 | Hermes | 6,939 | 44% |
| 86 | Best Buy | 6,674 | 113% |
| 87 | Barclays | 6,612 | 30% |
| 88 | Avon | 6,558 | -1% |
| 89 | Gucci | 6,524 | 49% |
| 90 | Zara | 6,469 | 27% |
| 91 | WaMu | 6,126 | 31% |
| 92 | Amazon | 5,964 | 0% |
| 93 | BP | 5,931 | 8% |
| 94 | AIG | 5,880 | 4% |
| 95 | ABN AMRO | 5,617 | 72% |
| 96 | Auchan | 5,570 | 4% |
| 97 | Asda | 5,540 | 19% |
| 98 | Lexus | 5,421 | 7% |
| 99 | Esprit | 5,411 | 29% |
| 100 | Rolex | 5,387 | 9% |

*Source: Millward Brown Optimor (including data from BRANDZ™, Datamonitor, and Bloomberg)*

## Top 10 with Highest Brand Momentum

| # | Brand | Parent | Brand Momentum |
|---|---|---|---|
| 1 | Google | Google Inc | 10 |
| 2 | Apple | Apple Computer Inc | 10 |
| 3 | Louis Vuitton | LVMH | 10 |
| 4 | Starbucks | Starbucks Corporation | 10 |
| 5 | Porsche | Porsche Ag-Pfd | 10 |
| 6 | eBay | Ebay Inc | 10 |
| 7 | Chanel | Chanel Sa | 10 |
| 8 | Hermés | Hermés International | 10 |
| 9 | Amazon | Amazon.Com Inc | 10 |
| 10 | Rolex | Montres Rolex S.A. | 10 |

## Top 10 with Highest Brand Contribution

| # | Brand | Parent | Brand Contribution |
|---|---|---|---|
| 1 | Louis Vuitton | LVMH | 5 |
| 2 | Porsche | Porsche Ag-Pfd | 5 |
| 3 | Chanel | Chanel Sa | 5 |
| 4 | Cartier | Cie Fin. Richemont | 5 |
| 5 | Hermes | Hermes International | 5 |
| 6 | Gucci | Ppr | 5 |
| 7 | Rolex | Montres Rolex S.A. | 5 |
| 8 | Hennessy | LVMH | 5 |
| 9 | Moet & Chandon | LVMH | 5 |
| 10 | Fendi | LVMH | 5 |

*Source: Millward Brown Optimor (including data from BRANDZ™, Datamonitor, and Bloomberg)*

## UK

| # | Brand | Parent | Brand Value ($m) | Brand Contribution | Brand Momentum |
|---|---|---|---|---|---|
| 1 | Vodafone | Vodafone Group Plc | 21,107 | 2 | 5 |
| 2 | HSBC | Hsbc Holdings Plc | 17,457 | 2 | 6.5 |
| 3 | Tesco | Tesco Plc | 16,649 | 3 | 4 |
| 4 | Marks & Spencer | M&S Group Plc | 9,509 | 3 | 6.5 |
| 5 | Royal Bank Of Scotland | RBOS Group | 7,200 | 3 | 4 |
| 6 | Barclays | Barclays Plc | 6,612 | 2 | 2.5 |
| 7 | BP | BP Plc | 5,931 | 2 | 5.5 |
| 8 | Asda | Wal-Mart Stores Inc | 5,540 | 3 | 3.5 |
| 9 | Standard Chartered Bank | Standard Chartered Plc | 3,955 | 2 | 5.5 |
| 10 | Lloyds TSB | Lloyds TSB Group | 3,882 | 2 | 4 |

## Europe (excluding UK)

| # | Brand | Parent | Brand Value ($m) | Brand Contribution | Brand Momentum |
|---|---|---|---|---|---|
| 1 | Nokia | Nokia | 31,670 | 3 | 7 |
| 2 | BMW | BMW AG | 25,751 | 4 | 6 |
| 3 | Louis Vuitton | LVMH | 22,686 | 5 | 10 |
| 4 | SAP | Sap Ag | 18,103 | 2 | 3.5 |
| 5 | Mercedes | DaimlerChrysler AG | 17,813 | 4 | 6 |
| 6 | Porsche | Porsche AG | 13,372 | 5 | 10 |
| 7 | Deutsche Bank | Deutsche Bank AG | 13,210 | 1 | 4 |
| 8 | L'Oréal | L'Oreal | 12,303 | 4 | 6.5 |
| 9 | Banco Santander | Banco Santander C.H. | 12,094 | 2 | 3.5 |
| 10 | Carrefour | Carrefour Sa | 11,710 | 3 | 4 |

*Source: Millward Brown Optimor (including data from BRANDZ™, Datamonitor, and Bloomberg)*

## Europe (including UK)

| # | Brand | Parent | Brand Value ($m) | Brand Contribution | Brand Momentum |
|---|---|---|---|---|---|
| 1 | Nokia | Nokia | 31,670 | 3 | 7 |
| 2 | BMW | BMW Ag | 25,751 | 4 | 6 |
| 3 | Louis Vuitton | LVMH | 22,686 | 5 | 10 |
| 4 | Vodafone | Vodafone Group Plc | 21,107 | 2 | 5 |
| 5 | SAP | SAP AG | 18,103 | 2 | 3.5 |
| 6 | Mercedes | DaimlerChrysler AG | 17,813 | 4 | 6 |
| 7 | HSBC | HSBC Holdings Plc | 17,457 | 2 | 6.5 |
| 8 | Tesco | Tesco Plc | 16,649 | 3 | 4 |
| 9 | Porsche | Porsche AG | 13,372 | 5 | 10 |
| 10 | Deutsche Bank | Deutsche Bank AG | 13,210 | 1 | 4 |

*Source: Millward Brown Optimor (including data from BRANDZ™, Datamonitor, and Bloomberg)*

## North America

| # | Brand | Parent | Brand Value ($m) | Brand Contribution | Brand Momentum |
|---|---|---|---|---|---|
| 1 | Google | Google Inc | 66,434 | 3 | 10 |
| 2 | GE (General Electric) | General Electric Co | 61,880 | 2 | 6.5 |
| 3 | Microsoft | Microsoft Corp | 54,951 | 3 | 6 |
| 4 | Coca Cola (*) | The Coca-Cola Co | 44,134 | 4 | 5 |
| 5 | Marlboro | Altria Group Inc | 39,166 | 3 | 6 |
| 6 | Wal-Mart | Wal-Mart Stores Inc | 36,880 | 2 | 7.5 |
| 7 | Citi | Citigroup Inc | 33,706 | 2 | 4 |
| 8 | IBM | IBM Corporation | 33,572 | 2 | 5 |
| 9 | McDonald's | McDonald's Corp | 33,138 | 3 | 5.5 |
| 10 | Bank of America | Bank Of America Corp | 28,767 | 2 | 5.5 |

## Asia

| # | Brand | Parent | Brand Value ($m) | Brand Contribution | Brand Momentum |
|---|---|---|---|---|---|
| 1 | China Mobile | China Mobile (Hk) Ltd | 41,214 | 3 | 7.5 |
| 2 | Toyota | Toyota Motor Corp | 33,427 | 3 | 5.5 |
| 3 | NTT DoCoMo | Ntt Docomo Inc | 19,450 | 2 | 7 |
| 4 | ICBC | ICBC Ltd | 16,460 | 3 | 6.5 |
| 5 | Honda | Honda Motor Co Ltd | 15,465 | 3 | 4 |
| 6 | Bank of China | Bank of China Ltd | 13,689 | 3 | 4.5 |
| 7 | Samsung | Samsung Elect. Co Ltd | 12,742 | 3 | 5 |
| 8 | Canon | Canon Inc | 11,413 | 2 | 4 |
| 9 | Sony | Sony Corp | 11,389 | 3 | 5.5 |
| 10 | Nissan | Nissan Motor Co Ltd | 11,189 | 3 | 4 |

*Source: Millward Brown Optimor (including data from BRANDZ™, Euromonitor International, and Bloomberg)*

## Apparel

| # | Brand | Parent | Brand Value ($m) | Brand Contribution | Brand Momentum | Brand Value Change (%) |
|---|---|---|---|---|---|---|
| 1 | Nike | Nike Inc | 10,290 | 3 | 6.5 | -5% |
| 2 | H&M | Hennes & Mauritz | 8,711 | 2 | 4 | 9% |
| 3 | Zara | Inditex | 6,469 | 3 | 7 | 27% |
| 4 | Esprit | Esprit Holdings Ltd | 5,411 | 3 | 5 | 29% |
| 5 | Next | Next Plc | 2,888 | 2 | 5.5 | -6% |
| 6 | Ralph Lauren | Polo Ralph Lauren Co. | 2,765 | 3 | 6 | 48% |
| 7 | Adidas | Adidas Ag | 2,748 | 3 | 3.5 | 19% |
| 8 | Puma | Puma Ag | 1,855 | 3 | 4.5 | 3% |
| 9 | Gap | Gap Inc/The | 1,831 | 2 | 4 | -34% |
| 10 | American Eagle Outfitters | American Eagle Outfitt. | 1,609 | 2 | 8.5 | 43% |

## Beer

| # | Brand | Parent | Brand Value ($m) | Brand Contribution | Brand Momentum | Brand Value Change (%) |
|---|---|---|---|---|---|---|
| 1 | Budweiser | Anheuser-Busch Companies, Inc | 5,558 | 3 | 4 | -18% |
| 2 | Bud Light | Anheuser-Busch Companies, Inc | 4,419 | 3 | 4 | -11% |
| 3 | Heineken | Heineken N.V. | 3,699 | 4 | 2.5 | 10% |
| 4 | Corona | Grupo Modelo, S.A. De C.V. | 3,286 | 4 | 4 | 28% |
| 5 | Stella Artois | InBev NV | 2,940 | 4 | 5 | 32% |
| 6 | Guinness | Diageo Plc | 2,718 | 4 | 4.5 | -8% |
| 7 | Miller Lite | Sabmiller Plc | 2,104 | 3 | 3 | 8% |
| 8 | Skol | InBev NV | 1,283 | 4 | 5.5 | 21% |
| 9 | Amstel | Heineken N.V. | 1,272 | 3 | 2.5 | 30% |
| 10 | Cruzcampo | Heineken N.V. | 1,084 | 4 | 2.5 | 19% |

*Source: Millward Brown Optimor (including data from BRANDZ™, Datamonitor, and Bloomberg)*

## Cars

| # | Brand | Parent | Brand Value ($m) | Brand Contribution | Brand Momentum | Brand Value Change (%) |
|---|---|---|---|---|---|---|
| 1 | Toyota | Toyota Motor Corp | 33,427 | 3 | 5.5 | 11% |
| 2 | BMW | Bmw Ag | 25,751 | 4 | 6 | 8% |
| 3 | Mercedes | Daimlerchrysler Ag | 17,813 | 4 | 6 | 0% |
| 4 | Honda | Honda Motor Co Ltd | 15,465 | 3 | 4 | 7% |
| 5 | Porsche | Porsche Ag-Pfd | 13,372 | 5 | 10 | 11% |
| 6 | Ford | Ford Motor Co | 12,627 | 2 | 2.5 | -9% |
| 7 | Chevrolet | General Motors Corp | 11,202 | 3 | 3.5 | -10% |
| 8 | Nissan | Nissan Motor Co Ltd | 11,189 | 3 | 4 | 3% |
| 9 | VW (Volkswagen) | Volkswagen Ag | 7,033 | 3 | 3.5 | 4% |
| 10 | Lexus | Toyota Motor Corp | 5,421 | 4 | 6 | 7% |

## Coffee

| # | Brand | Parent | Brand Value ($m) | Brand Contribution | Brand Momentum | Brand Value Change (%) |
|---|---|---|---|---|---|---|
| 1 | Nescafé | Nestle S.A. | 4,320 | 4 | 4.5 | 14% |
| 2 | Folgers | Procter & Gamble | 1,034 | 4 | 5.5 | 26% |
| 3 | Maxwell House | Kraft Foods, Inc | 787 | 3 | 3.5 | 20% |
| 4 | Jacobs | Kraft Foods, Inc | 689 | 4 | 5 | -14% |
| 5 | Douwe Egberts | Sara Lee Corp. | 480 | 4 | 5.5 | -32% |

*Source: Millward Brown Optimor (including data from BRANDZ™, Datamonitor, and Bloomberg)*

## Fast Food

| # | Brand | Parent | Brand Value ($m) | Brand Contribution | Brand Momentum | Brand Value Change (%) |
|---|---|---|---|---|---|---|
| 1 | McDonald's | McDonald's Corporation | 33,138 | 3 | 5.5 | 14% |
| 2 | Starbucks | Starbucks Corporation | 16,057 | 3 | 10 | 45% |
| 3 | Subway (*) | Doctor's Associates Inc. | 7,433 | 4 | 5 | N.A. (*) |
| 4 | KFC | Yum! Brands, Inc. | 4,485 | 3 | 4 | 11% |
| 5 | Tim Horton's | Tim Horton's | 2,929 | 4 | 4.5 | N.A. |
| 6 | Pizza Hut | Yum! Brands, Inc. | 2,295 | 2 | 2.5 | 1% |
| 7 | Wendy's | Wendy's International, Inc. | 2,138 | 3 | 4 | 31% |
| 8 | Taco Bell | Yum! Brands, Inc. | 1,537 | 3 | 4.5 | 21% |
| 9 | Burger King | Burger King Corporation | 1,401 | 2 | 3.5 | 63% |
| 10 | Domino's Pizza | Domino'S Pizza, Inc. | 434 | 2 | 1.5 | 16% |

## Financial Institutions

| # | Brand | Parent | Brand Value ($m) | Brand Contribution | Brand Momentum | Brand Value Change (%) |
|---|---|---|---|---|---|---|
| 1 | Citi | Citigroup Inc | 33,706 | 2 | 4 | 9% |
| 2 | Bank of America | Bank Of America Corp | 28,767 | 2 | 5.5 | 2% |
| 3 | Wells Fargo | Wells Fargo & Company | 24,284 | 3 | 3.5 | N.A. |
| 4 | American Express | American Express Co | 23,113 | 2 | 7 | 23% |
| 5 | HSBC | Hsbc Holdings Plc | 17,457 | 2 | 6.5 | 26% |
| 6 | ICBC | Ind. Comm. Bk of China Ltd | 16,460 | 3 | 6.5 | N.A. |
| 7 | Bank of China | Bank of China Ltd | 13,689 | 3 | 4.5 | N.A. |
| 8 | Royal Bank of Canada | Royal Bank Of Canada | 13,624 | 3 | 4 | N.A. |
| 9 | Deutsche Bank | Deutsche Bank AG | 13,210 | 1 | 4 | 1% |
| 10 | Banco Santander | Banco Santander Cent. Hisp. | 12,094 | 2 | 3.5 | -4% |

*Source: Millward Brown Optimor (including data from BRANDZ™, Datamonitor, and Bloomberg)*

## Luxury Brands

| # | Brand | Parent | Brand Value ($m) | Brand Contribution | Brand Momentum | Brand Value Change (%) |
|---|---|---|---|---|---|---|
| 1 | Louis Vuitton | LVMH | 22,686 | 5 | 9.5 | 16% |
| 2 | Chanel | Chanel SA | 7,499 | 5 | 9.5 | 15% |
| 3 | Cartier | C.F. Richemont | 7,021 | 5 | 8.5 | 27% |
| 4 | Hermes | Hermes International | 6,939 | 5 | 10 | 44% |
| 5 | Gucci | PPR | 6,524 | 5 | 5.5 | 49% |
| 6 | Rolex | Montres Rolex S.A. | 5,387 | 5 | 10 | 9% |
| 7 | Hennessy | LVMH | 4,765 | 5 | 9.5 | 14% |
| 8 | Moet & Chandon | LVMH | 4,367 | 5 | 7 | 17% |
| 9 | Fendi | LVMH | 4,116 | 5 | 10 | 16% |
| 10 | Armani | Giorgio Armani SpA | 4,100 | 5 | 10 | 16% |

## Mobile/Wireless Communications Brands

| # | Brand | Parent | Brand Value ($m) | Brand Contribution | Brand Momentum | Brand Value Change (%) |
|---|---|---|---|---|---|---|
| 1 | China Mobile | China Mobile (Hk) Limited | 41,214 | 3 | 7.5 | 5% |
| 2 | Vodafone | Vodafone Group Plc | 21,107 | 2 | 5 | -12% |
| 3 | NTT DoCoMo | NTT DoCoMo Inc | 19,450 | 2 | 7 | 0% |
| 4 | Verizon Wireless | Verizon Communications Inc. | 16,261 | 3 | 5 | 9% |
| 5 | Orange | France Telecom S.A. | 9,922 | 2 | 3.5 | 5% |
| 6 | Cingular Wireless | Cingular Wireless LLC | 9,260 | 2 | 7 | 39% |
| 7 | TIM | Telecom Italia Mobile SpA | 8,440 | 2 | 4 | N.A. |
| 8 | T-Mobile | Deutsche Telekom AG | 8,047 | 2 | 6.5 | -32% |
| 9 | Movistar | Telefónica, S.A. | 4,686 | 2 | 3 | N.A. |
| 10 | O2 | Telefónica, S.A. | 3,983 | 2 | 4.5 | 1% |

*Source: Millward Brown Optimor (including data from BRANDZ™, Datamonitor, and Bloomberg)*

## Motor Fuel

| # | Brand | Parent | Brand Value ($m) | Brand Contribution | Brand Momentum | Brand Value Change (%) |
|---|---|---|---|---|---|---|
| 1 | BP | BP Plc | 5,931 | 2 | 5.5 | 8% |
| 2 | Shell | Royal Dutch Shell Plc | 4,679 | 2 | 4 | 38% |
| 3 | Mobil | Exxon Mobil Corp | 1,829 | 2 | 3.5 | -6% |
| 4 | Exxon | Exxon Mobil Corp | 1,495 | 2 | 5 | 12% |
| 5 | Petrochina | Petrochina Co Ltd | 1,249 | 4 | 3.5 | N.A. |
| 6 | Esso | Exxon Mobil Corp | 1,067 | 2 | 3.5 | 12% |
| 7 | Texaco | Chevron Corp | 952 | 1 | 3 | 21% |
| 8 | Chevron | Chevron Corp | 832 | 2 | 5 | 2% |
| 9 | Lukoil | OAO Lukoil | 810 | 3 | 6 | N.A. |
| 10 | Aral | BP Plc | 694 | 2 | 5.5 | 28% |

## Personal Care

| # | Brand | Parent | Brand Value ($m) | Brand Contribution | Brand Momentum | Brand Value Change (%) |
|---|---|---|---|---|---|---|
| 1 | Gillette | Procter & Gamble Co | 17,954 | 4 | 7.5 | 1% |
| 2 | L'Oréal | L'Oreal | 12,303 | 4 | 6.5 | 15% |
| 3 | Colgate | Colgate-Palmolive Co | 7,711 | 4 | 5 | 32% |
| 4 | Avon | Avon Products Inc | 6,558 | 3 | 5.5 | -1% |
| 5 | Garnier | L'Oreal | 4,159 | 3 | 5 | 18% |
| 6 | Nivea | Beiersdorf Ag | 3,148 | 3 | 4.5 | 33% |
| 7 | Lancôme | L'Oreal | 3,090 | 3 | 6.5 | 21% |
| 8 | Oral B | Procter & Gamble Co | 2,545 | 3 | 5.5 | 57% |
| 9 | Crest | Procter & Gamble Co | 2,294 | 3 | 5.5 | 51% |
| 10 | Olay | Procter & Gamble Co | 2,284 | 4 | 6 | 83% |

*Source: Millward Brown Optimor (including data from BRANDZ™, Datamonitor, and Bloomberg)*

## Soft Drinks

| # | Brand | Parent | Brand Value ($m) | Brand Contribution | Brand Momentum | Brand Value Change (%) |
|---|---|---|---|---|---|---|
| 1 | Coca Cola | The Coca Cola Co. | 34,958 | 4 | 5 | 7% |
| 2 | Pepsi Cola | PepsiCo Inc | 9,685 | 4 | 5 | 6% |
| 3 | Diet Coke/Coca Cola Light | The Coca Cola Co. | 9,177 | 4 | 4.5 | 6% |
| 4 | Fanta | The Coca Cola Co. | 2,930 | 2 | 2 | -12% |
| 5 | Sprite | The Coca Cola Co. | 2,456 | 2 | 3 | -15% |
| 6 | Diet Pepsi | PepsiCo Inc | 2,072 | 3 | 5 | -11% |
| 7 | Dr. Pepper | Cadbury Schweppes | 1,885 | 3 | 2.5 | -1% |
| 8 | Mountain Dew | PepsiCo Inc | 1,879 | 4 | 4 | 24% |
| 9 | 7 Up | PepsiCo Inc | 962 | 2 | 3 | 1% |
| 10 | Nestea | Nestle SA | 823 | 3 | 2.5 | 40% |

## Water

| # | Brand | Parent | Brand Value ($m) | Brand Contribution | Brand Momentum | Brand Value Change (%) |
|---|---|---|---|---|---|---|
| 1 | Evian | Groupe Danone | 713 | 3 | 6 | 9% |
| 2 | Aquafina | Pepsico Inc | 680 | 3 | 7 | 10% |
| 3 | Perrier | Nestle SA | 568 | 3 | 6 | 10% |
| 4 | Dasani | The Coca-Cola Company | 466 | 3 | 6 | 3% |
| 5 | Volvic | Groupe Danone | 423 | 3 | 5.5 | 3% |

*Source: Millward Brown Optimor (including data from BRANDZ™, Datamonitor, and Bloomberg)*

## Retail

| # | Brand | Parent | Brand Value ($m) | Brand Contribution | Brand Momentum | Brand Value Change (%) |
|---|---|---|---|---|---|---|
| 1 | Wal-Mart | Wal-Mart Stores Inc | 36,880 | 2 | 7.5 | -2% |
| 2 | Home Depot | Home Depot Inc | 18,335 | 2 | 4 | -33% |
| 3 | Tesco | Tesco Plc | 16,649 | 3 | 4 | 7% |
| 4 | eBay | ebay Inc | 12,927 | 2 | 10 | -2% |
| 5 | Carrefour | Carrefour Sa | 11,710 | 3 | 4 | 8% |
| 6 | Target | Target Corp | 11,560 | 2 | 7 | 88% |
| 7 | Marks & Spencer | Marks & Spencer Group Plc | 9,509 | 3 | 6.5 | 192% |
| 8 | IKEA | Ikea | 7,373 | 3 | 5.5 | 2% |
| 9 | Best Buy | Best Buy Co Inc | 6,674 | 2 | 6.5 | 113% |
| 10 | Amazon | Amazon.Com Inc | 5,964 | 2 | 10 | 0% |

## Technology

| # | Brand | Parent | Brand Value ($m) | Brand Contribution | Brand Momentum | Brand Value Change (%) |
|---|---|---|---|---|---|---|
| 1 | Google | Google Inc | 66,434 | 3 | 10 | 77% |
| 2 | Microsoft | Microsoft Corp | 54,951 | 3 | 6 | -11% |
| 3 | IBM | Intl Business Machines Corp | 33,572 | 2 | 5 | -7% |
| 4 | Nokia | Nokia Oyj | 31,670 | 3 | 7 | 19% |
| 5 | HP | Hewlett-Packard Co | 24,987 | 3 | 4 | 27% |
| 6 | Apple | Apple Computer Inc | 24,728 | 3 | 10 | 55% |
| 7 | Cisco | Cisco Systems Inc | 18,812 | 2 | 7.5 | -10% |
| 8 | Intel | Intel Corp | 18,707 | 2 | 5 | -26% |
| 9 | SAP | Sap Ag | 18,103 | 2 | 3.5 | 89% |
| 10 | Oracle | Oracle Corp | 17,809 | 2 | 6 | 28% |

*Source: Millward Brown Optimor (including data from BRANDZ™, Datamonitor, and Bloomberg)*

# Frequently Asked Questions

What is **BRANDZ**?

**BRANDZ** is a quantitative brand equity study carried out annually by Millward Brown on behalf of WPP since 1998. The data for **BRANDZ** is collected by interviewing consumers about brands from categories in which they shop on a regular basis. Respondents evaluate those brands competitively: they are asked to think about all the brands that they know within a category. The interviews deliver valuable insights because respondents who know a category are better suited to tell us what brand attributes matter to them most. These attributes are key measures of brand strength. **BRANDZ** has interviewed over 1 million consumers and business-to-business customers who cumulatively compare thousands of brands across 31 countries in over 380 categories.

What is the **BRANDZ** Top 100 ranking?

The **BRANDZ** Top 100 ranking is a global study that identifies the most powerful brands as measured by their dollar value. Developed by Millward Brown Optimor, the **BRANDZ** Top 100 was first published in the Financial Times in April of 2006. The **BRANDZ** Top 100 is the first brand ranking to combine financial data with primary research data (from **BRANDZ**) and to consider a brand's short-term growth prospects (1 year) when calculating brand value. It is also the first ranking to analyze strong brands that operate in only one country and to focus on market-facing brands.

**What is brand value?**

Brand value is the financial value of a brand defined as the sum of all earnings that a brand is expected to generate. For the purpose of the **BRANDZ** ranking, Millward Brown Optimor values brands in three steps. First, we establish a company's intangible earnings and allocate them to individual brands and countries of operation, based on publicly available financial data from Bloomberg, Datamonitor (www.datamonitor.com) and our own research. Secondly, we determine the portion of intangible earnings attributable to brand alone, as opposed to other factors such as price. This metric, known as Brand Contribution, reflects the share of earnings from a product or service's most loyal consumers or users. For this second step, we use research-based loyalty data from the **BRANDZ** database. Finally, we project the brand value forward based on market valuations, the brand's risk profile, and its growth potential. Data for this step is sourced from the **BRANDZ** database, Bloomberg and Millward Brown Optimor's own research. For a detailed analysis of your brand's value, please contact Millward Brown Optimor (www.millwardbrown.com/mboptimor).

**What is Brand Contribution?**

Brand Contribution is a metric made available by the **BRANDZ** ranking that quantifies the role of brand in driving earnings. Brand Contribution reflects the share of earnings attributable to brand alone. This metric is obtained by isolating income that comes from a brand's most loyal consumers, whose purchase decision is based on brand rather than other factors such as price. Brand Contribution is calculated by using research-based consumer loyalty data from the **BRANDZ** database. Brand Contribution is presented as an index from 1 to 5 where 5 indicates the strongest Brand Contribution.

### What is Brand Momentum?

Brand Momentum is an index of a brand's short-term growth rate (1 year) relative to the average short-term growth rate of all brands in the **BRANDZ** ranking. Brand Momentum is presented as an index from 1 to 10 where 10 indicates brands with highest short-term growth potential. Brands with average short-term growth rates get a Brand Momentum score of 5. Brands with above average growth rates have a Brand Momentum score above 5, brands with below average growth rates have a Brand Momentum score below 5.

Brand Momentum is based on three inputs. The first is a brand's likelihood to gain market share and increase value which we obtain from validated predictive growth metrics in the **BRANDZ** database. The second input is sector growth rates by country (i.e. the differences in growth rates across categories). The third are growth opportunities in a particular country and category. A brand's growth potential also depends on its current market share and awareness rates.

### What sources did Millward Brown Optimor use to calculate brand value?

The valuations in the **BRANDZ** ranking are based on data from three resources: financial data and projections for all companies featured in the ranking are publicly available and sourced from Bloomberg; primary research data on brand-related indicators is derived from the **BRANDZ** database, the world's largest brand equity database for which Millward Brown has interviewed 1 million consumers and business-to-business customers across 40 countries to compare thousands of brands; data used to analyze category performance was sourced from Datamonitor (www.datamonitor.com) and company financial reports.

### What categories does the BRANDZ ranking cover?

The **BRANDZ** ranking provides broad sector and geographic coverage of market-facing brands, including brands in apparel, beer, automotive, coffee, coffee houses, credit cards, fast food, financial institutions, household appliances, insurance, ecommerce, internet portals, luxury goods, mineral water, mobile communications, motor fuel, personal care, retail, soft drinks, and technology. The ranking covers brands in developed markets that drive the world's GDP as well as brands in emerging markets known as BRICs (Brazil, Russia, India, and China) whose share of world GDP is expected to grow in the future.

### Why another ranking?

Millward Brown Optimor felt the need for a more robustly calculated brand ranking. Unlike other rankings, the **BRANDZ** ranking is based on publicly available financials and category data as well as on solid, primary research data about brands. The **BRANDZ** Top 100 is also the first ranking to focus on market-facing brands only and to consider brands that operate in only one country. Our ranking is more than a list of successful brands. The **BRANDZ** ranking provides a first step towards identifying key drivers of brand value as well as insights on how to influence and activate those drivers.

**In what ways is the BRANDZ ranking different from other rankings?**

The **BRANDZ** Top 100 is the only ranking based on comprehensive primary research data available through the **BRANDZ** database. **BRANDZ** contains data from interviews with over 1 million consumers and business-to-business customers who compare thousands of brands. Consumer perceptions of B2B and B2C brands are a key input in determining brand value because brand success involves a combination of business performance, product delivery, clarity of positioning and leadership. **BRANDZ** data has been proven to predict changes in share price and, therefore, in brand value.

The **BRANDZ** ranking is about understanding each individual brand within a company's portfolio and what drives it. As a result, we evaluate a company's brands individually instead of calculating an aggregate and abstract brand value for the parent company.

The **BRANDZ** ranking provides broader category coverage than other rankings, and includes categories such as retailers that are often neglected by the competition. Our ranking offers detailed brand valuations within sectors so executives can compare their brands to competitors.

In addition to brand value, our ranking offers a Brand Contribution score that indicates the role of the brand in creating business value and a Brand Momentum score that reflects a brand's short-term growth rate (1 year).

**How can a company increase the value of its brands?**

Successful brands create value through strong business basics, a clear and relevant value proposition that is communicated powerfully and consistently (avoid positioning the brand exclusively around price or specific product features), delivery of a great experience that matches the brand's promise and effective leadership of trends or aspirations.

**What is the difference between tangible and intangible value?**

Tangible value is defined as value generated by a company's physical, material assets such as plants and inventory. It often accounts for a smaller portion of the value that investors place on a company. The rest of a company's value is 'intangible', meaning value generated by intangible assets such as intellectual property, distribution networks, management expertise, research and development pipeline and, of course, brands. Brands are often the most valuable asset, accounting for approximately one third of the value of the Fortune 500 today.

**How does Millward Brown Optimor ascribe the proportion of intangible value attributable to the brand?**

We use **BRANDZ** consumer research data to establish the earnings that come from consumers who are loyal to the brand, whose purchase decision is dictated by a brand's promise rather than specific product features (e.g. location, price). A brand's appeal can differ across countries which is why Millward Brown Optimor isolates branded earnings for each major country in which a brand is available.

### What do the results of this ranking tell me about my brand?

**BRANDZ** Top 100 provides a Brand Contribution score that indicates the loyalty of consumers or users of a product or service and a Brand Momentum score that shows your brand's short-term growth prospect (1 year). The **BRANDZ** ranking is based on primary research, market and financial data; therefore, the ranking is a first step towards identifying the key drivers of brand value and understanding how to influence and activate them. Also, by presenting brand value in a competitive context, the **BRANDZ** ranking proves that brands affect a company's competitive advantage. For additional information or a more detailed analysis of your brand's key drivers and how to activate them, please contact Millward Brown Optimor (www.millwardbrown.com/mboptimor).

### How do brands impact business performance?

As economies become global and information more critical, intangible assets have replaced tangible ones as a major source of shareholder value. Of these intangibles, brands are often the most valuable assets, accounting for approximately one third of the value of today's Fortune 500 companies.

Strong brands guarantee revenue growth by ensuring higher levels of demand and greater market share. Brands can improve margins by commanding premium prices and better supplier terms. They reduce capital expenditures by minimizing the costs of entry into new categories. They can also reduce tax rates through licensing and increasing the retention of staff. Successful brands create differentiation that allows companies to overcome commoditization. Strong brands reduce overall business risk. Brands have the power create real and sustainable competitive advantage for businesses.

The large amount of value attributable to intangibles is the source of the business community's newfound interest in brand and marketing, and a major reason for the pressure now felt by marketing executives to demonstrate the financial returns from marketing investments.

# About Us




Millward Brown Optimor is the brand finance and ROI arm of leading market research and consultancy Millward Brown. At Millward Brown Optimor, we are dedicated to maximizing the financial returns from brand strategy and marketing investment.

Even the best managed companies have opportunities to better leverage their brand portfolios and generate more value for shareholders. Our team combines experience in market strategy with financial modelling and advanced econometrics to help our clients grow the value of their brand assets, identify and capture brand-driven growth opportunities and maximize returns on their marketing investments.

Millward Brown Optimor offers an integrated approach to brand and marketing analytics and accountability, which links market research, customer and financial data. This enables us to measure both the short-term and the longer-term impact of brand and market strategies and quantify total ROI.

We help clients identify and realize the business opportunities that valuable brands offer by linking brand and market decisions to business financials. By measuring performance objectively, we help you grow sales and profits to maximize the value of your brand portfolio.

We can help you spend your marketing money more wisely, by providing objective answers to the following questions:

- How does our brand and marketing performance compare to best practices?
- Which brand strategies will accelerate growth and shareholder value creation?
- Do we have too few or too many brands to achieve our business potential?
- Are we focusing on the right channels and customer touch points?
- How should we invest to drive higher sales and profits?
- How should we balance short-term ROI and longer term brand building?

We offer a full-service approach: from the initiation to the implementation and ongoing management of brand and marketing strategy.

Our services are designed to measure the current and potential future performance of brand strategy and marketing investments. We then work with our clients to identify the best ways to implement these strategies, and put the scorecards and metrics in place to track the results.

Our approach is designed to introduce a level of accountability into the marketing function similar to that found in other parts of the business, without sacrificing creativity.

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www.millwardbrown.com/mboptimor

Google | GE | Microsoft | Coca-Cola | China Mobile | IBM | Apple | McDonald's
Nokia | Marlboro | Vodafone | Toyota | Wal-Mart | Bank of America | Citi | HP
BMW | ICBC | Louis Vuitton | American Express | Wells Fargo | Cisco | Disney | UPS
Tesco | Oracle | Intel | Porsche | SAP | Gillette | China Construction Bank | Bank of China
Verizon Wireless | Royal Bank of Canada | HSBC | Mercedes | Honda | L'Oréal | Pepsi
Home Depot | Dell | Deutsche Bank | ING | Carrefour | NTT DoCoMo | Target | Siemens
Banco Santander | Accenture | Orange | BlackBerry | Chase | Nike | Canon | AT&T | Starbucks
Goldman Sachs | Samsung | Nissan | Marks & Spencer | Amazon | Yahoo! | Morgan Stanley
UBS | eBay | H&M | Wachovia | Ford | Chevrolet | Budweiser | Colgate | Harley-Davidson
Subway | Merrill Lynch | JP Morgan | Hermès | BBVA | State Farm | Gucci | Cartier | FedEx
Tide | T-Mobile | Zara | Chanel | IKEA | Ariel | Movistar | MTS | Esprit | TIM | Motorola
Barclays | Avon | Auchan | VW | AXA | AIG | MasterCard | Standard Chartered Bank

Millward Brown
Optimor

# Top 100 Most Powerful BRANDS 08

brandz
The A to Z of brands

Welcome to the third annual BrandZ Top 100 Most Powerful Brands Ranking.

We congratulate all companies with brands in this year's BrandZ Ranking. Being one of the world's most valuable brands demonstrates strong brand and business management.

Companies are beginning to recognize that brands are among their most valuable assets. Brands account for about one-third of the value of Fortune 500 companies. Companies that own brands in the BrandZ Top 100 have significantly outperformed the stock market when compared to the S&P 500.

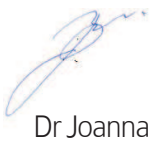
The BrandZ Ranking is the result of Millward Brown Optimor's robust brand valuation methodology. Ours is the first brand ranking to combine analysis of financial data with primary research findings. We do this because brand value depends on consumer sentiment as well as on a company's ability to translate that sentiment into shareholder value.

The primary research data comes from BrandZ, the world's largest repository of brand equity data, based on annual studies by Millward Brown. To date, we have interviewed more than 1 million consumers and business-to-business customers around the world about thousands of brands. Over the past ten years, BrandZ data has accurately predicted market share growth for all brands covered in the study.

Millward Brown Optimor values market-facing brands, meaning product and service brands that people and businesses buy as opposed to brand portfolios or corporate brands.

The BrandZ Ranking is comprehensive. We value and rank the top 100 brands as well as the top brands in 16 categories. Our brand ranking goes beyond Brand Value. We also calculate the degree to which brand equity plays a role in generating earnings (Brand Contribution); and how much the brand is expected to grow in the short term (Brand Momentum).

The new edition of the BrandZ Ranking provides actionable information that we hope companies will use to better understand, and grow, their brands. If you would like to know more, please visit our Web site at www.millwardbrown.com/mboptimor.



Dr Joanna Seddon
CEO of Millward Brown Optimor

# Executive Summary

This year's BrandZ Ranking proves that brands are becoming ever more powerful in driving shareholder value.

The combined value of all brands in the BrandZ Top 100 increased by 21%, from $1.6 trillion in 2007 to $1.94 trillion in 2008, more than twice the increase experienced the previous year. Google tops the list again with a brand value of $86.1bn, followed by GE at $71.4bn, and Microsoft at $70.8bn.

The biggest risers in the ranking include Apple at $30bn with the biggest dollar increase in the Top 100 list, and BlackBerry, that entered the BrandZ Ranking at number 51 thanks to a brand value increase of 390%.

Interesting trends from this year's BrandZ Ranking include:

**brandz Top 10 Most Powerful Brands**

| RANK | BRAND | BRAND VALUE ($M) | BRAND VALUE CHANGE |
|---|---|---|---|
| 1 | Google | 86,057 | 30% |
| 2 | GE (General Electric) | 71,379 | 15% |
| 3 | Microsoft | 70,887 | 29% |
| 4 | Coca-Cola (*) | 58,208 | 17% |
| 5 | China Mobile | 57,225 | 39% |
| 6 | IBM | 55,335 | 65% |
| 7 | Apple | 55,206 | 123% |
| 8 | McDonald's | 49,499 | 49% |
| 9 | Nokia | 43,975 | 39% |
| 10 | Marlboro | 37,324 | -5% |

*Source: Millward Brown Optimor (including data from brandz, Datamonitor, and Bloomberg)*
**The brand value for Coca-Cola includes the values of both Coca-Cola and Coca-Cola Diets and Lites*

1. **Established Asia vs Emerging Asia** — Chinese brands continue to get stronger according to the new BrandZ Ranking. Seven brands in this year's Top 100 come from mature Asian economies: Japan, Korea, and Hong Kong. Their aggregate brand value increased by only 7% in the last year (to $111bn). In contrast, the value of the four Chinese brands that made this year's BrandZ Top 100 increased by 51% (to $124bn). China Mobile, Bank of China, China Construction Bank and ICBC are only just starting to expand beyond China so they have considerable potential for further growth.

2. **Continued Rise of the BRICs** — Emerging markets play a key role in driving growth for international brands, for example Apple and Gucci. In addition, the new BrandZ Ranking shows that domestic brands from emerging economies are gaining momentum. Chinese brands performed strongly and Russian-based mobile operator MTS entered the ranking at number 89. MTS is the first Russian brand to make the Top 100 list with a brand value of $8.1bn. Other BRIC brands to watch in future brand rankings include Lukoil, Beeline, and Baltika from Russia, ICICI from India, as well as Brahma, Petrobras, and Bradesco from Brazil.

3. **Technology Boom** — The technology sector (including mobile operators), which accounted for 28 of the Top 100 brands, outperformed all other categories in this year's BrandZ Ranking, with a brand value growth of $187.5bn. This is more than half of the Top 100's total increase.

# About the brandz Top 100 Most Powerful Brands Ranking

Driven by primary research insights, the BrandZ Ranking provides actionable information to help marketing, finance, and business professionals manage and grow their brands. The primary research comes from WPP's BrandZ, the world's largest brand equity database for which Millward Brown has interviewed over 1 million consumers and business-to-business customers about thousands of brands worldwide.

The BrandZ Ranking provides sector and geographic coverage of market-facing brands, including brands in Apparel, Beer, Cars, Fast Food, Financial Services, Luxury Goods, Mobile Communications, Motor Fuel, Personal Care, Retail, Soft Drinks, and Technology. It covers brands in developed markets currently driving world GDP, and emerging markets whose share of world GDP is expected to grow in the future.

Millward Brown Optimor has refined the BrandZ Ranking over the past three years. The 2008 edition of the ranking includes brands in 31 countries representing 85% of the world's GDP. We conducted additional research to value deodorant and spirits brands, and improved our methodology for valuing soft drinks brands to take into account the relationship with bottlers.

The BrandZ Ranking is calculated on a calendar year basis, so the data used for the ranking covers the period 1 January to 31 December 2007.

# How We Calculate **Brand Value**

Brand Value is the financial value of a brand, defined as the sum of all earnings that a brand is expected to generate.

For the purpose of the BrandZ ranking, Millward Brown Optimor values brands in three steps:

1. Establish a company's intangible earnings and allocate them to individual brands and countries of operation, based on publicly available financial data from Bloomberg, Datamonitor (www.datamonitor.com) and Millward Brown Optimor's own research.

2. Determine the portion of intangible earnings attributable to brand alone, as opposed to other factors such as price. This metric, known as Brand Contribution, reflects the share of earnings from a product or service's most loyal consumers or users. For this second step, we use research-based loyalty data from the BrandZ database.

3. Project the brand value forward based on market valuations, the brand's risk profile, and its growth potential. Data for this step is sourced from the BrandZ database, Bloomberg and Millward Brown Optimor's own research. Using these growth inputs, we create the final metric available from the BrandZ ranking, Brand Momentum, the index of the brand's short-term growth potential.




**Step 1:**
**Intangible Earnings**

Intangible corporate earnings allocated to each brand by country, based on company and analyst reports, industry studies, revenue estimates, etc.

Data Sources

Bloomberg

DATAMONITOR

**Step 2:**
**Brand Contribution**

Portion of intangible earnings attributable to brand.

Directly driven by BrandDynamics™ Loyalty Pyramid and Category Segmentation collected wihin the brandz™ study.

Data Sources

brandz

**Step 3:**
**Brand Multiple**

Brand earnings multiple.

Calculated based on market valuations, brand growth potential and Voltage™ as measured by BrandDynamics.

Data Sources

Bloomberg

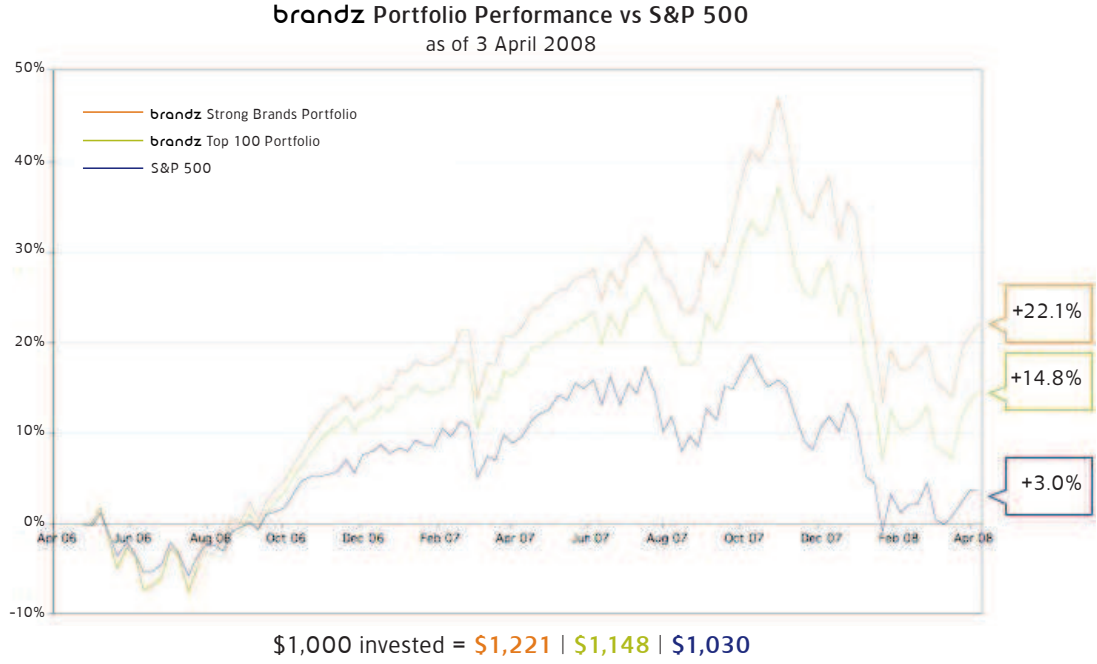
brandz

# Brands **vs** the Stock Market

For the first time this year, we have been able to compare the performance of the BrandZ Top 100 Most Powerful Brands as a portfolio against the performance of the stock market. Bearing in mind the challenging economic conditions being experienced in some parts of the world, it is particularly interesting to see the role that brand plays in driving value. To take account of the economic developments during the first quarter of 2008, we calculated this portfolio up to the beginning of April.

In order to do this, we created a portfolio of all the brands in the Top 100 that are publicly listed and frequently traded (i.e. not illiquid). The Top 100 Most Powerful Brands portfolio is benchmarked against the S&P 500. For each of the three years that the ranking has been running, we changed the portfolio to reflect that year's Top 100 brands. We can see from the chart, that investing in the BrandZ Top 100 Most Powerful Brands results in a five-fold increase in performance.

To understand the importance that brand plays in this, we created a Strong Brands Portfolio. We isolated those brands in the Top 100 for which brand contributed over 30% of earnings. These brands represented about two-thirds of the BrandZ Top 100 each year. When we compared the performance of this portfolio to the S&P 500 index, we discovered a seven-fold increase.




The difference in performance between both the Top 100 and the Strong Brands portfolios demonstrates the power of brands. This is particularly relevant when the economy is in a downturn, because strong brands can help to protect businesses from risk.

# Sector **Highlights**

In addition to the Top 100 Ranking, Millward Brown Optimor developed 2008 rankings for 16 product categories including spirits (new for 2008) and personal care (which now incorporates deodorants). We also separated financial institution brands from those in the insurance category.

Those sectors that experienced strongest growth in 2008 are:

| | CATEGORY | BRAND VALUE GROWTH |
|---|---|---|
| 1 | Mobile Operators | 35% |
| 2 | Technology | 33% |
| 3 | Personal Care | 27% |
| 4 | Fast Food | 27% |
| 5 | Luxury | 24% |

Below is an overview of key trends in each category. Refer to page 16 for full category rankings:

**Apparel (+23%)**

Sports and online retailing are the driving force behind the apparel industry, contributing to growth in footwear and clothing. Consumers are increasingly happy to wear sports brands whether they play sports or not. Global sporting events like the World Cup and the Olympics have thrust the industry into the limelight. In China, an interest in Western sporting events and an increase in disposable income created opportunities for Western sports brands. Retailers are focusing on online channels as more and more consumers turn to e-retailing

**Beer (+24%)**

Smoking bans, shrinking core markets, and competition from alternative alcoholic beverages weakened Western beer markets. The World Cup and an unusually hot summer softened the blow. Beer companies turned their focus to emerging markets that continue to drive substantial growth for the category. Domestic beer brands from emerging markets are also growing. The success of Brazilian brands Skol and Brahma exemplify this trend. In developed markets, local beer brands faced stagnant volume sales as opposed to imported beers that experienced strong growth. In the U.S., preference for imported premium beers and healthier options led to the development of a "luxury imported light" range whose sales were twice as strong as those of regular imported beers. As a whole, brewing companies are consolidating in order to retain market share at home and expand abroad.

# Sector **Highlights**

### Cars (+7%)

The automotive industry suffered from hikes in the price of crude oil and raw materials, fluctuations in exchange rates, and structural changes in the demand for automobiles. The automotive industry is likely to continue to grow in emerging markets such as Asia and Latin America. In mature markets, car companies will need to incorporate new technologies to attract consumers and generate growth. The BrandZ Ranking proves this: car brands that offered new designs, fuel efficiency, and green models did better than the competition.

### Coffee (+18%)

The global coffee sector has experienced slow but positive growth in 2007 leading to good results for most brands. Innovation, a trend favoring premium ranges, and increased demand for Fairtrade products helped keep up the sector. Coffee consumers this year tended to shift away from instant and choose ground instead.

### Fast Food (+27%)

The introduction of healthier and higher quality alternatives to the menus of fast food restaurants is paying off: in established markets, consumers are returning to fast food restaurants. Fast Food operators are focused on maximizing sales from existing outlets so the rate of new store openings will slow down. Companies hope that longer opening hours and new menu items will help drive sales. In emerging markets, Asia offers a great opportunity for fast food operators to expand because their products hold aspirational status. KFC is the strongest fast food chain in China thanks to its "new fast food" positioning. Coffee houses reached maturity in major markets where profits are substantial but no longer growing as fast as in previous years.

### Financial Institutions (+16%)

The overall brand value of financial institutions increased despite challenges faced by British and U.S. banks because of the sub-prime crisis. In contrast, Chinese banks have experienced two consecutive years of growth. It is hard to tell how much of this success is driven by good management and how much by favorable economic conditions. Chinese banks' brands also benefited from recent IPOs that strengthened the bond between brands and their shareholders.

### Insurance (+23%)

Leading insurance companies are embracing major changes to the way that they do business to position themselves for future success. This trend results from unprecedented volatility in the market, a changing consumer base, and tougher regulations. New markets will drive profits as demand slows down in developed markets. In North America, Europe, and Japan, assets are shifting from equities to annuities and other fixed-income products because of the ageing population. China is a compelling target for insurance companies thanks to looser regulatory barriers, a growing middle class, and an ageing population in need of retirement security. Insurers are powerful advertisers. Collectively, they spent $2 billion on advertising last year, surpassing the beer, entertainment, and soft drink industries.

# Sector **Highlights**

### Luxury (+24%)

The global luxury brands category is worth roughly $400bn. This number is likely to grow to $2 trillion by 2010, fueled by an emerging group of consumers, especially in emerging markets looking for "new luxury." "New luxury" refers to products and services that deliver even higher levels of quality, taste, and aspiration. Luxury brands are extending into leisure and construction through the development of branded hotels and residential complexes. In established markets luxury brands are under pressure to be socially and environmentally responsible. A recent report by the WWF criticized luxury brands for being "slow to recognize their responsibilities and opportunities".

### Mobile Operators (+35%)

In many parts of the world, almost everyone has a mobile phone. In order to grow, mobile operators have to convince existing consumers to spend more time talking on their handsets. This is why companies are strengthening their relationships with their subscribers. The liberalization of the industry led to intense price pressure, with consumer prices dropping year on year. In Europe, the introduction of Europe-wide services led to more competition. The arrival of 3G technology with features like video calling and game downloading was the key growth driver for the category.

### Motor Fuel (+5%)

Motor fuel is the slowest-growing category this year. Brands are globalizing, as is shown by the expansion not only of the BP brand, but also the recent appearance of the Lukoil brand in retail gasoline in the U.S. and other markets. Companies are trying to manage the difficult balancing act of promoting "green" and "sustainability" in a manner that is credible i.e passes the laugh test and doesn't fall under the mantra of "greenwashing". Brand-building dropped to the bottom of corporate agendas because of increased focus on upstream and refining as well as high fuel prices and a looming recession.

### Personal Care (+27%)

Personal care brands that offer benefits beyond cleaning and hydrating, such as teeth-whitening and skin-firming, are booming. These superior benefits helped shift consumer perceptions of personal care products: today they are more than toiletries, they are beauty products. A major trend in personal care has been the development of spa-influenced products that command lucrative price premiums.

### Retail (+10%)

Retailers are going "green": Wal-Mart pledged to bar products that contribute to global warming; Tesco promised to create a "carbon calorie counter" for every product it sells; and Marks & Spencer intends to make its business carbon-neutral within five years. Health continues to be an important trend, with many food retailers now displaying nutritional information on product labels. Like apparel companies, retailers are developing e-tailing channels to respond to consumer demand for convenient ways to shop. Retailers are also making their services more flexible by improving their multi-channel offers.

# Sector **Highlights**

### Soft Drinks (+17%)

The focus on healthy-eating in many parts of the world is impacting the soft drinks sector. In the next three years the category is forecast to decline by 1% in real terms and to drop by 13% in volume. Diet and low-calorie products that account for 40% of the category are seeing better results. In the cola sector, diet ranges outsell the full sugar versions and hold 53% of the market. A few über-brands dominate the soft drinks sector. Their substantial investment in promotions guarantees continued growth even if at a slower rate than before. Sporting events like the World Cup and the Olympics are a good opportunity for marketing soft drink brands. The sector continues to embrace online channels to reach out to young consumers, particularly through Web sites for music downloading or video uploading.

### Spirits (NEW)

"Premiumization" of spirits brands is driving growth for the category as many companies innovate and extend their brands upwards. The European spirits sector is trading at a higher relative valuation today than in more than a decade. This success results from higher earnings and bigger marketing investment by spirits brands. In the U.S., the spirits sector also delivered growth in the premium segments. Profits and sales of spirits brands are also accelerating in emerging markets. A challenge common to all brands in the spirits category is stricter advertising restrictions, especially around young consumers.

### Technology (+33%)

Growth in the technology category is driven by innovation, and increasingly, by the brand experience. Strong technology brands include not only consumer facing brands such as Apple and Google, but also software, B2B and professional services brands The software industry enjoyed a double-digit revenue growth.

### Bottled Water (+9%)

Consumer focus on healthy-eating led to growth in the bottled water category at the expense of soft drinks. The category is under the spotlight for environmental reasons: the debate focuses on whether a primary resource that is pumped to our homes should be bottled and transported. Brand contribution for the category dropped as a result of commoditization and lack of product differentiation. Still water continues to outsell sparkling, and flavored water ranges from well-known brands are performing well despite questions around their health benefits.

# Top 100 **Brands**

| POSITION | BRAND* | BRAND VALUE $M | BRAND VALUE CHANGE |
|---|---|---|---|
| 1 | Google | 86,057 | 30% |
| 2 | GE (General Electric) | 71,379 | 15% |
| 3 | Microsoft | 70,887 | 29% |
| 4 | Coca-Cola (1) | 58,208 | 17% |
| 5 | China Mobile | 57,225 | 39% |
| 6 | IBM | 55,335 | 65% |
| 7 | Apple | 55,206 | 123% |
| 8 | McDonald's | 49,499 | 49% |
| 9 | Nokia | 43,975 | 39% |
| 10 | Marlboro | 37,324 | -5% |
| 11 | Vodafone | 36,962 | 75% |
| 12 | Toyota | 35,134 | 5% |
| 13 | Wal-Mart | 34,547 | -6% |
| 14 | Bank of America | 33,092 | 15% |
| 15 | Citi | 30,318 | -10% |
| 16 | HP | 29,278 | 17% |
| 17 | BMW | 28,015 | 9% |
| 18 | ICBC | 28,004 | 70% |
| 19 | Louis Vuitton | 25,739 | 13% |
| 20 | American Express | 24,816 | 7% |
| 21 | Wells Fargo | 24,739 | 2% |
| 22 | Cisco | 24,101 | 28% |
| 23 | Disney | 23,705 | 5% |
| 24 | UPS | 23,610 | -4% |
| 25 | Tesco | 23,208 | 39% |
| 26 | Oracle | 22,904 | 29% |
| 27 | Intel | 22,027 | 18% |
| 28 | Porsche | 21,718 | 62% |
| 29 | SAP | 21,669 | 20% |
| 30 | Gillette | 21,523 | 20% |
| 31 | China Construction Bank | 19,603 | 82% |
| 32 | Bank of China | 19,418 | 42% |
| 33 | Verizon Wireless | 19,202 | 18% |
| 34 | Royal Bank of Canada | 18,995 | 39% |
| 35 | HSBC | 18,479 | 6% |
| 36 | Mercedes | 18,044 | 1% |

# Top 100 **Brands**

| POSITION | BRAND* | BRAND VALUE $M | BRAND VALUE CHANGE |
|---|---|---|---|
| 37 | Honda | 16,649 | 8% |
| 38 | L'Oréal | 16,459 | 34% |
| 39 | Pepsi(2) | 15,404 | 15% |
| 40 | Home Depot | 15,378 | -16% |
| 41 | Dell | 15,288 | 10% |
| 42 | Deutsche Bank | 15,104 | 14% |
| 43 | ING(3) | 15,080 | 31% |
| 44 | Carrefour | 15,057 | 29% |
| 45 | NTT DoCoMo | 15,048 | 11% |
| 46 | Target | 14,738 | 27% |
| 47 | Siemens | 14,665 | 61% |
| 48 | Banco Santander | 14,549 | 20% |
| 49 | Accenture | 14,137 | 34% |
| 50 | Orange | 14,093 | 42% |
| 51 | BlackBerry | 13,734 | 390% |
| 52 | Chase | 12,782 | 14% |
| 53 | Nike | 12,499 | 21% |
| 54 | Canon | 12,398 | 9% |
| 55 | AT&T | 12,030 | 30% |
| 56 | Starbucks | 12,011 | -25% |
| 57 | Goldman Sachs | 11,944 | 45% |
| 58 | Samsung | 11,870 | -7% |
| 59 | Nissan | 11,707 | 5% |
| 60 | Marks & Spencer | 11,600 | 22% |
| 61 | Amazon | 11,511 | 93% |
| 62 | Yahoo! | 11,465 | -13% |
| 63 | Morgan Stanley | 11,327 | 1% |
| 64 | UBS | 11,220 | -3% |
| 65 | eBay | 11,200 | -13% |
| 66 | H&M | 11,182 | 28% |
| 67 | Wachovia | 11,022 | 10% |
| 68 | Ford | 10,971 | -13% |
| 69 | Chevrolet | 10,862 | -3% |
| 70 | Budweiser(4) | 10,839 | 9% |
| 71 | Colgate | 10,576 | 37% |
| 72 | Harley-Davidson | 10,401 | 1% |

# Top 100 **Brands**

| POSITION | BRAND* | BRAND VALUE $M | BRAND VALUE CHANGE |
|---|---|---|---|
| 73 | Subway | 10,335 | 39% |
| 74 | Merrill Lynch | 9,802 | -16% |
| 75 | JP Morgan | 9,762 | 15% |
| 76 | Hermès | 9,631 | 39% |
| 77 | BBVA | 9,457 | N/A |
| 78 | State Farm | 9,425 | 8% |
| 79 | Gucci | 9,341 | 43% |
| 80 | Cartier | 9,285 | 32% |
| 81 | FedEx | 9,273 | 0% |
| 82 | Tide | 9,123 | N/A |
| 83 | T-Mobile | 8,940 | 11% |
| 84 | Zara | 8,682 | 34% |
| 85 | Chanel | 8,656 | 15% |
| 86 | IKEA | 8,507 | 15% |
| 87 | Ariel | 8,437 | N/A |
| 88 | Telefónica Movistar | 8,117 | 73% |
| 89 | MTS | 8,077 | N/A |
| 90 | Esprit | 7,907 | 46% |
| 91 | TIM | 7,903 | -6% |
| 92 | Motorola | 7,575 | -30% |
| 93 | Barclays | 7,382 | 12% |
| 94 | Avon | 7,209 | 10% |
| 95 | Auchan | 7,148 | 28% |
| 96 | VW (Volkswagen) | 7,143 | 2% |
| 97 | AXA | 7,141 | 50% |
| 98 | AIG | 7,102 | 21% |
| 99 | Mastercard | 6,970 | 52% |
| 100 | Standard Chartered Bank | 6,855 | 73% |
| | | | |
| | | | |

| NOTES | |
|---|---|
| (1) | Coke's value includes both Coke and Diet Coke |
| (2) | Pepsi's value includes both Pepsi and Diet Pepsi |
| (3) | ING's value includes both ING Bank and insurance |
| (4) | Budweiser's value includes both Bud and Bud Light |

## Top 10 with Highest Brand **Momentum**

| # | BRAND | BRAND MOMENTUM '08 |
|---|---|---|
| 1 | Porsche | 10 |
| 2 | Hermès | 10 |
| 3 | Christian Dior | 10 |
| 4 | Fendi | 10 |
| 5 | Louis Vuitton | 10 |
| 6 | Rolex | 10 |
| 7 | Prada | 10 |
| 8 | Chanel | 10 |
| 9 | China Merchants Bank | 10 |
| 10 | Burberry | 10 |

## Top 10 with Highest Brand **Contribution**

| # | BRAND | BRAND CONTRIBUTION '08 |
|---|---|---|
| 1 | Louis Vuitton | 5 |
| 2 | Porsche | 5 |
| 3 | Hermès | 5 |
| 4 | Gucci | 5 |
| 5 | Cartier | 5 |
| 6 | Tide | 5 |
| 7 | Chanel (*) | 5 |
| 8 | Rolex(*) | 5 |
| 9 | Hennessy | 5 |
| 10 | Armani(*) | 5 |

(*) Private company – financial values were estimated

## UK

| # | BRAND | BRAND VALUE $M | BRAND CONTRIBUTION | BRAND MOMENTUM |
|---|---|---|---|---|
| 1 | Vodafone | 36,962 | 2 | 4.5 |
| 2 | Tesco | 23,208 | 4 | 7 |
| 3 | HSBC | 18,479 | 2 | 5 |
| 4 | Marks & Spencer | 11,600 | 3 | 9.5 |
| 5 | Barclays | 7,382 | 2 | 3 |
| 6 | Standard Chartered Bank | 6,855 | 2 | 5.5 |
| 7 | BP | 6,346 | 2 | 6.5 |
| 8 | Royal Bank of Scotland | 5,782 | 2 | 2.5 |
| 9 | Asda | 5,628 | 3 | 5 |
| 10 | NatWest | 4,978 | 2 | 4 |

## Europe (excluding the UK)

| # | BRAND | BRAND VALUE $M | BRAND CONTRIBUTION | BRAND MOMENTUM |
|---|---|---|---|---|
| 1 | Nokia | 43,975 | 3 | 5 |
| 2 | BMW | 28,015 | 4 | 7 |
| 3 | Louis Vuitton | 25,739 | 5 | 10 |
| 4 | Porsche | 21,718 | 5 | 10 |
| 5 | SAP | 21,669 | 2 | 6.5 |
| 6 | Mercedes | 18,044 | 4 | 6.5 |
| 7 | L'Oréal | 16,459 | 4 | 7 |
| 8 | Deutsche Bank | 15,104 | 1 | 2.5 |
| 9 | ING | 15,080 | 2 | 5 |
| 10 | Carrefour | 15,057 | 3 | 4.5 |
| 11 | Siemens | 14,665 | 2 | 4.5 |
| 12 | Banco Santander | 14,549 | 2 | 1.5 |
| 13 | Orange | 14,093 | 2 | 4 |
| 14 | UBS | 11,220 | 2 | 5.5 |
| 15 | H&M | 11,182 | 2 | 4.5 |
| 16 | Hermès | 9,631 | 5 | 10 |
| 17 | BBVA | 9,457 | 2 | 4.5 |
| 18 | Gucci | 9,341 | 5 | 10 |
| 19 | Cartier | 9,285 | 5 | 10 |
| 20 | T-Mobile | 8,940 | 2 | 7 |

## Europe (including the UK)

| # | BRAND | BRAND VALUE $M | BRAND CONTRIBUTION | BRAND MOMENTUM |
|---|---|---|---|---|
| 1 | Nokia | 43,975 | 3 | 5 |
| 2 | Vodafone | 36,962 | 2 | 4.5 |
| 3 | BMW | 28,015 | 4 | 7 |
| 4 | Louis Vuitton | 25,739 | 5 | 10 |
| 5 | Tesco | 23,208 | 4 | 7 |
| 6 | Porsche | 21,718 | 5 | 10 |
| 7 | SAP | 21,669 | 2 | 6.5 |
| 8 | HSBC | 18,479 | 2 | 5 |
| 9 | Mercedes | 18,044 | 4 | 6.5 |
| 10 | L'Oréal | 16,459 | 4 | 7 |
| 11 | Deutsche Bank | 15,104 | 1 | 2.5 |
| 12 | ING | 15,080 | 2 | 5 |
| 13 | Carrefour | 15,057 | 3 | 4.5 |
| 14 | Siemens | 14,665 | 2 | 4.5 |
| 15 | Banco Santander | 14,549 | 2 | 1.5 |
| 16 | Orange | 14,093 | 2 | 4 |
| 17 | Marks & Spencer | 11,600 | 3 | 9.5 |
| 18 | UBS | 11,220 | 2 | 5.5 |
| 19 | H&M | 11,182 | 2 | 4.5 |
| 20 | Hermès | 9,631 | 5 | 10 |

## North America

| # | BRAND | BRAND VALUE $M | BRAND CONTRIBUTION | BRAND MOMENTUM |
|---|---|---|---|---|
| 1 | Google | 86,057 | 3 | 5 |
| 2 | GE (General Electric) | 71,379 | 2 | 10 |
| 3 | Microsoft | 70,887 | 3 | 7.5 |
| 4 | Coca-Cola | 58,208 | 4 | 9 |
| 5 | IBM | 55,335 | 2 | 8.5 |
| 6 | Apple | 55,206 | 3 | 9 |
| 7 | McDonald's | 49,499 | 3 | 7 |
| 8 | Marlboro | 37,324 | 3 | 6.5 |
| 9 | Wal-Mart | 34,547 | 2 | 8.5 |
| 10 | Bank of America | 33,092 | 2 | 6 |

# Asia

| # | BRAND | BRAND VALUE $M | BRAND CONTRIBUTION | BRAND MOMENTUM |
|---|---|---|---|---|
| 1 | China Mobile | 57,225 | 3 | 10 |
| 2 | Toyota | 35,134 | 3 | 5 |
| 3 | ICBC | 28,004 | 3 | 10 |
| 4 | China Construction Bank | 19,603 | 2 | 9.5 |
| 5 | Bank of China | 19,418 | 2 | 10 |
| 6 | Honda | 16,649 | 3 | 4.5 |
| 7 | NTT DoCoMo | 15,048 | 2 | 5 |
| 8 | Canon | 12,398 | 2 | 3 |
| 9 | Samsung | 11,870 | 2 | 5 |
| 10 | Nissan | 11,707 | 2 | 3 |

# Category tables

>*APPAREL*

| # | BRAND | BRAND VALUE $M | BRAND CONTRIBUTION | BRAND MOMENTUM | BRAND VALUE CHANGE |
|---|---|---|---|---|---|
| 1 | Nike | 12,499 | 4 | 5 | 21% |
| 2 | H&M | 11,182 | 2 | 4.5 | 28% |
| 3 | Zara | 8,682 | 2 | 7 | 34% |
| 4 | Esprit | 7,907 | 3 | 7 | 46% |
| 5 | Adidas | 4,847 | 3 | 4.5 | 76% |
| 6 | Ralph Lauren | 3,791 | 3 | 8 | 37% |
| 7 | Next | 2,730 | 2 | 8.5 | -5% |
| 8 | Puma | 2,328 | 3 | 3.5 | 25% |
| 9 | Abercrombie & Fitch | 1,464 | 3 | 4 | 25% |
| 10 | Levi's | 1,438 | 2 | 6 | 38% |

# Category tables (con't)

## >BEER

| # | BRAND | BRAND VALUE $M | BRAND CONTRIBUTION | BRAND MOMENTUM | BRAND VALUE CHANGE |
|---|---|---|---|---|---|
| 1 | Budweiser | 5,853 | 3 | 3 | 5% |
| 2 | Bud Light | 4,986 | 3 | 3 | 13% |
| 3 | Heineken | 4,594 | 4 | 4 | 24% |
| 4 | Corona | 4,449 | 4 | 7.5 | 35% |
| 5 | Stella Artois | 4,199 | 4 | 8 | 43% |
| 6 | Guinness | 3,078 | 4 | 7 | 13% |
| 7 | Miller Lite | 2,468 | 3 | 8 | 17% |
| 8 | Skol | 1,920 | 4 | 8 | 50% |
| 9 | Amstel | 1,618 | 3 | 2.5 | 27% |
| 10 | Beck's | 1,545 | 3 | 4.5 | 49% |
| 11 | Cruzcampo | 1,332 | 4 | 4.5 | 23% |
| 12 | Kronenbourg 1664 | 1,183 | 3 | 2.5 | 16% |
| 13 | Coors Light | 1,163 | 3 | 5.5 | 13% |
| 14 | Labatt's | 1,107 | 2 | 4 | 56% |
| 15 | Baltika | 1,086 | 5 | 5 | 21% |
| 16 | Carlsberg | 1,009 | 3 | 3 | 36% |
| 17 | Brahma | 944 | 4 | 7 | 58% |
| 18 | Miller Genuine Draft (MGD) | 885 | 3 | 5 | 37% |
| 19 | Foster's | 834 | 3 | 5 | 32% |
| 20 | Molson | 515 | 3 | 4 | 11% |

## >CARS

| # | BRAND | BRAND VALUE $M | BRAND CONTRIBUTION | BRAND MOMENTUM | BRAND VALUE CHANGE |
|---|---|---|---|---|---|
| 1 | Toyota | 35,134 | 3 | 5 | 5% |
| 2 | BMW | 28,015 | 4 | 7 | 9% |
| 3 | Porsche | 21,718 | 5 | 10 | 62% |
| 4 | Mercedes | 18,044 | 4 | 6.5 | 1% |
| 5 | Honda | 16,649 | 3 | 4.5 | 8% |
| 6 | Nissan | 11,707 | 2 | 3 | 5% |
| 7 | Ford | 10,971 | 2 | 2.5 | -13% |
| 8 | Chevrolet | 10,862 | 2 | 4.5 | -3% |
| 9 | VW (Volkswagen) | 7,143 | 3 | 4 | 2% |
| 10 | Lexus | 5,759 | 3 | 7 | 6% |

# Category tables (con't)

## >COFFEE

| # | BRAND | BRAND VALUE $M | BRAND CONTRIBUTION | BRAND MOMENTUM | BRAND VALUE CHANGE |
|---|---|---|---|---|---|
| 1 | Nescafé | 4,608 | 4 | 4.5 | 7% |
| 2 | Nespresso | 1,935 | 4 | 8 | N/A |
| 3 | Folgers | 1,221 | 4 | 4 | 18% |
| 4 | Maxwell House | 1,117 | 3 | 2.5 | 42% |
| 5 | Jacobs | 960 | 4 | 4 | 39% |
| 6 | Carte Noire | 654 | 4 | 5.5 | 41% |
| 7 | Douwe Egberts | 627 | 4 | 5.5 | 30% |

## >FAST FOOD

| # | BRAND | BRAND VALUE $M | BRAND CONTRIBUTION | BRAND MOMENTUM | BRAND VALUE CHANGE |
|---|---|---|---|---|---|
| 1 | McDonald's | 49,499 | 3 | 7 | 49% |
| 2 | Starbucks | 12,011 | 4 | 5 | -25% |
| 3 | Subway | 10,335 | 4 | 6.5 | 39% |
| 4 | KFC | 6,100 | 3 | 4.5 | 36% |
| 5 | Tim Horton's | 3,815 | 4 | 5 | 30% |
| 6 | Pizza Hut | 3,222 | 2 | 2.5 | 40% |
| 7 | Burger King | 2,199 | 2 | 3 | 57% |
| 8 | Taco Bell | 1,914 | 3 | 3.5 | 25% |
| 9 | Wendy's | 1,763 | 3 | 3.5 | -18% |
| 10 | Arby's | 599 | 3 | 4 | N/A |

# Category tables (con't)

## >FINANCIAL INSTITUTIONS

| # | BRAND | BRAND VALUE $M | BRAND CONTRIBUTION | BRAND MOMENTUM | BRAND VALUE CHANGE |
|---|---|---|---|---|---|
| 1 | Bank of America | 33,092 | 2 | 6 | 15% |
| 2 | Citi | 30,318 | 2 | 3 | -10% |
| 3 | ICBC | 28,004 | 3 | 10 | 70% |
| 4 | American Express | 24,816 | 2 | 8 | 7% |
| 5 | Wells Fargo | 24,739 | 3 | 4 | 2% |
| 6 | China Construction Bank | 19,603 | 2 | 9.5 | 82% |
| 7 | Bank of China | 19,418 | 2 | 10 | 42% |
| 8 | Royal Bank of Canada | 18,995 | 3 | 5 | 39% |
| 9 | HSBC | 18,479 | 2 | 5 | 6% |
| 10 | Deutsche Bank | 15,104 | 1 | 2.5 | 14% |
| 11 | ING* | 15,080 | 2 | 5 | 31% |
| 12 | Banco Santander | 14,549 | 2 | 1.5 | 20% |
| 13 | Chase | 12,782 | 2 | 4 | 14% |
| 14 | Goldman Sachs | 11,944 | 2 | 1.5 | 45% |
| 15 | Morgan Stanley | 11,327 | 2 | 5 | 1% |
| 16 | UBS | 11,220 | 2 | 5.5 | -3% |
| 17 | Wachovia | 11,022 | 2 | 7 | 10% |
| 18 | Merrill Lynch | 9,802 | 2 | 3 | -16% |
| 19 | JP Morgan | 9,762 | 2 | 5 | 15% |
| 20 | BBVA | 9,457 | 2 | 4.5 | N/A |

** ING's value Includes value from insurance business*

## >INSURANCE*

| # | BRAND | BRAND VALUE $M | BRAND CONTRIBUTION | BRAND MOMENTUM | BRAND VALUE CHANGE |
|---|---|---|---|---|---|
| 1 | State Farm | 9,425 | 2 | 7 | 8% |
| 2 | AXA | 7,141 | 1 | 3.5 | 50% |
| 3 | AIG | 7,102 | 1 | 10 | 21% |
| 4 | ING | 6,646 | 2 | 5 | 55% |
| 5 | Allianz | 6,224 | 2 | 4.5 | 22% |
| 6 | Sumitomo Life Insurance | 6,073 | 1 | 2.5 | N/A |
| 7 | Allstate | 5,009 | 2 | 3 | N/A |
| 8 | MetLife | 3,374 | 1 | 0.5 | -8% |
| 9 | Norwich Union | 2,891 | 2 | 4 | 58% |
| 10 | Zurich | 2,630 | 2 | 7 | 86% |

*(*) New category - not ranked in 2007*

# Category tables (con't)

## >LUXURY

| # | BRAND | BRAND VALUE $M | BRAND CONTRIBUTION | BRAND MOMENTUM | BRAND VALUE CHANGE |
|---|---|---|---|---|---|
| 1 | Louis Vuitton | 25,739 | 5 | 10 | 13% |
| 2 | Hermès | 9,631 | 5 | 10 | 39% |
| 3 | Gucci | 9,341 | 5 | 10 | 43% |
| 4 | Cartier | 9,285 | 5 | 10 | 32% |
| 5 | Chanel | 8,656 | 5 | 10 | 15% |
| 6 | Rolex | 6,280 | 5 | 10 | 17% |
| 7 | Hennessy | 5,401 | 5 | 10 | 13% |
| 8 | Armani | 5,120 | 5 | 10 | 25% |
| 9 | Moet & Chandon | 4,954 | 5 | 10 | 13% |
| 10 | Fendi | 4,666 | 5 | 10 | 13% |

## >MOBILE OPERATORS

| # | BRAND | BRAND VALUE $M | BRAND CONTRIBUTION | BRAND MOMENTUM | BRAND VALUE CHANGE |
|---|---|---|---|---|---|
| 1 | China Mobile | 57,225 | 3 | 10 | 39% |
| 2 | Vodafone | 36,962 | 2 | 4.5 | 75% |
| 3 | Verizon Wireless | 19,202 | 3 | 7.5 | 18% |
| 4 | NTT DoCoMo | 15,048 | 2 | 5 | 11% |
| 5 | Orange | 14,093 | 2 | 4 | 42% |
| 6 | AT&T | 12,030 | 2 | 8 | 30% |
| 7 | T-Mobile | 8,940 | 2 | 7 | 11% |
| 8 | Movistar | 8,117 | 2 | 4.5 | 73% |
| 9 | MTS | 8,077 | 3 | 10 | N/A |
| 10 | TIM | 7,903 | 2 | 3 | -6% |

# Category tables (con't)

>*MOTOR FUEL*

| # | BRAND | BRAND VALUE $M | BRAND CONTRIBUTION | BRAND MOMENTUM | BRAND VALUE CHANGE |
|---|---|---|---|---|---|
| 1 | BP | 6,346 | 2 | 6.5 | 7% |
| 2 | Shell | 4,959 | 2 | 4 | 6% |
| 3 | Mobil | 1,847 | 1 | 0.5 | 1% |
| 4 | Exxon | 1,420 | 2 | 5 | -5% |
| 5 | PetroChina | 1,373 | 4 | 10 | 10% |
| 6 | Esso | 1,078 | 2 | 3.5 | 1% |
| 7 | Texaco | 1,034 | 2 | 2.5 | 9% |
| 8 | Lukoil | 851 | 3 | 7.5 | 5% |
| 9 | Chevron | 840 | 2 | 4.5 | 1% |
| 10 | Aral | 750 | 3 | 6 | 8% |

# Category tables (con't)

>*PERSONAL CARE*

| # | BRAND | BRAND VALUE $M | BRAND CONTRIBUTION | BRAND MOMENTUM | BRAND VALUE CHANGE |
|---|---|---|---|---|---|
| 1 | Gillette | 21,523 | 4 | 5.5 | 20% |
| 2 | L'Oréal | 16,459 | 4 | 7 | 34% |
| 3 | Colgate | 10,576 | 4 | 5.5 | 37% |
| 4 | Avon | 7,209 | 3 | 10 | 10% |
| 5 | Garnier | 5,523 | 3 | 3.5 | 33% |
| 6 | Nivea | 5,294 | 3 | 4.5 | 68% |
| 7 | Lancôme | 4,384 | 4 | 7 | 42% |
| 8 | Oral-B | 3,309 | 3 | 5 | 30% |
| 9 | Olay | 2,864 | 4 | 9.5 | 25% |
| 10 | Crest | 2,831 | 3 | 8 | 23% |
| 11 | Shiseido | 2,525 | 4 | 6.5 | 36% |
| 12 | Estée Lauder | 2,347 | 4 | 7 | 17% |
| 13 | Secret | 1,981 | 4 | 7.5 | N/A |
| 14 | Dove | 1,639 | 3 | 5 | 35% |
| 15 | Ag+ | 1,390 | 4 | 7.5 | N/A |
| 16 | Clarins | 1,373 | 4 | 8 | 22% |
| 17 | Neutrogena | 1,151 | 3 | 4 | 5% |
| 18 | Pantene Pro V | 878 | 4 | 9.5 | N/A |
| 19 | Signal | 695 | 3 | 5 | 28% |
| 20 | Aquafresh | 669 | 3 | 3 | -6% |

## >RETAIL

| # | BRAND | BRAND VALUE $M | BRAND CONTRIBUTION | BRAND MOMENTUM | BRAND VALUE CHANGE |
|---|---|---|---|---|---|
| 1 | Wal-Mart | 34,547 | 2 | 8.5 | -6% |
| 2 | Tesco | 23,208 | 4 | 7 | 39% |
| 3 | Home Depot | 15,378 | 2 | 3.5 | -16% |
| 4 | Carrefour | 15,057 | 3 | 4.5 | 29% |
| 5 | Target | 14,738 | 2 | 10 | 27% |
| 6 | Marks & Spencer | 11,600 | 3 | 9.5 | 22% |
| 7 | Amazon | 11,511 | 2 | 7 | 93% |
| 8 | eBay | 11,200 | 2 | 8 | -13% |
| 9 | IKEA | 8,507 | 3 | 7 | 15% |
| 10 | Auchan | 7,148 | 3 | 5 | 28% |

# Category tables (con't)

## >SOFT DRINKS

| # | BRAND | BRAND VALUE $M | BRAND CONTRIBUTION | BRAND MOMENTUM | BRAND VALUE CHANGE |
|---|---|---|---|---|---|
| 1 | Coca-Cola | 46,093 | 4 | 9 | 17% |
| 2 | Pepsi | 12,961 | 4 | 8 | 17% |
| 3 | Diet Coke/ Coca-Cola Light | 12,115 | 4 | 8 | 17% |
| 4 | Fanta | 3,724 | 2 | 4 | 13% |
| 5 | Sprite | 3,134 | 2 | 2.5 | 14% |
| 6 | Dr. Pepper | 2,875 | 3 | 5 | 34% |
| 7 | Diet Pepsi | 2,443 | 4 | 8 | 3% |
| 8 | Mountain Dew | 2,403 | 3 | 5.5 | 12% |
| 9 | Nestea | 1,365 | 3 | 5 | 45% |
| 10 | 7 Up | 1,214 | 2 | 2 | 11% |

## >SPIRITS*

| # | BRAND | BRAND VALUE $M | BRAND CONTRIBUTION | BRAND MOMENTUM | BRAND VALUE CHANGE |
|---|---|---|---|---|---|
| 1 | Smirnoff | 4,738 | 3 | 6.5 | N/A |
| 2 | Bacardi | 3,530 | 3 | 4.5 | N/A |
| 3 | Jose Cuervo | 2,289 | 2 | 5.5 | N/A |
| 4 | Johnnie Walker | 1,813 | 2 | 5 | N/A |
| 5 | Baileys | 1,643 | 3 | 5 | N/A |
| 6 | Jack Daniels | 1,608 | 3 | 6.5 | N/A |
| 7 | Absolut | 1,542 | 3 | 6.5 | N/A |
| 8 | Chivas | 823 | 3 | 8 | N/A |
| 9 | Gordon's | 727 | 2 | 4.5 | N/A |
| 10 | Martini | 666 | 3 | 4.5 | N/A |

*(*) New category – not ranked in 2007*

# Category tables (con't)

## >TECHNOLOGY

| # | BRAND | BRAND VALUE $M | BRAND CONTRIBUTION | BRAND MOMENTUM | BRAND VALUE CHANGE |
|---|---|---|---|---|---|
| 1 | Google | 86,057 | 3 | 5 | 30% |
| 2 | Microsoft | 70,887 | 3 | 7.5 | 29% |
| 3 | IBM | 55,335 | 2 | 8.5 | 65% |
| 4 | Apple | 55,206 | 3 | 9 | 123% |
| 5 | Nokia | 43,975 | 3 | 5 | 39% |
| 6 | HP | 29,278 | 3 | 4.5 | 17% |
| 7 | Cisco | 24,101 | 2 | 5 | 28% |
| 8 | Oracle | 22,904 | 2 | 3 | 29% |
| 9 | Intel | 22,027 | 2 | 7 | 18% |
| 10 | SAP | 21,669 | 2 | 6.5 | 20% |
| 11 | Dell | 15,288 | 3 | 7 | 10% |
| 12 | Siemens | 14,665 | 2 | 4.5 | 61% |
| 13 | Accenture | 14,137 | 3 | 9.5 | 34% |
| 14 | BlackBerry | 13,734 | 2 | 9.5 | 390% |
| 15 | Canon | 12,398 | 2 | 3 | 9% |
| 16 | Samsung | 11,870 | 2 | 5 | -7% |
| 17 | Yahoo! | 11,465 | 2 | 3 | -13% |
| 18 | Motorola | 7,575 | 3 | 4 | -30% |
| 19 | Sony | 6,109 | 3 | 7.5 | -4% |
| 20 | Adobe | 6,032 | 2 | 2 | 15% |

## >BOTTLED WATER

| # | BRAND | BRAND VALUE $M | BRAND CONTRIBUTION | BRAND MOMENTUM | BRAND VALUE CHANGE |
|---|---|---|---|---|---|
| 1 | Evian | 768 | 3 | 6 | 8% |
| 2 | Perrier | 673 | 3 | 5 | 19% |
| 3 | Aquafina | 623 | 3 | 7.5 | -8% |
| 4 | Volvic | 510 | 3 | 5.5 | 20% |
| 5 | Pure Life | 455 | 4 | 10 | 26% |
| 6 | Dasani | 447 | 3 | 8 | -4% |
| 7 | Poland Spring | 355 | 2 | 9.5 | -1% |
| 8 | Levissima | 331 | 3 | 5 | 39% |
| 9 | Vittel | 303 | 2 | 3.5 | 13% |
| 10 | Contrex | 271 | 3 | 6.5 | 11% |

# Frequently Asked **Questions**

### What is brandz?

BrandZ is a quantitative brand equity study carried out annually by Millward Brown on behalf of WPP since 1998. The data for BrandZ is collected by interviewing consumers about brands from categories in which they shop on a regular basis. Respondents evaluate those brands competitively: they are asked to think about all the brands that they know within a category. The interviews deliver valuable insights because respondents who know a category are better suited to tell us what brand attributes matter to them most. These attributes are key measures of brand strength. BrandZ has interviewed over 1 million consumers and business-to-business customers.

### What is the brandz Top 100 Most Powerful Brands ranking?

The BrandZ Top 100 ranking is a global study that identifies the most powerful brands as measured by their dollar value. Developed by Millward Brown Optimor, the BrandZ Top 100 was first published in the Financial Times in April 2006. The BrandZ Top 100 is the first brand ranking to combine financial data with primary research data (from BrandZ) and to consider a brand's short-term growth prospects (1 year) when calculating brand value. It is also the first ranking to analyze strong brands that operate in only one country and to focus on market-facing brands.

### What is brand value?

Brand value is the financial value of a brand defined as the sum of all earnings that a brand is expected to generate. For the purpose of the BrandZ Ranking, Millward Brown Optimor values brands in three steps. First, we establish a company's intangible earnings and allocate them to individual brands and countries of operation, based on publicly available financial data from Bloomberg, Datamonitor (www.datamonitor.com) and our own research. Secondly, we determine the portion of intangible earnings attributable to brand alone, as opposed to other factors such as price. This metric, known as Brand Contribution, reflects the share of earnings from a product or service's most loyal consumers or users. For this second step, we use research-based loyalty data from the BrandZ database. Finally, we project the brand value forward based on market valuations, the brand's risk profile, and its growth potential. Data for this step is sourced from the BrandZ database, Bloomberg and Millward Brown Optimor's own research. For a detailed analysis of your brand's value, please contact Millward Brown Optimor (www.millwardbrown.com/mboptimor).

### What is Brand Contribution?

Brand Contribution is a metric made available by the BrandZ Ranking that quantifies the role of brand in driving earnings. Brand Contribution reflects the share of earnings attributable to brand alone. This metric is obtained by isolating income that comes from a brand's most loyal consumers, whose purchase decision is based on brand rather than other factors such as price. Brand Contribution is calculated by using research-based consumer loyalty data from the BrandZ database. Brand Contribution is presented as an index from 1 to 5 where 5 indicates the strongest Brand Contribution.

# Frequently Asked **Questions**

**What is Brand Momentum?**

Brand Momentum is an index of a brand's short-term growth rate (1 year) relative to the average short-term growth rate of all brands in the BrandZ Ranking. Brand Momentum is presented as an index from 1 to 10 where 10 indicates brands with highest short-term growth potential. Brands with average short-term growth rates get a Brand Momentum score of 5. Brands with above average growth rates have a Brand Momentum score above 5, brands with below average growth rates have a Brand Momentum score below 5. Brand Momentum is based on three inputs. The first is a brand's likelihood to gain market share and increase value which we obtain from validated predictive growth metrics in the BrandZ database. The second input is sector growth rates by country (i.e. the differences in growth rates across categories). The third is the growth opportunity in a particular country and category. A brand's growth potential also depends on its current market share and awareness rates.

**What sources did Millward Brown Optimor use to calculate brand value?**

The valuations in the BrandZ Ranking are based on data from three resources: financial data and projections for all companies featured in the ranking are publicly available and sourced from Bloomberg; primary research data on brand-related indicators is derived from the BrandZ database, the world's largest brand equity database for which Millward Brown has interviewed 1 million consumers and business-to-business customers across 31 countries to compare thousands of brands; data used to analyze category performance was sourced from Datamonitor (www.datamonitor.com) and company financial reports.

**What categories does the BrandZ Ranking cover?**

The BrandZ Ranking provides broad sector and geographic coverage of market-facing brands, including brands in apparel, beer, automotive, coffee, coffee houses, credit cards, fast food, financial institutions, household appliances, insurance, ecommerce, Internet portals, luxury goods, bottled water, mobile communications, motor fuel, personal care, retail, soft drinks, spirits and technology. The ranking covers brands in developed markets that drive the world's GDP as well as brands in emerging markets known as BRICs (Brazil, Russia, India, and China) whose share of world GDP is expected to grow in the future.

**Why another ranking?**

Millward Brown Optimor felt the need for a more robustly calculated brand ranking. Unlike other rankings, the BrandZ Ranking is based on publicly available financials and category data as well as on solid, primary research data about brands. The BrandZ Top 100 is also the first ranking to focus on market-facing brands only and to consider brands that operate in only one country. Our ranking is more than a list of successful brands. The BrandZ Ranking provides a first step towards identifying key drivers of brand value as well as insights on how to influence and activate those drivers.

# Frequently Asked **Questions**

**In what ways is the BrandZ Ranking different from other rankings?**
The BrandZ Top 100 is the only ranking based on comprehensive primary research data available through the BrandZ database. BrandZ contains data from interviews with over 1 million consumers and business-to-business customers who compare thousands of brands. Consumer perceptions of B2B and B2C brands are a key input in determining brand value because brand success involves a combination of business performance, product delivery, clarity of positioning and leadership. BrandZ data has been proven to predict changes in share price and, therefore, in brand value.

The BrandZ Ranking is about understanding each individual brand within a company's portfolio and what drives it. As a result, we evaluate a company's brands individually instead of calculating an aggregate and abstract brand value for the parent company.

The BrandZ Ranking provides broader category coverage than other rankings, and includes categories such as retailers that are often neglected by the competition. Our ranking offers detailed brand valuations within sectors so executives can compare their brands to competitors.

In addition to brand value, our ranking offers a Brand Contribution score that indicates the role of the brand in creating business value and a Brand Momentum score that reflects a brand's short-term growth rate (1 year).

**How can a company increase the value of its brands?**
Successful brands create value through strong business basics, a clear and relevant value proposition that is communicated powerfully and consistently (avoid positioning the brand exclusively around price or specific product features), delivery of a great experience that matches the brand's promise and effective leadership of trends or aspirations.

**What is the difference between tangible and intangible value?**
Tangible value is defined as value generated by a company's physical, material assets such as plants and inventory. It often accounts for a smaller portion of the value that investors place on a company. The rest of a company's value is "intangible," meaning value generated by intangible assets such as intellectual property, distribution networks, management expertise, research and development pipeline and, of course, brands. Brands are often the most valuable asset, accounting for approximately one-third of the value of the Fortune 500 today.

**How does Millward Brown Optimor ascribe the proportion of intangible value attributable to the brand?**
We use BrandZ consumer research data to establish the earnings that come from consumers who are loyal to the brand, whose purchase decision is dictated by a brand's promise rather than specific product features (e.g. location, price). A brand's appeal can differ across countries which is why Millward Brown Optimor isolates branded earnings for

# Frequently Asked **Questions**

each major country in which a brand is available.

**What do the results of this ranking tell me about my brand?**

BrandZ Top 100 provides a Brand Contribution score that indicates the loyalty of consumers or users of a product or service and a Brand Momentum score that shows your brand's short-term growth prospect (1 year).

The BrandZ Ranking is based on primary research, market and financial data; therefore, the ranking is a first step towards identifying the key drivers of brand value and understanding how to influence and activate them. Also, by presenting brand value in a competitive context, the BrandZ Ranking proves that brands affect a company's competitive advantage. For additional information or a more detailed analysis of your brand's key drivers and how to activate them, please contact Millward Brown Optimor (www.millwardbrown.com/mboptimor).

**How do brands impact business performance?**

As economies become global and information more critical, intangible assets have replaced tangible ones as a major source of shareholder value. Of these intangibles, brands are often the most valuable assets, accounting for approximately one-third of the value of today's Fortune 500 companies.

Strong brands guarantee revenue growth by ensuring higher levels of demand and greater market share. Brands can improve margins by commanding premium prices and better supplier terms. They reduce capital expenditures by minimizing the costs of entry into new categories. They can also reduce tax rates through licensing and increasing the retention of staff. Successful brands create differentiation that allows companies to overcome commoditization. Strong brands reduce overall business risk. Brands have the power to create real and sustainable competitive advantage for businesses.

The large amount of value attributable to intangibles is the source of the business community's newfound interest in brand and marketing, and a major reason for the pressure now felt by marketing executives to demonstrate the financial returns from marketing investments.

# About **Millward Brown Optimor**

Millward Brown Optimor is the unit within global market research and consultancy Millward Brown dedicated to helping clients maximize returns on their brand strategy and marketing investments.

Even the best managed companies have opportunities to better leverage their brand portfolios and generate more value for shareholders. Our team combines experience in brand and market strategy with financial modelling and advanced econometrics to help our clients grow the value of their brand assets, identify and capture brand-driven growth opportunities and maximize returns on their marketing investments.

Millward Brown Optimor offers an integrated approach to brand and marketing analytics and accountability, which links market research, customer and financial data. This enables us to measure both the short-term and the longer-term impact of brand and market strategies and quantify total ROI.

We help clients identify and realize the business opportunities that valuable brands offer by linking brand and market decisions to business financials. By measuring performance objectively, we help grow sales and profits to maximize the value of the brand portfolio.

We can advise how to spend marketing money more wisely, by providing objective answers to the following questions:

- How does our brand and marketing performance compare to best practices?
- Which brand strategies will accelerate growth and shareholder value creation?
- Do we have too few or too many brands to achieve our business potential?
- Are we focusing on the right channels and customer touch points?
- How should we invest to drive higher sales and profits?
- How should we balance short-term ROI and longer term brand building?

We offer a full-service approach: from the initiation to the implementation and ongoing management of brand and marketing strategy.

Our services are designed to measure the current and potential future performance of brand strategy and marketing investments. We then work with our clients to identify the best ways to implement these strategies, and put the scorecards and metrics in place to track the results.

Our approach is designed to introduce a level of accountability into the marketing function similar to that found in other parts of the business, without sacrificing creativity.

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# BRANDZ™ TOP 100 MOST VALUABLE GLOBAL BRANDS 2009



# Welcome to the fourth annual BrandZ Top 100 Most Valuable Global Brands ranking

Let me begin with a brief explanation of what the ranking is about, why it's important, and how it can help you and your business.

The BrandZ top 100 ranking is an authoritative ranking report about the most valuable brands in the world. The valuations are based on economic and market data and the proprietary consumer research from BrandZ – the world's largest study of consumers and business-to-business users' brand preferences. The result is the most comprehensive and authoritative brand valuation available.

As you look through the list of the top 100 brands, you'll see names that you recognize, names that evoke an emotional connection, a respect for technical innovation, or a desire for cutting-edge design. These responses to brand draw customers, drive investment, and help assure long-term corporate stability.

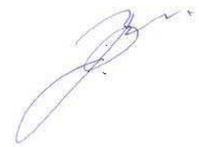
But like many of the important things in life, a brand is intangible. We know a brand through the impression it makes on us and others. When given a monetary value, a brand increases its power as a business driver and planning tool. Brand value enables us to measure fluctuations in brand influence and to compare brand strength relative to the competition.

Identifying a brand's value is just the first step, however. How can we leverage a brand's value to achieve important corporate objectives? That's where we can help.

Millward Brown Optimor helps companies to measure and understand the ROI from their brand strategy and marketing investment. We measure both the short and long-term effects of marketing activities and link them to the financial impact on the business. Understanding this is vital to secure the confidence of financiers, so that they provide the investment necessary to grow the brand. A strong brand can help protect the business from risk, and position it for future growth – the ultimate return on investment.

Please accept this report with our complements and with confidence that the information it contains will broaden your understanding of leading brands and suggest possibilities that can benefit your own brands. Feel free to contact me with any questions, or simply to have a conversation about how we can work together to achieve your brand objectives.

Sincerely,



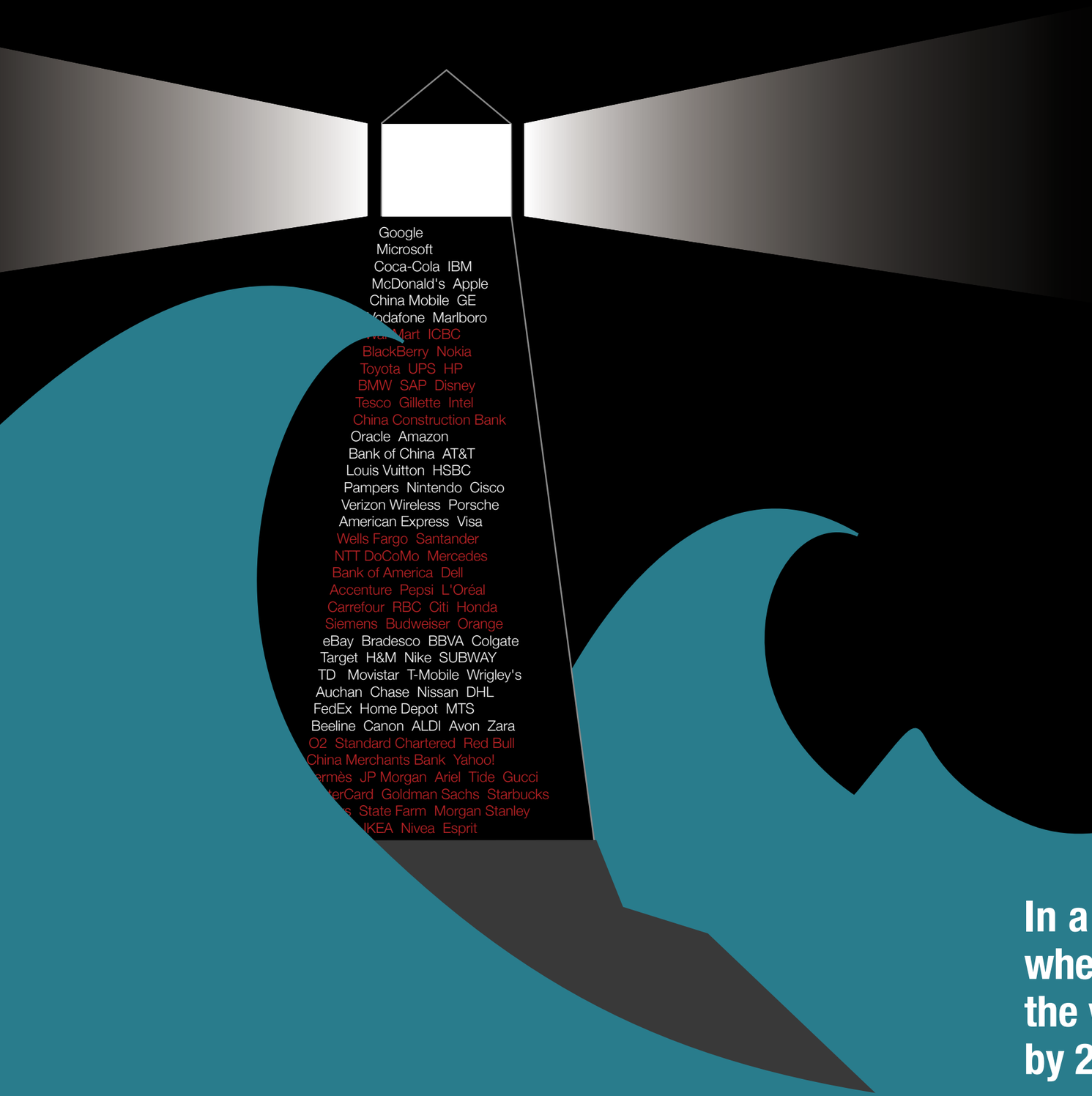
Joanna Seddon
CEO Millward Brown Optimor

Designed by Lambie-Nairn
www.lambie-nairn.com



# CONTENTS


| | |
|---|---|
| **Introduction** | **7** |
| **Methodology** | **11** |
| **Commentary** | **13** |
| **The Top 100** | **15** |
| **Brand Contribution** | **23** |
| **Brand Momentum** | **25** |
| **Top 20 Risers** | **27** |
| **Newcomers** | **29** |
| **Regions** | **31** |
| **Sectors** | **33** |
| Apparel | 33 |
| Beer | 35 |
| Bottled Water | 37 |
| Cars | 39 |
| Coffee | 41 |
| Fast Food | 43 |
| Financial Institutions | 45 |
| Gaming Consoles | 47 |
| Insurance | 49 |
| Luxury | 51 |
| Mobile Operators | 53 |
| Motor Fuel | 55 |
| Personal Care | 57 |
| Retail | 59 |
| Soft Drinks | 61 |
| Spirits | 63 |
| Technology | 65 |
| **Key Take Outs** | **67** |
| **Data Sources** | **69** |
| **Directory** | **71** |




## The Resilience of Brand Value

This fourth annual BrandZ ranking contains many new features and findings, but none as revealing as this one: In a year of global economic turmoil, when every key financial indicator plummeted, the value of the top 100 brands increased by 2 percent to $2 trillion.

This result affirms the resiliency of brands and the importance of quantifying the contribution of brand equity to a company's market value.

Brands are among a company's most valuable assets. Strong brands have the power to create real and sustainable competitive advantage. They can:

- Drive revenue growth by ensuring higher demand and market share
- Help improve margins by commanding premium prices and better supplier terms
- Reduce capital requirements by minimizing the costs of entry into new categories

Strong brands can also create differentiation that allows companies to overcome commoditization and reduce overall business risk.

**In a year of global financial turmoil, when every key financial indicator plummeted, the value of the top 100 brands increased by 2 percent to $2 trillion**

**The BrandZ database provides a detailed, quantified understanding of consumer decision-making worldwide**

**KEY TAKE OUT**

**1 Brands Still Matter**
Even when money is tight, people are still willing to pay for things that they perceive to be of value. For example, a recent Millward Brown study in China revealed that individuals would rather buy less of a product in categories such as alcohol and snacks rather than downgrade to cheaper brands. In markets like China, the brand does not only signify quality but also a certain status. Brands matter now more than ever.

## The ultimate brand evaluation tool

Knowing a brand's value enables the CEO, investors, and other stakeholders to make better, more informed decisions. The return on investment in marketing initiatives, for example, can be more accurately understood when an intangible asset like brand has a monetary value that can be tracked.

The central role of brand value in business decision-making indicates the importance of using the most sensitive and sophisticated brand-evaluation tools. This is the only ranking based on a brand valuation methodology that is grounded in both customized consumer research and in-depth financial analysis.

Insights into consumer behavior and brand perceptions come from the proprietary BrandZ database – the largest repository of brand equity data in the world.

Covering thousands of brands in more than 30 countries, and based on more than a million in-depth consumer interviews, the BrandZ database provides a detailed, quantified understanding of consumer decision-making worldwide. The financial analysis is based on information provided by Bloomberg, Datamonitor and other leading sources. International Monetary Fund projections were used this year to further validate financial forecasts (For a full explanation of methodology, please see page 11).

In addition, a new category has been added – gaming – bringing the total number of categories we publish to 17. The categories include: apparel, beer, bottled water, cars, coffee, fast food, financial institutions, gaming, insurance, luxury goods, mobile operators, motor fuel, personal care, retail, soft drinks, spirits, and technology.

## Key advantages

**The key advantages of the BrandZ Top 100 Most Valuable Global Brands are that it is:**

- Drawn from the world's largest brand equity database
- Customer focused, measuring the strength of brands, not corporations
- Comprehensive, with more countries, categories, and brands researched than other rankings
- Predictive, calculating prospects for near-term growth.

The BrandZ ranking combines the knowledge and expertise of Millward Brown Optimor and the unparalleled global economic and communication resources of WPP. In short, the BrandZ Top 100 Most Valuable Global Brands is the most reliable, comprehensive, and useful brand valuation ranking available.

## How Brand Value is Calculated

Millward Brown Optimor applies an economic approach to brand valuation, and uses a methodology similar to that employed by analysts and accountants.

The brand value published is based on the intrinsic value of the brand — derived from its ability to generate demand. The dollar value of each brand in the ranking is the sum of all future earnings that brand is forecast to generate, discounted to a present day value. Given the high volatility of financial markets over the past 12 months, the brand value is in some cases high relative to current market capitalization, reflecting true value rather than current market swings.

## The Data Sources

**Customer Opinion**
The secret ingredient is WPP's BrandZ database, based on an annual quantitative brand equity study in which consumers and business customers familiar with a category evaluate brands.

Since BrandZ's inception over 10 years ago, more than one million consumers and business-to-business customers across 31 countries have shared their opinions about thousands of brands. It is the most comprehensive, global, and consistent study of brand equity.

**Financial Performance**
Financial data is sourced from Bloomberg, analyst reports, Datamonitor™ industry reports, and company filings with regulatory bodies. Financial models are then prepared for each brand that link brand perceptions to company revenues, earnings, and ultimately shareholder and brand value.

The BrandZ Top 100 values market-facing brands, i.e. brands which directly generate revenues and profits through the sale of goods and services to customers. Corporate brands such as Procter & Gamble, Unilever and Nestle which have significant value especially with the investment community, are not included in the ranking.

KEY TAKE OUT

**2 Go Global – Effectively**
Being recognizable in many markets is not by itself a passport to success. That requires adapting your brand and offer to be relevant in each particular market. As Millward Brown's Chief Global Analyst Nigel Hollis writes: "The ones that transcend their origins and create strong, enduring relationships with consumers across countries and cultures."



## The Valuation Process

**1. Branded Earnings**
*What proportion of a company's earnings is generated "under the banner of the brand"?*

First, the branded earnings are identified. For example, in the case of Coca-Cola some earnings are not branded Coca-Cola, but come from Fanta, Sprite or Minute Maid. Once identified capital charges are subtracted. This ensures only value above and beyond what investors would require any investment in the brand to earn is captured: The value the brand adds to the business. This provides a bottom-up view of the earnings of the branded business.

**2. Brand Contribution**
*How much of these branded earnings are generated due to the brand's close bond with its customers?*

The portion of these earnings driven by brand equity is called "Brand Contribution": The degree to which brand plays a role in generating earnings. This is established through analysis of country-, market-, and brand-specific consumer research from the BrandZ database.

This guarantees that the Brand Contribution is rooted in real-life customer perceptions and behavior, not spurious 'expert opinion': in some categories, brand is important — luxury, cars, or beer, for instance. In categories like motor fuel, on the other hand, price and location play a very strong role. Furthermore, as markets develop, consumer priorities and the role of brand may change. And even in strongly branded categories, some successful brands that compete heavily on price.

**3. Brand Multiple**
*What is the growth potential of the brand-driven earnings?*

In the final step, the growth potential of these branded earnings is taken into account. Both financial projections and consumer data is analyzed. This provides an earnings multiple aligned with the methods used by the analyst community. It also takes into account brand-specific growth opportunities and barriers. To capture the weaker economic outlook, all projections have been validated using IMF economic growth forecasts.

The Brand Momentum™ indicator that indicates each brand's growth is based on this evaluation. It is presented as an indexed figure that ranges from 1 to 10 (10 being high).

**Brand Value =**




x




x




**Step 1.**
**Intangible Earnings**

Intangible corporate earnings allocated to each brand by country, based on company and analyst reports, industry studies, revenue estimates, etc

Data Sources
Bloomberg DATAMONITOR

**Step 2.**
**Brand Contribution**

Portion of intangible earnings attributable to brand.

Directly driven by BrandDynamics™ Loyalty Pyramid and Category Segmentation collected within the BrandZ study

Data Sources
BRANDZ™

**Step 3.**
**Brand Multiple**

Brand earnings multiple.

Calculated based on market valuations, brand growth potential and Voltage™ as measured by BrandDynamics™

Data Sources
Bloomberg BRANDZ™

**To talk of brands having been invented is the equivalent of saying that Christopher Columbus invented America.**




## COMMENTARY

**by Jeremy Bullmore**

One of the more hilarious beliefs about brands is that brands were invented by manipulative marketeers in order to persuade the guileless consumer to pay over-the-odds for some otherwise unremarkable commodity. Naomi Klein and her followers feel strongly on the subject and use the word manipulate a lot.

More surprisingly, even some brand consultants, with a touching mixture of braggadocio and shifty shame, half agree. They take sole credit for having developed a practice that, even if morally questionable, has undoubtedly made their clients and themselves a lot of money. They build brands.

And so, they all claim, does every design company and advertising agency and marketing company and management consultant. And they've all been building brands since 1955 which was when brands were invented – because that was the year that the Harvard Business Review published The Product and the Brand by Sidney Levy and Burleigh Gardner. The trouble, of course, is that Gardner and Levy never pretended to have invented brands.

To talk of brands having been invented is the equivalent of saying that Christopher Columbus invented America. America had been around for a very long time before he bumped into it – just as brands had been around for a very long time before the Harvard Business Review brought them to our attention.

It's certainly true that companies invent products. But the only people who invent brands are people.

When you first started thinking of that school down the road from your own – the one that always beat you at games – you invented your first brand. It had a name – and it had a very clear personality. You couldn't say exactly why you hated it – but you did. And what's more, so did your friends.

But if you'd asked the boys and girls from the school down the road what they thought of their school, you'd have got a very different answer. How puzzling. Exactly the same school, yet two totally different reputations. How come? Because brand reputations exist only in the minds of their observers – and all observers are different.

Long before 1955, women in primitive villages would buy their cooking oil from unmarked steel barrels. Sometimes the oil was good and sometimes not so good. So the women made a note of those whose oil was good and determined to buy only from them. They'd invented a brand. And the sellers of the good oil quickly cottoned on and gave their oil a distinctive name so that the women would more easily know which oil to trust and which to avoid. Trust and familiarity go hand in hand. The women who were now committed to the better oil (loyal consumers) not only respected it but began to be fond of it, as people do of familiar things.

And all this, of course, spurred the sellers of the inferior oil into making it better because otherwise they'd have gone out of business. Consumer protection began not with legislation but with brands.

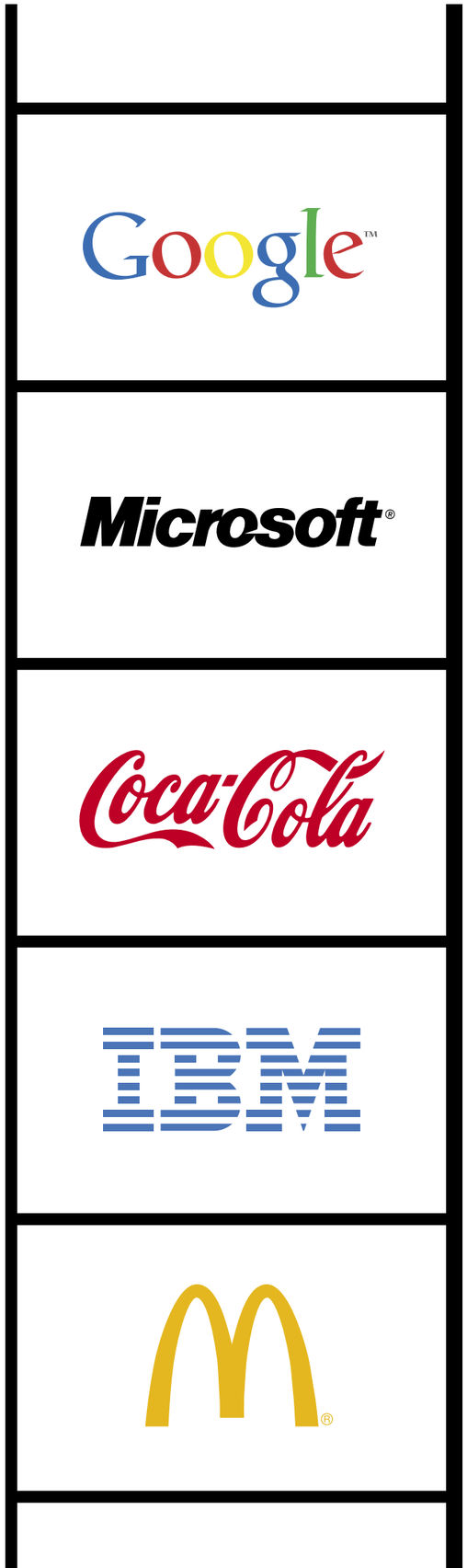
Gardner and Levy drew our attention to the fact that the personality of a product, as created in the head of each observer, could be as important to its users as its function. And they suggested a relatively new role for advertising.

People build brands in their heads as a result of an almost infinite number of clues, cues, facts, myths and brand encounters. Some, like product performance and all paid-for publicity including packaging and promotions, are within the control of the product's owner. Many others, like the behavior of competitors, news items, and the likeability or otherwise of other users, are not. Service brands, for obvious reasons, are notoriously difficult to keep in line.

So the real role for all these experts who claim to build brands (but don't) is to help the people who do build brands – real people – build them as attractively as possible. Their job is first to create and then supply the raw material from which real people, individual by individual, compose in their heads that complex and subjective construct we call a brand image.

In theory, therefore, (and probably in practice) the reputation of a brand within a million people's heads will have a million slightly different versions. But as the research behind BrandZ clearly illustrates, the strongest brands are those that enjoy what's been called a (favorable) consensus of subjectivity. And that's when their brand managers, in the widest sense of that phrase, should be most warmly congratulated. They didn't build those brands themselves; but they fed such enticing titbits to their audience that their audience gratefully did the rest.

# TOP ONE HUNDRED




## Why We Can Believe in the Power of Brands

Life changed.

The stock market plummeted. Home prices plunged. Retirement savings disappeared. Many of the reliable touchstones that gave people's lives stability, coherence, and security collapsed last year. But not all of them.

The value of brands remains strong.

The total value of the BrandZ Top 100 Most Valuable Global Brands has increased by 2 percent to just under $2 trillion dollars ($1.95 trillion to be precise).

Nine of the top 10 brands from last year remain in the top 10.

Among the top 100 brands, 85 remain from last year's listing. Of those that have dropped out of the ranking, nine were from categories particularly hard-hit by the economic storm: cars, financial institutions, and insurance.

Of the 17 categories covered this year, 11 have increased in overall brand value. Most others have experienced only a moderate erosion in value.

Even the luxury category has gained in brand value by 10 percent, affirming the deep and enduring claim that well-crafted items and brand heritage have on our imaginations and wallets.

Customers are not holding their breath during this economic volatility. They are adjusting their coping strategies, while remaining determined to purchase brands that contribute to the pleasure, quality, purpose, and security of their lives.

* The brand value of Coca-Cola includes Diet Coke, Coke Light and Coke Zero
** The brand value of Pepsi includes Diet Pepsi and Pepsi
*** Budweiser's value includes both Bud Light and Bud
**** ING value includes ING Bank and ING Insurance
Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor

## TOP 100 Most Valuable Global Brands 2009

| # | Brand | Brand Value 09 ($M) | % Brand Value Change 09 vs. 08 |
|---|---|---|---|
| 1 | Google | 100,039 | 16% |
| 2 | Microsoft | 76,249 | 8% |
| 3 | Coca-Cola* | 67,625 | 16% |
| 4 | IBM | 66,622 | 20% |
| 5 | | 66,575 | 34% |
| 6 | | 63,113 | 14% |
| 7 | 中国移动通信 CHINA MOBILE | 61,283 | 7% |
| 8 | | 59,793 | -16% |
| 9 | vodafone | 53,727 | 45% |
| 10 | Marlboro | 49,460 | 33% |
| 11 | Walmart Save money. Live better. | 41,083 | 19% |
| 12 | ICBC (Asia) 工银亚洲 | 38,056 | 36% |
| 13 | NOKIA CONNECTING PEOPLE | 35,163 | -20% |
| 14 | TOYOTA | 29,907 | -15% |
| 15 | ups | 27,842 | -9% |
| 16 | BlackBerry | 27,478 | 100% |
| 17 | hp | 26,745 | -9% |
| 18 | The Ultimate Driving Machine | 23,948 | -15% |
| 19 | SAP | 23,615 | 9% |
| 20 | Disney | 23,110 | -3% |
| 21 | TESCO | 22,938 | -1% |
| 22 | Gillette | 22,919 | 6% |
| 23 | intel | 22,851 | 4% |
| 24 | 中国建设银行 China Construction Bank | 22,811 | 16% |
| 25 | ORACLE | 21,438 | -6% |
| 26 | amazon.com | 21,294 | 85% |
| 27 | 中国银行 BANK OF CHINA | 21,192 | 9% |
| 28 | at&t | 20,059 | 67% |
| 29 | LOUIS VUITTON | 19,395 | 5% |
| 30 | HSBC | 19,079 | 3% |
| 31 | Pampers | 18,945 | N/A |
| 32 | Nintendo | 18,233 | N/A |
| 33 | CISCO | 17,965 | -25% |
| 34 | verizon | 17,713 | -8% |
| 35 | PORSCHE | 17,467 | -20% |
| 36 | VISA | 16,353 | N/A |
| 37 | WELLS FARGO | 16,228 | -34% |
| 38 | Santander | 16,035 | 10% |
| 39 | NTT docomo | 15,776 | 5% |
| 40 | Mercedes-Benz | 15,499 | -14% |
| 41 | Bank of America | 15,480 | -53% |
| 42 | DELL | 15,422 | 1% |
| 43 | accenture | 15,076 | 7% |
| 44 | pepsi** | 14,996 | -3% |
| 45 | L'ORÉAL | 14,991 | -9% |
| 46 | AMERICAN EXPRESS | 14,963 | -40% |
| 47 | Carrefour | 14,961 | -1% |
| 48 | RBC | 14,894 | -22% |
| 49 | citi | 14,608 | -52% |
| 50 | HONDA The Power of Dreams | 14,571 | -12% |
| 51 | SIEMENS | 13,562 | -8% |
| 52 | Budweiser*** | 13,292 | 23% |
| 53 | orange | 13,242 | -6% |
| 54 | ebay | 12,970 | 16% |
| 55 | BBVA | 12,549 | 33% |
| 56 | Colgate | 12,396 | 17% |
| 57 | TARGET | 12,254 | -17% |
| 58 | H&M | 12,061 | 8% |
| 59 | NIKE | 11,999 | -4% |
| 60 | SUBWAY | 10,997 | 6% |
| 61 | TD | 10,991 | N/A |
| 62 | movistar | 10,911 | 34% |
| 63 | T··Mobile | 10,864 | 22% |
| 64 | WRIGLEY'S | 10,841 | N/A |
| 65 | Auchan | 10,586 | 48% |
| 66 | CHASE | 10,582 | -17% |
| 67 | NISSAN | 10,206 | -13% |
| 68 | DHL | 9,719 | 19% |
| 69 | FedEx Corporation | 9,491 | -17% |
| 70 | THE HOME DEPOT | 9,280 | -40% |
| 71 | MTS | 9,189 | 14% |
| 72 | Билайн | 8,884 | N/A |
| 73 | Canon | 8,779 | -29% |
| 74 | ALDI | 8,638 | 49% |
| 75 | AVON | 8,631 | 20% |
| 76 | ZARA | 8,609 | -1% |
| 77 | O2 | 8,601 | 36% |
| 78 | Standard Chartered | 8,219 | 20% |
| 79 | Red Bull | 8,154 | N/A |
| 80 | 招商银行 CHINA MERCHANTS BANK | 8,052 | 168% |
| 81 | YAHOO! | 7,927 | -31% |
| 82 | HERMÈS PARIS | 7,862 | 13% |
| 83 | J.P.Morgan | 7,852 | -20% |
| 84 | ARIEL | 7,777 | -8% |
| 85 | Tide | 7,512 | -18% |
| 86 | GUCCI | 7,468 | 15% |
| 87 | MasterCard | 7,427 | 7% |
| 88 | Goldman Sachs | 7,415 | -38% |
| 89 | | 7,260 | -40% |
| 90 | BARCLAYS | 6,992 | -5% |
| 91 | STATE FARM INSURANCE | 6,922 | -27% |
| 92 | Morgan Stanley | 6,765 | -40% |
| 93 | ING**** | 6,743 | -55% |
| 94 | KFC | 6,721 | 10% |
| 95 | IKEA | 6,713 | -21% |
| 96 | NIVEA | 6,572 | 24% |
| 97 | ESPRIT | 6,571 | -17% |
| 98 | Bradesco | 6,565 | N/A |
| 99 | TIM | 6,409 | -19% |
| 100 | LOWE'S | 6,394 | N/A |

## Trends

**Value**
Consumers have not given up on quality. They are simply becoming more astute about the price they are prepared to pay for quality. ALDI has one of the biggest increases in brand value, 49 percent. Wal-Mart moves up two places and is now number 11.

**At Home**
People are retreating to home to enjoy small pleasures, often with family and friends. The trend contributes to the popularity of gaming. Nintendo made it into the Top 100 for the first time this year, at number 32. The coffee category grew by 18 percent year-on-year as consumers cut down on visits to coffee houses and instead buy premium coffee for brewing at home. Increased at-home consumption is also driving brand value increases in the beer and spirits categories.

**Affordable Indulgence**
Outside the home, consumers are seeking out purchases that deliver simple enjoyment at a modest price. Small luxury items such as sunglasses and lipsticks continue to sell well. Johnnie Walker's 42 percent growth in brand value makes it the biggest growing spirits brand and one of the top 10 risers.

**Small Vices**
Value increases for the beer, cigarette, fast food, and coffee categories suggest that people are allocating some disposable income for their habitual vices.

**Control**
Since so much seems out of control, people are trying to control what they can – spending. They use debit cards in an attempt to reduce credit card debt, and are much more careful about when and where they shop. Focused shopping replaces trips to malls and destination stores. Online shopping benefits, driving the Amazon brand up 35 places in the BrandZ ranking to number 26, an 85 percent rise in value.

**Health**
The concern with personal health is not a new trend. But, significantly, it has continued even in the harsh economy. The personal care category has benefited as people spend on oral care rather than risk extensive dental expenses. Healthier menus, along with affordability, are drawing more customers to fast food restaurants. The rise of Bud Light to first place in the beer category is another indication of this ongoing trend.

KEY TAKE OUT 3

**Don't Be Greedy**
Consumers are not in the mood for greed. And greed is not required for success. Once we are on the other side of this economic slowdown, consumer spending will pick up. But perhaps slowly, as people internalize the lessons of our recent boom and bust history. They will want quality, intelligently-created, well-designed products. But they may not want one in every color.



**Small luxuries such as sunglasses and lipsticks continue to sell well**

# TRENDS

**Seriousness**
Frugality is replacing conspicuous consumption across most categories. In personal care, for example, consumers are trading down to mid-level brands. Similarly, in spirits the premium brands benefit as consumers trade down from ultra premium. People are drinking more tap and less bottled water. And those who can afford to buy products at the top end are less likely to flaunt them.

**Technology**
People are continuing to rely on technology to help organize, simplify, and add new capabilities to their lives. The mobile operator category is the biggest-growing in the ranking. And seven of the top 10 brands in the BrandZ Top 100 come from the technology or mobile operator categories.

## Opportunities and Challenges

All of these trends and developments present opportunities and challenges for brand marketers.

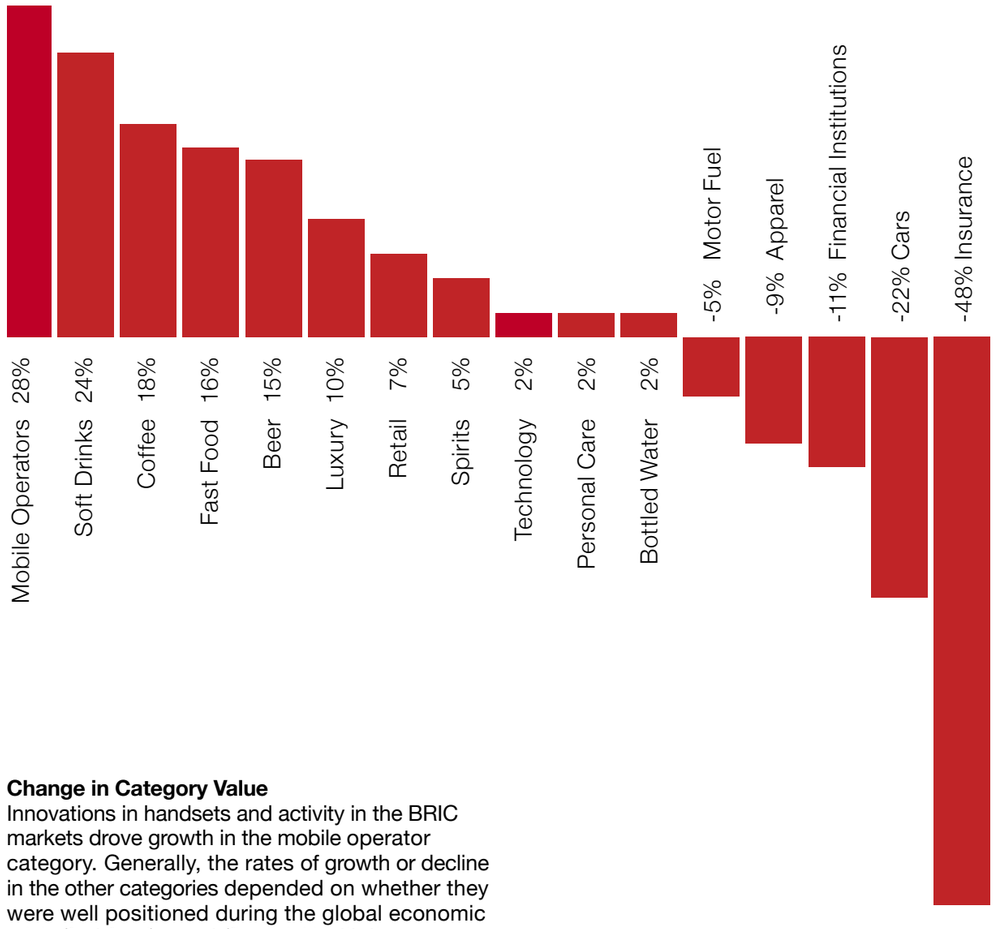
Global reach adds growth, knowledge, and a hedge against the fluctuations of regional economies, but it does not by itself guarantee brand success. That requires effectively balancing brand heritage with the particular cultural expectations of each market.

As personal, corporate, and category reputations suffered, brand strength endured, suggesting that the reservoir of brand trust runs deep. In this environment, brands have become more important and earning and sustaining customer trust remains the greatest guarantor of long-term brand success.

**KEY TAKE OUT**

**4 Stay Positive**
Consumers are angry – at government, at large institutions, at entire sectors. But they are not angry at your brand. Brand strength is stable over time. It is disrupted only when something new enters the market or when the brand upsets the relationship with consumers. It takes a lot to make that happen. A recent Millward Brown study of the financial sector revealed that consumers are likely to aim their current displeasure at the sector or at certain high-profile individuals. The displeasure consumers feel, however, does not seem to dramatically alter their experience with individual brands.

**Year-on-Year Growth in Total Category Value**




**Change in Category Value**
Innovations in handsets and activity in the BRIC markets drove growth in the mobile operator category. Generally, the rates of growth or decline in the other categories depended on whether they were well positioned during the global economic crisis (fast food) or not (financial institutions and insurance).

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor



## Emotional Bonds Add Brand Value

Brand contribution is the proportion of financial value driven purely by brand equity.

It is a good measure of a brand's emotional bond with its customers. The high scores of the brands in this table indicate deep and enduring attachments.

It is not surprising that this list contains some of the world's most exalted luxury brands. Luxury brands, almost by definition, have a very highly bonded group of customers who are prepared to pay a premium.

What is more interesting is that the list contains several brands for everyday products, which you might not expect consumers to build such strong bonds with. The presence on this list of Wrigley's, Gillette, Pampers and Tide suggests that it is possible to build strong bonds with everyday products.

**Gum Provides Bite-Size Luxury**

It is often the little things that make a difference.

A pack of gum – a bit of cheer – is still affordable to most people, even in these times. That explains why people buy gum; it does not explain why they choose Wrigley's.

The answer to that question reveals why Wrigley's, often an incidental add-on purchase with a newspaper, appears in a brand contribution list that includes some of the world's most revered luxury brands.

With its extensive distribution network, Wrigley's is normally front-of-shelf, which makes it front-of-mind, the only place to be when the shopper is making a spontaneous decision about whether and what to purchase.

Wrigley's is, in a sense, a luxury brand. It provides a little daily luxury at an affordable price that discourages trading down because the savings would be insignificant.

**Top 15 by Brand Contribution**

| # | Brand | Brand Value $M | Brand Contribution* |
|---|---|---|---|
| 1 | Moët & Chandon | 4,847 | 5 |
| 2 | Porsche | 17,467 | 5 |
| 3 | Hennessy | 5,403 | 5 |
| 4 | Douwe Egberts | 732 | 5 |
| 5 | Tide | 7,512 | 5 |
| 6 | Wrigley's | 10,841 | 5 |
| 7 | Gillette | 22,919 | 5 |
| 8 | Pampers | 18,945 | 5 |
| 9 | Skol | 2,223 | 4 |
| 10 | Chanel | 6,219 | 4 |
| 11 | Louis Vuitton | 19,395 | 4 |
| 12 | Armani | 2,345 | 4 |
| 13 | Mercedes | 15,499 | 4 |
| 14 | Hermès | 7,862 | 4 |
| 15 | Fendi | 3,469 | 4 |

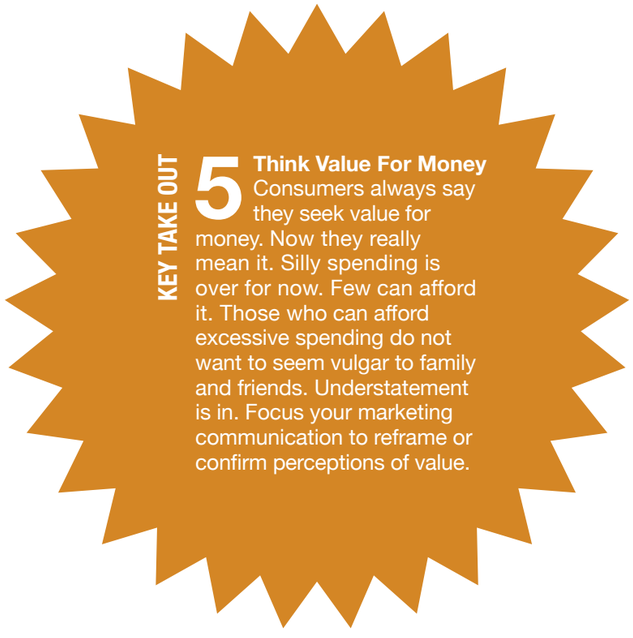
Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor

* The Brand Contribution Index runs from 1 (low) up to 5 (high).

# BRAND CONTRIBUTION

# BRAND MOMENTUM




## Top 10 by Brand Momentum

Brand momentum is a measurement predicting short-term growth prospects.

The brands listed in this chart are expected to do well in the next year: Some because of the economic downturn, others despite it.

Amazon has benefited from a shift to online purchasing as consumers, attempting to economize, try to control their shopping experience and find the lowest prices.

Increased price concern has also helped discounters like Wal-Mart and ASDA.

The success of SUBWAY reflects both increased traffic at fast food restaurants and consumer preference for healthier menus.

BMW's high brand momentum indicates pent up demand during the recession, as customers may defer purchases but remain loyal to the brand.

The relatively strong Chinese economy accounts for the predicted growth of Baidu, China's largest search engine.

**Top 10 With Highest Brand Momentum**

| # | Brand | Brand Value $M | Brand Momentum* |
|---|---|---|---|
| 1 | Amazon | 21,294 | 10 |
| 2 | SUBWAY | 10,997 | 10 |
| 3 | Baidu | 5,768 | 10 |
| 4 | Apple | 63,113 | 9 |
| 5 | Marlboro | 49,460 | 9 |
| 6 | Wal-Mart | 41,083 | 9 |
| 7 | BMW | 23,948 | 9 |
| 8 | Tesco | 22,938 | 9 |
| 9 | ASDA | 5,413 | 9 |
| 10 | Tim Horton's | 3,843 | 9 |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor

* The Brand Momentum Index runs from 1 (low) to 10 (high).

## Top 20 Risers

This Top 20 risers chart lists the brands that gained the most in brand value year-on-year. It includes a diverse range of brands.

The list includes financial, mobile, spirits, technology, retail, beer, fast food, coffee and cigarette brands, proving that you can build a strong brand in any category.

While each of the brands has its own particular story, the top 20 risers can be split neatly into four groups:

**Value**
ALDI, Auchan, McDonald's and Wendy's.

Brands fulfilling an increasing shopper desire for good value for money – due to a cheap price or high quality product. These brands successfully executed well-considered strategies to benefit from changing consumer behavior in today's difficult economy.

**BRICs**
China Merchants Bank, BBVA, Chivas, ICBC, Johnnie Walker, Marlboro, Nivea and Rolex

While European and North American markets suffered from economic disruption, these brands rose in value primarily because they are based in, or trade in, one of the fast-growing BRIC economies.

**Technology**
AT&T, BlackBerry, Movistar, O2 and Vodafone.

The stories vary, but each of these brands has exhibited a level of innovation and leadership that has resulted in substantial appreciation of brand value. A few of the mobile operator brands share one other thing in common – exclusive country deals with Apple's iPhone.

**At Home**
Nespresso, Amazon and Kronenbourg 1664

As consumers try to save money in the downturn, there has been a resulting growth in brands that can be enjoyed at home. By negotiating the current economic climate better than the competition and through product and marketing innovations, the brands listed here were well positioned to catch the prevailing winds. They are by definition leaders whose experience offers important lessons in building brand value.

KEY TAKE OUT

**6 Get Personal**
Some of the world's fastest growing brands have been built by personalizing technology. The success of brands like Google, BlackBerry, Apple and Amazon is amazing. Each of these brands is delivering an experience that is not only easy, friendly and fun to use, but one that is customized to each user.

**Top 20 Risers (Year-on-Year % Brand Value Growth)**

| # | Brand | Brand Value Growth |
|---|---|---|
| 1 | China Merchants Bank | 168% |
| 2 | BlackBerry | 100% |
| 3 | Amazon | 85% |
| 4 | Wendy's | 72% |
| 5 | AT&T | 67% |
| 6 | ALDI | 49% |
| 7 | Auchan | 48% |
| 8 | Vodafone | 45% |
| 9 | Johnnie Walker | 42% |
| 10 | Kronenbourg 1664 | 41% |
| 11 | O2 | 36% |
| 12 | ICBC | 36% |
| 13 | Rolex | 35% |
| 14 | Movistar | 34% |
| 15 | McDonald's | 34% |
| 16 | BBVA | 33% |
| 17 | Marlboro | 33% |
| 18 | Chivas | 30% |
| 19 | Nespresso | 27% |
| 20 | Nivea | 24% |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor

TOP 20 RISERS

# NEWCOMERS

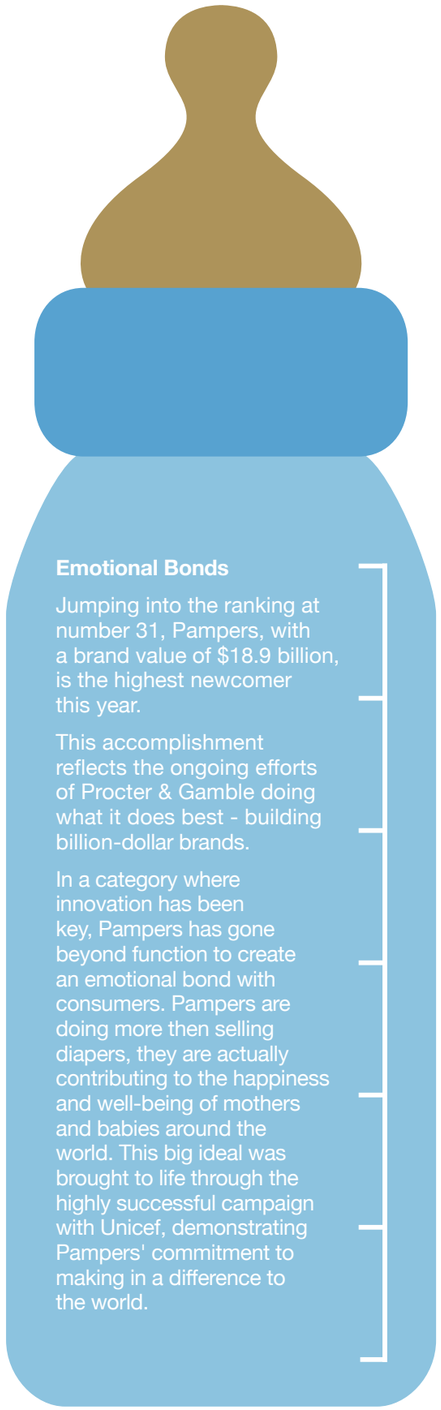
## Today's Trends Energize Long-Term Brand Building

Sometimes it looks like an overnight success. But it rarely is.

The brands that entered the BrandZ Top 100 for the first time this year achieved their positions due to hard work over many years, developing and communicating clear and sustainable benefits. Pampers, the highest-ranked newcomer, is a good example of dedicated brand-building over a period of time paying off.

The newcomers caught a tailwind which helped to propel them to their current position. For some, their category was especially strong; for others, they served one or some of the growing BRIC markets; whilst for others they were well-positioned for the current economic downturn:

- Two mobile operators, Beeline and O2, have grown in very different markets. Beeline in Russia and O2 in Europe.
- With China Merchants Bank are examples of great brands that have been developed in one market. It will be interesting to see how they translate this success as they grow abroad. China Merchants Bank, for example, has recently opened its first branch outside China.
- ALDI, the deep-discount supermarket, drew customers looking to save money. Nivea, the personal care brand, benefited from customers trading down from more expensive products and from its popularity in China.



### Emotional Bonds

Jumping into the ranking at number 31, Pampers, with a brand value of $18.9 billion, is the highest newcomer this year.

This accomplishment reflects the ongoing efforts of Procter & Gamble doing what it does best - building billion-dollar brands.

In a category where innovation has been key, Pampers has gone beyond function to create an emotional bond with consumers. Pampers are doing more then selling diapers, they are actually contributing to the happiness and well-being of mothers and babies around the world. This big ideal was brought to life through the highly successful campaign with Unicef, demonstrating Pampers' commitment to making in a difference to the world.

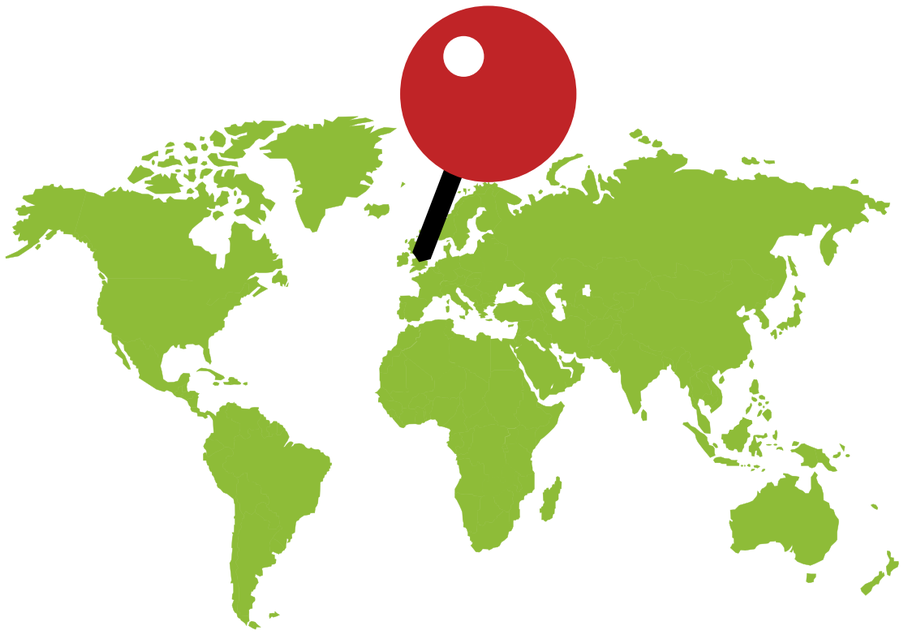
**Newcomers to the Top 100**

| # | Brand | Brand Value $M |
|---|---|---|
| 31 | Pampers | 18,945 |
| 32 | Nintendo | 18,233 |
| 36 | Visa | 16,353 |
| 61 | TD | 10,991 |
| 64 | Wrigley's | 10,841 |
| 68 | DHL | 9,719 |
| 72 | Beeline | 8,884 |
| 74 | ALDI | 8,638 |
| 77 | O2 | 8,601 |
| 79 | Red Bull | 8,154 |
| 80 | China Merchants Bank | 8,052 |
| 94 | KFC | 6,721 |
| 96 | Nivea | 6,572 |
| 98 | Bradesco | 6,565 |
| 100 | Lowe's | 6,394 |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor

# REGIONS



## High-Value Brands Based in All Regions

These charts list the World's most valuable brands according to where they are geographically based.

North America owns a large number of the highest-value brands. Asia is home to a growing number of leading brands, especially in the car, financial institution, and technology categories.

Each region experienced some churn in the rankings last year, as fast-rising brands, such as BlackBerry in the U.S. and O2 in the UK, replaced financial institutions that declined in value because of the global economic crisis.

**Top 10 by Brand Value – Asia**

| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum |
|---|---|---|---|---|
| 1 | China Mobile | 61,283 | 3 | 8 |
| 2 | ICBC | 38,056 | 2 | N/A |
| 3 | Toyota | 29,907 | 4 | 6 |
| 4 | China Construction Bank | 22,811 | 2 | N/A |
| 5 | Bank of China | 21,192 | 2 | N/A |
| 6 | Nintendo | 18,233 | 3 | 5 |
| 7 | NTT DoCoMo | 15,776 | 2 | 3 |
| 8 | Honda | 14,571 | 3 | 7 |
| 9 | Nissan | 10,206 | 2 | 4 |
| 10 | Canon | 8,779 | 2 | 2 |

**Top 10 by Brand Value – Europe (Including UK)**

| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum |
|---|---|---|---|---|
| 1 | Vodafone | 53,727 | 3 | 2 |
| 2 | Nokia | 35,163 | 3 | 4 |
| 3 | BMW | 23,948 | 4 | 9 |
| 4 | SAP | 23,615 | 2 | 5 |
| 5 | Tesco | 22,938 | 4 | 9 |
| 6 | Louis Vuitton | 19,395 | 4 | 7 |
| 7 | HSBC | 19,079 | 2 | N/A |
| 8 | Porsche | 17,467 | 5 | 3 |
| 9 | Santander | 16,035 | 2 | N/A |
| 10 | Mercedes | 15,499 | 4 | 4 |

**Top 10 by Brand Value – North America**

| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum |
|---|---|---|---|---|
| 1 | Google | 100,039 | 3 | 3 |
| 2 | Microsoft | 76,249 | 3 | 8 |
| 3 | Coca-Cola* | 67,625 | 4 | 8 |
| 4 | IBM | 66,622 | 3 | 5 |
| 5 | McDonald's | 66,575 | 4 | 6 |
| 6 | Apple | 63,113 | 3 | 9 |
| 7 | GE (General Electric) | 59,793 | 2 | 3 |
| 8 | Marlboro | 49,460 | 4 | 9 |
| 9 | Wal-Mart | 41,083 | 2 | 9 |
| 10 | BlackBerry | 27,478 | 2 | 6 |

*The brand value of Coca-Cola includes Diet Coke, Coke Light and Coke Zero

**Top 10 by Brand Value – UK**

| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum |
|---|---|---|---|---|
| 1 | Vodafone | 53,727 | 3 | 2 |
| 2 | Tesco | 22,938 | 4 | 9 |
| 3 | HSBC | 19,079 | 2 | N/A |
| 4 | O2 | 8,601 | 2 | 6 |
| 5 | Standard Chartered Bank | 8,219 | 2 | N/A |
| 6 | Barclays | 6,992 | 2 | N/A |
| 7 | Marks & Spencer | 6,029 | 4 | 8 |
| 8 | BP | 5,936 | 2 | 2 |
| 9 | ASDA | 5,413 | 3 | 9 |
| 10 | Smirnoff | 5,201 | 3 | 4 |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor

# APPAREL

## Value Is Setting the Trend

Spurred on by the credit crunch, shoppers are in search of value. H&M, the global chain known for offering high style at low prices, passed Nike to become the world's number one apparel brand.

The sector has been hit hard, with most brands experiencing a drop in brand value. Even the most exclusive brands have been forced to slash prices to entice customers; Ralph Lauren lost 20 percent of its brand value, although the brand held its place in the rankings at number six.

Zara fared better than many of the other apparel brands. It seems its just-in-time production model, developed to provide fast fashion in good times, is well suited to the current environment where declining sales require closely calibrated inventory control.

In contrast to many of the bricks and mortar stores, online and direct shopping are performing well as consumers bargain hunt from the comfort of their own homes.

**Even the most exclusive brands have been forced to slash prices to entice customers**

| Apparel | | | | | |
|---|---|---|---|---|---|
| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
| 1 | H&M | 12,061 | 2 | 8 | 8% |
| 2 | Nike | 11,999 | 4 | 7 | -4% |
| 3 | Zara | 8,609 | 2 | 8 | -1% |
| 4 | Esprit | 6,571 | 3 | 6 | -17% |
| 5 | Adidas | 4,949 | 3 | 5 | 2% |
| 6 | Ralph Lauren | 3,031 | 3 | 5 | -20% |
| 7 | Puma | 1,892 | 3 | 3 | -19% |
| 8 | Next | 1,670 | 2 | 9 | -39% |
| 9 | Gap | 1,298 | 2 | 3 | -9% |
| 10 | Old Navy | 986 | 2 | 5 | -7% |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor



# BEER

| Beer | | | | | |
|---|---|---|---|---|---|
| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
| 1 | Bud Light | 6,655 | 3 | 5 | 33% |
| 2 | Budweiser | 6,637 | 3 | 5 | 13% |
| 3 | Heineken | 5,063 | 4 | 7 | 10% |
| 4 | Stella Artois | 4,507 | 4 | 5 | 7% |
| 5 | Corona | 4,291 | 4 | 5 | -4% |
| 6 | Guinness | 3,516 | 4 | 2 | 14% |
| 7 | Miller Lite | 2,515 | 3 | 7 | 2% |
| 8 | Skol | 2,223 | 4 | 6 | 16% |
| 9 | Amstel | 1,980 | 3 | 6 | 22% |
| 10 | Kronenbourg 1664 | 1,664 | 3 | 5 | 41% |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor

**Bud Light surpassed Budweiser in brand value, with a year-on-year increase of 33 percent, reflecting the rising popularity of light beers**

## Beer Lightens Up At Home

The brand value of the beer category has grown by 15 percent, benefiting from the consumer effort to economize by shifting consumption from bars and restaurants to home.

Bud Light surpassed Budweiser in brand value, with a year-on-year increase of 33 percent, reflecting the rising popularity of light beers. This accomplishment has been driven in part by a shift in tastes, the trend toward increased health consciousness, and competitive pricing.

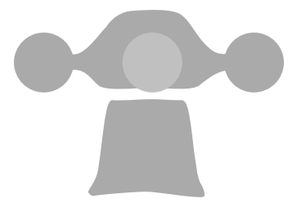
At the super-premium end of the market, Kronenbourg 1664, has moved up in the rankings to number 10 from number 12. This advance was driven by a 41 percent increase in year-on-year brand value, which places it among the top 20 risers in the BrandZ ranking. By strange coincidence, the Kronenbourg 1664 brand value is $1,664 million. The brand was introduced in Russia last year, where overall consumption has quadrupled after legislation relaxed restrictions on beer drinking.

Heineken remains in third place after Bud Light and Budweiser, with a 10 percent year-on-year rise in brand value. Attempting to keep the brand relevant as consumption shifts away from on-premise consumption, Heineken explored campaigns that emphasize serving premium beer for at-home events.

With Carlsberg, Heineken last year took over Scottish and Newcastle. The transaction was part of an industry consolidation trend that also included the combining of SAB Miller and Molson Coors into MillerCoors and the merger of InBev and Anheuser-Busch. Consolidation may continue, but probably not on this scale because of the limited availability of credit.



# BOTTLED WATER



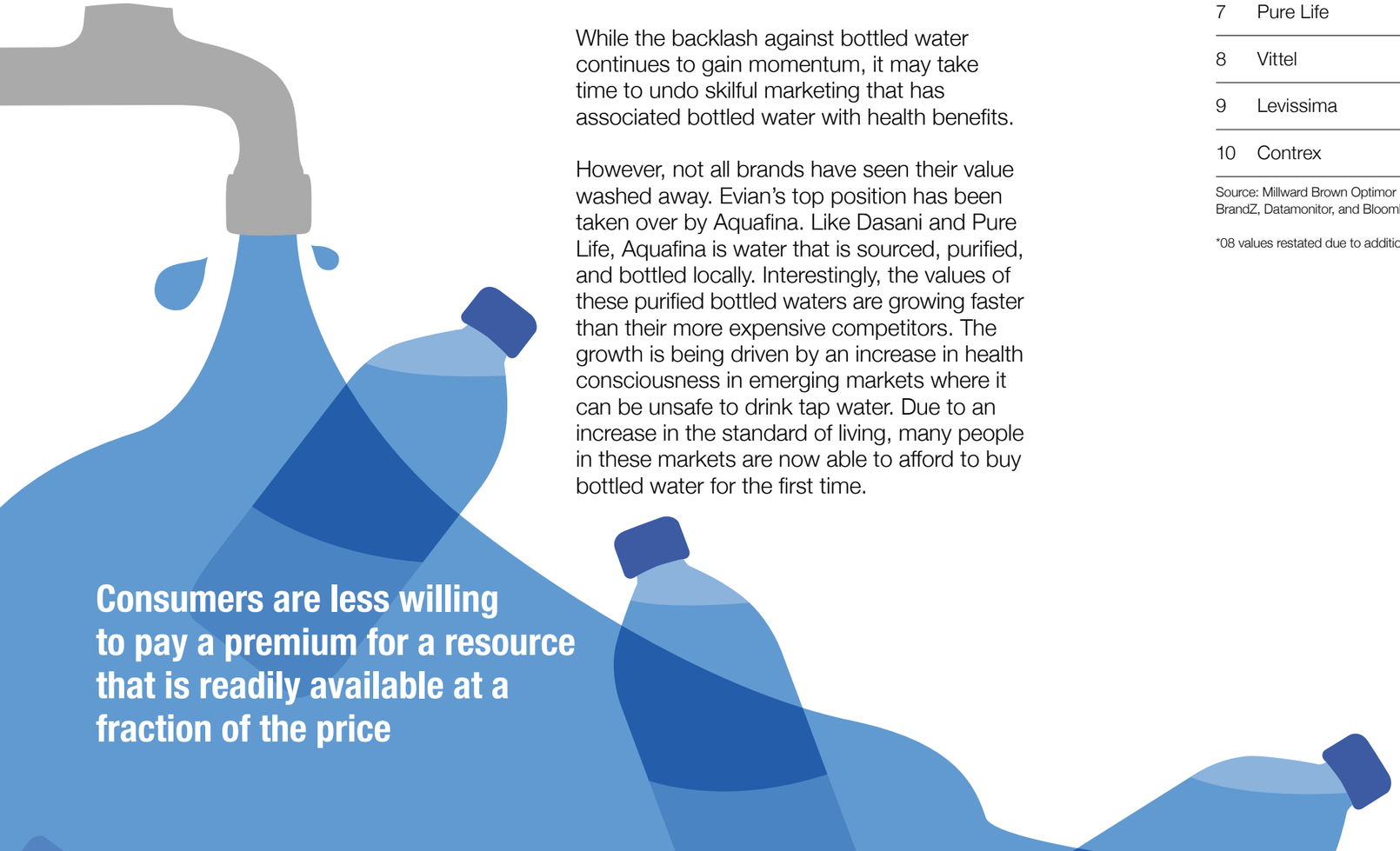
## Growth Slows to a Trickle

The total brand value of the bottled water category has grown by 2 percent, marking a significant slowdown from the previous year.

The preoccupation with hydration and health that drove the category has been displaced by environmental concerns about packaging water in plastic and shipping the bottles around the world. Also, in the current economic environment, consumers are less willing to pay a premium for a resource that is readily available at a fraction of the price.

While the backlash against bottled water continues to gain momentum, it may take time to undo skilful marketing that has associated bottled water with health benefits.

However, not all brands have seen their value washed away. Evian's top position has been taken over by Aquafina. Like Dasani and Pure Life, Aquafina is water that is sourced, purified, and bottled locally. Interestingly, the values of these purified bottled waters are growing faster than their more expensive competitors. The growth is being driven by an increase in health consciousness in emerging markets where it can be unsafe to drink tap water. Due to an increase in the standard of living, many people in these markets are now able to afford to buy bottled water for the first time.



**Consumers are less willing to pay a premium for a resource that is readily available at a fraction of the price**

| | Bottled Water | | | | |
|---|---|---|---|---|---|
| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change* |
| 1 | Aquafina | 810 | 3 | 8 | 6% |
| 2 | Evian | 750 | 3 | 4 | -10% |
| 3 | Perrier | 689 | 3 | 3 | 1% |
| 4 | Dasani | 609 | 3 | 8 | 8% |
| 5 | Volvic | 530 | 3 | 4 | -1% |
| 6 | Poland Spring | 504 | 3 | 4 | 5% |
| 7 | Pure Life | 496 | 4 | 6 | 9% |
| 8 | Vittel | 345 | 3 | 4 | 1% |
| 9 | Levissima | 322 | 3 | 4 | -3% |
| 10 | Contrex | 287 | 3 | 3 | -10% |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor

*08 values restated due to additional data inputs

**KEY TAKE OUT 7**

**Be Real**
The flippant tone that often sold products in recent years will not sit well with today's more serious consumers. Worried about day-to-day matters and the future, and with less money in the household budget, consumers want brands that can be trusted to live up to their promise.

# CARS

## Cars Stall in Global Slowdown

The car category has lost 22 percent in brand value.

As if the credit crunch, structural challenges, and the decline in consumer confidence were not enough to contend with, manufacturers also struggled to contain the price increases needed to keep pace with the rising cost of commodities.

The impact of this perfect storm was particularly acute in the U.S., as higher fuel prices and concern for the environment shifted consumer preference away from the market's traditional high-powered vehicles. Detroit CEOs spent much of their time negotiating with Congress for bail-out funding.

In Europe, the car industry has also been severely affected. But the region is more advanced in the development of fuel efficient alternatives. Governments in France, Germany, and Spain offered financial incentives to consumers willing to replace certain older cars with a more efficient model. Sales of European luxury brands suffered because businesses ordered significantly fewer BMWs and Mercedes as perks for key executives.

However it is interesting to note that some of the most valuable automotive brands are luxury brands – BMW, Porsche and Mercedes.




| Cars | | | | | |
|---|---|---|---|---|---|
| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
| 1 | Toyota | 29,907 | 4 | 6 | -15% |
| 2 | BMW | 23,948 | 4 | 9 | -15% |
| 3 | Porsche | 17,467 | 4 | 3 | -20% |
| 4 | Mercedes | 15,499 | 3 | 4 | -14% |
| 5 | Honda | 14,571 | 2 | 7 | -12% |
| 6 | Nissan | 10,206 | 2 | 4 | -13% |
| 7 | Ford | 5,921 | 3 | 3 | -46% |
| 8 | Volkswagen | 5,847 | 3 | 7 | -18% |
| 9 | Lexus | 4,551 | 3 | 4 | -21% |
| 10 | Chevrolet | 4,329 | 4 | 3 | -60% |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor

**The car category has lost 22 percent in brand value**

# COFFEE

## Waking-Up to Home-Brewed Coffee

The coffee category ranks third in year-on-year growth with an 18 percent increase in brand value.

In bad economic times people still enjoy small, inexpensive, daily pleasures. Individuals who savor the coffee house experience are increasingly saving money by brewing at home.

To satisfy this growing desire for a premium, at-home coffee break, coffee manufacturers are offering sophisticated coffee systems and premium roast and ground coffees. The two top-ranked brands, Nescafé and Nespresso, increased in brand value by 23 percent and 27 percent, respectively.

Nespresso has been especially successful with its brewing system, which matches a range of high-tech, high-style coffee makers with an appealing selection of specialty coffees. Like most proprietary coffee systems it is designed to accept only coffee packaged in pods that fit the company's machines.

To increase the number of coffee drinkers, some brands are offering special ranges of coffees to young people in Asia. The hope is that they might be more willing than their parents to experiment with new products that break from local tea-drinking tradition. Coffee consumption in China is up 20 percent year-on-year.

Starbucks coffee scores particularly high in brand contribution, the measurement of the consumer's bond with the brand. Leading coffee brands in general score high in this metric, a characteristic typically associated with luxury brands.

This strong customer bond results in part from communication around the brand, which usually is less about functionality and more about the product story, with elements including the origin of the coffee beans and the occasion for drinking. The premium French brand Carte Noire, for example, emphasizes shared warm moments with a partner.

This emotional connection to the brand should provide some protection against the lure of private labels during these difficult economic times. At the higher end, private label purchases will be discouraged by coffee systems that accept only the proprietary brand.

**Individuals who savor the coffee house experience are increasingly saving money by brewing at home**



| Coffee | | | | | |
|---|---|---|---|---|---|
| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
| 1 | Nescafé | 5,648 | 4 | 5 | 23% |
| 2 | Nespresso | 2,451 | 4 | 5 | 27% |
| 3 | Folgers | 1,331 | 4 | 6 | 9% |
| 4 | Maxwell House | 1,315 | 4 | 7 | 18% |
| 5 | Jacobs | 1,006 | 4 | 6 | 5% |
| 6 | Starbucks | 848 | 5 | 7 | 2% |
| 7 | Douwe Egberts | 732 | 5 | 7 | 17% |
| 8 | Carte Noire | 606 | 4 | 6 | -7% |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

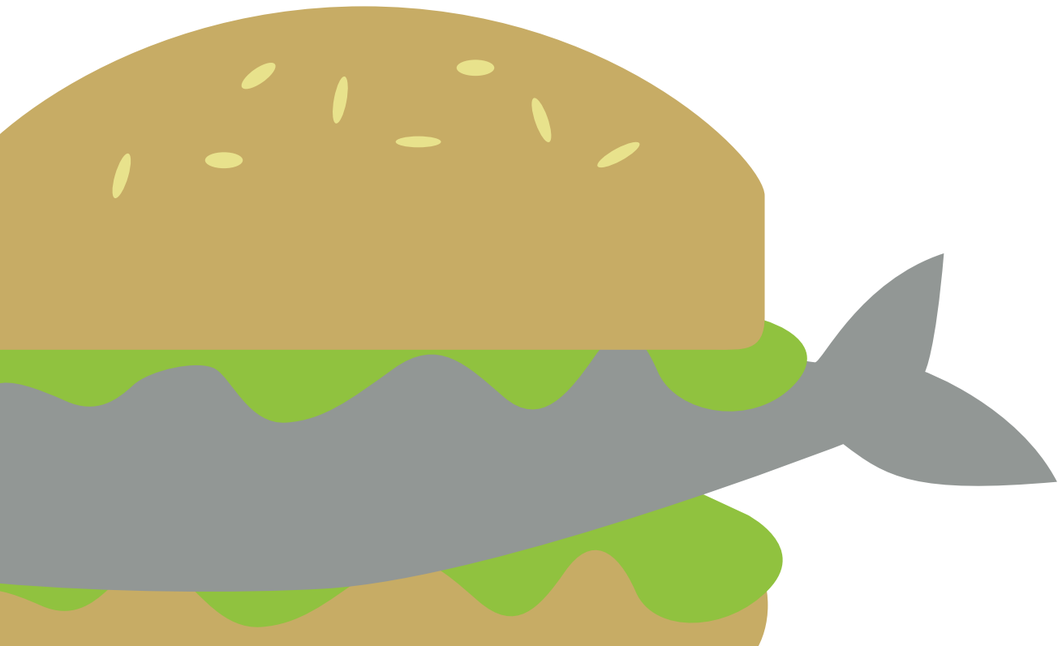
MillwardBrown Optimor

# FAST FOOD

| Fast Food | | | | | |
|---|---|---|---|---|---|
| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
| 1 | McDonald's | 66,575 | 4 | 6 | 34% |
| 2 | SUBWAY | 10,997 | 4 | 10 | 6% |
| 3 | KFC | 6,721 | 3 | 7 | 10% |
| 4 | Starbucks | 6,413 | 4 | 5 | -43% |
| 5 | Tim Horton's | 3,843 | 4 | 9 | 1% |
| 6 | Pizza Hut | 3,114 | 3 | 5 | -3% |
| 7 | Wendy's | 3,030 | 3 | 8 | 72% |
| 8 | Burger King | 2,429 | 2 | 8 | 10% |
| 9 | Taco Bell | 1,711 | 3 | 5 | -11% |
| 10 | Arby's | 661 | 3 | 7 | 10% |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor



## Healthier Menus Broaden Appeal

With value top-of-mind in these troubling economic times, sales of fast food are on the rise.

The category ranks fourth in overall brand value growth with a year-on-year rise of 16 percent. The brand value of two of the leading fast food restaurants – McDonald's and Burger King – is up by 34 percent and 10 percent, respectively.

This strong performance is about more than being in the right place (low-price focused) at the right time (during a recession). The category leaders have adjusted their menus not only to emphasize value for money, but also to meet the consumer demand for healthier ingredients.

SUBWAY, number two in the fast food category ranking, added a price message to its long-held position as the nutritional sandwich alternative to the hamburger chains. KFC, third-ranking in brand value, expanded its signature chicken menu to include fish and beef.

**The category leaders have adjusted their menus not only to emphasize value for money, but also to meet the consumer demand for healthier ingredients**

The chains also designed menus to build sales throughout the day. McDonald's experienced the greatest growth in customer traffic, driven by its improved coffee offering and the introduction of its McCafé. Originally a coffee house concept, McCafé now refers to a line of espresso-based drinks that the chain will introduce to most of its 14,000 U.S. outlets by the end of 2009.

International expansion, particularly in Asia, also contributed to the fast food category's strength. Even Burger King, which had been focused primarily on North America and parts of Europe, is increasing its presence in Asian markets.

SUBWAY, with almost 31,000 outlets in 88 countries, is challenging the global reach of McDonald's, which operates about the same number of restaurants in 119 countries.

Wendy's increase in brand value is the fourth strongest year-on-year improvement among all categories in the BrandZ study. The performance reflects corporate initiatives that more than doubled earnings and produced higher margins in company-operated outlets, following a year of severe losses in 2007.

McDonald's was one of only two stocks in the Dow Jones Industrial Average that gained in value during 2008.

# FINANCIAL INSTITUTIONS

| Financial Institutions | | | | |
|---|---|---|---|---|
| # | Brand | Brand Value $M | Brand Contribution | Brand Value as % of Market Capitalization* |
| 1 | ICBC | 38,056 | 2 | 21% |
| 2 | China Construction Bank | 22,811 | 2 | 18% |
| 3 | Bank of China | 21,192 | 2 | 20% |
| 4 | HSBC | 19,079 | 2 | 15% |
| 5 | Visa | 16,353 | 3 | 37% |
| 6 | Wells Fargo | 16,228 | 2 | 15% |
| 7 | Santander | 16,035 | 2 | 24% |
| 8 | Bank of America | 15,480 | 2 | 20% |
| 9 | American Express | 14,963 | 3 | 61% |
| 10 | RBC | 14,894 | 3 | 34% |
| 11 | Citi | 14,608 | 3 | 33% |
| 12 | BBVA | 12,549 | 3 | 30% |
| 13 | TD | 10,991 | 3 | 36% |
| 14 | Chase | 10,582 | 2 | 9% |
| 15 | Standard Chartered | 8,219 | 2 | 43% |

*For Financial Institutions, we have chosen not to calculate Brand Momentum, given capital markets' difficulty in assessing even near-term growth in the industry. We have instead chosen to publish Brand Value as a % of Market Capitalization, to show that most brands can uphold the business in difficult times.

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor

## Brands in the financial institutions category that were less exposed to the credit crisis enjoyed healthier growth in brand value.

### Value Grows for Chinese and Brazilian Banks

The sub-prime debacle, which originated in North America and rippled around the world, caused a year of enormous challenges and changes for the banks.

Many Western banks particularly exposed to the crisis have suffered significant decreases in brand value as a result. Several investment banks have disappeared, and the total brand value of the financial institutions category dropped by 11 percent. HSBC is the UK bank least affected by the credit crisis: They were insulated by their strong presence in emerging markets.

Because of the volatility, the rankings in this category do not include a calculation for brand momentum, which assesses the prospects for short-term growth. Instead, the rankings show brand value as a percentage of business value. This calculation suggests that most brands can uphold the business in difficult times.

Not surprisingly, brands in the financial institutions category that were less exposed to the credit crisis enjoyed healthier growth in brand value.

The top three banks in brand value are Chinese. With 168 percent increase in brand value, China Merchants Bank leads all brands across every category in year-on-year brand value growth.

Bradesco — in the top 100 for the first time at number 98 — has increased significantly in brand value because of the growing Latin American market. The Spanish banks, Santander and BBVA, also enjoyed significant growth from expansion in Latin America.

The two Canadian banks, RBC and TD held their brand value relatively well because of conservative lending policies dictated by government regulations. TD makes its debut in the ranking this year.

### Payment Card Brands Remain Stable

Payment cards in general are doing better than banks. Determined to gain better control of their finances, consumers are increasingly relying on debit cards. This is why Visa, who offer debit as well as credit cards, and Amex which requires payment in full each month, are doing well.

Credit card brands are under intensifying pressure from an increase in customer defaults and a decline in customer spending. Lower-risk customers, meanwhile, are paying outstanding balances faster, reducing revenue.

To manage risk, the credit card companies are applying stricter standards for credit applications. While decreasing losses, this approach has slowed the acquisition of new clients. The companies have also raised interest rates and lowered credit limits.

To compensate for the consumer cutback in discretionary spending, particularly on travel, the card brands introduced incentives encouraging customers to use their cards for more everyday purchases.

Visa makes its first appearance in the Top 100 at number 36 following its IPO last year.

# GAMING CONSOLES

## Gaming Plays Well With At-Home Trend

Sales of gaming consoles remain relatively strong despite the troubled economy, with 2008 revenue up 13 percent in the U.S.

Drawn by product innovation and affordability, consumers purchased gaming consoles as a less-expensive home entertainment alternative to an evening out.

The leading players in the home console market are the Nintendo Wii, the Microsoft Xbox 360, and the Sony PlayStation 3, with total sales of 34.5 million units, 28 million units, and 20 million units, respectively.

Nintendo Wii revolutionized gaming by allowing the player to control the game with body motion rather than the traditional joystick. The console also encourages gaming as a social rather than a solitary pursuit, often crossing the generations in family groups. And it delivers all of these benefits at a competitive price.

This innovation was driven by the company's core strategy, which is to appeal to a wide audience and to focus less on perfecting high definition graphics and more on revolutionizing the way people play games.

The relatively expensive Sony PlayStation 3 also reflects a corporate strategy. The console comes with a Blu-ray device, which can be used with a television to watch movies and helps Sony distribute its proprietary Blu-ray technology into the market.

The category's leading brand, Nintendo DS, with about 34 million units sold, is a hand-held console. While it can be played at home, its main advantage is its portability.

Portability poses a challenge to the gaming console category. Many of the latest mobile phones, such as the iPhone, come with interactive screens that can provide a portable console alternative.

The economy may challenge the industry, too. Reduced disposable income could have an immediate impact on sales. And any layoffs among game producers could have the long-term effect of reducing the supply of new, compelling games in an industry that depends on them.

Still, with more people spending time at home with family, seeking security and saving money, these difficult times could actually drive sales.

**With more people spending time at home with family, seeking security and saving money, these difficult times could actually drive sales**

| Gaming Consoles | | | | | |
|---|---|---|---|---|---|
| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
| 1 | Nintendo DS | 9,659 | 2 | 3 | N/A |
| 2 | Nintendo Wii | 8,256 | 3 | 5 | N/A |
| 3 | Microsoft Xbox 360 | 4,581 | 3 | 8 | N/A |
| 4 | Sony PlayStation 3 | 341 | 2 | 4 | N/A |
| 5 | Microsoft Xbox | 313 | 1 | 6 | N/A |
| 6 | Nintendo Game Boy | 222 | 1 | 3 | N/A |
| 7 | Sony PSP | 144 | 2 | 3 | N/A |
| 8 | Sony PlayStation 2 | 119 | 1 | 2 | N/A |
| 9 | Nintendo GameCube | 96 | 1 | 2 | N/A |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor

**KEY TAKE OUT**

**8 Listen Closely, Act Quickly and Communicate Loudly**

Among the ascendant brands today are Wal-Mart and McDonald's. Yes, both brands are in the right place (low price) at the right time (recession). But their positioning is only part of the story. Several years ago, consumers objected loudly about Wal-Mart's labor practices and the company's negative impact on the environment. They criticized McDonald's menu as unhealthy. Both brands listened, made changes, communicated effectively, and turned problems into opportunities.

# INSURANCE

## A Risky Business

As a result of the global economic crisis, the brand value of the insurance category has declined by 48 percent.

It is the worst performance among the 17 categories tracked by the BrandZ ranking.

Business insurers suffered disproportionately as defaults on excessively risky loans drew down their reserves.

Germany's Allianz proved most stable in brand value with a relatively small decline of only 9 percent. Protected somewhat from the financial crisis by its geographic and investment portfolio diversity, Allianz turned a profit in 2008.

Generally, American companies fared better than other competitors because their more balanced portfolios include a greater mix of personal as well as business products. GEICO's greater exposure to the car insurance business insulated the brand from the current market conditions and helped it to climb five places in the insurance category ranking.

State Farm, which ranks number one in the insurance category top 10, declined in brand value by 27 percent. But its performance was relatively strong compared with the 82 percent decline in brand value suffered by Mitsui Sumitomo Insurance, which ranks last.

**Generally, American companies fared better than other competitors because of their more balanced portfolios**



| Insurance | | | | |
|---|---|---|---|---|
| # | Brand | Brand Value $M | Brand Contribution | Brand Value as % of Market Capitalization* |
| 1 | State Farm | 6,922 | 2 | N/A** |
| 2 | Allianz | 5,669 | 2 | 15% |
| 3 | AXA | 3,701 | 1 | 9% |
| 4 | ING | 2,936 | 2 | 15% |
| 5 | Allstate | 2,371 | 2 | 17% |
| 6 | GEICO | 1,916 | 2 | N/A*** |
| 7 | MetLife | 1,856 | 2 | 8% |
| 8 | Zurich | 1,659 | 2 | 6% |
| 9 | AIG | 1,488 | 1 | 6% |
| 10 | Sumitomo Life Insurance | 1,073 | 2 | 4% |

*For Financial Institutions and insurers, we have chosen not to calculate Brand Momentum, given capital markets' difficulty in assessing even near-term growth in the industry. We have instead chosen to publish Brand Value as a % of Market Capitalization, to show that most brands can uphold the business in difficult times.

**State Farm is a private company

***Not applicable as Berkshire Hathaway's market cap is not reflective of the Geico brand

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor

# LUXURY

## Luxury Dims, but Only Slightly

Three brands – Hermès, Gucci, and Rolex – have maintained double-digit growth in brand value.

This accomplishment is significant at a time when many consumers can no longer afford expensive products. And those who can often feel compelled to constrain spending, concerned that flaunting luxury badges would project insensitivity and poor taste.

The luxury category has grown by 10 percent in brand value, driven mostly by demand in China and other developing markets. In addition, classic and timeless brands have done a better job of resisting the recession. As the most ubiquitous luxury brand, Louis Vuitton, which leads the category with a brand value of $19.4 billion, also benefited from this trend.

**All the luxury brands score high on brand contribution, reflecting the tight bond they have with customers**

All the luxury brands score high on brand contribution, reflecting the tight bond they have with customers. These scores have not softened, despite the economic pressure, suggesting that spending will resume when consumer confidence returns.

Luxury brands may benefit in a recession as customers reward themselves with affordable luxury treats. Some investment gurus have even suggested investing in luxury items as a more reliable return on investment than the stock market. Rolex watches, for example, often increase in value on the second-hand market.

Several luxury brands held secret sales late in the year to move excess stock without tarnishing their brand image. Brands such as Moët & Chandon, Gucci, and Louis Vuitton adjusted their messages to emphasize brand heritage, which resonates with the more reflective consumer mood.

After many years of high growth, with exciting and avant-garde designs and advertising, in 2008 Louis Vuitton went back to its heritage with the launch of the *Journey* campaign, featuring celebrities such as Keith Richards and Sean Connery. The idea of the campaign is a celebration of Louis Vuitton's origins: travel and discovery, but also an invitation for consumers to live their lives as a journey. This was a masterstroke in the current times. People are looking for brands that they can trust, that have stood the test of time and that they perceive to provide value. Louis Vuitton's classic quality and timeless style play straight into this trend.

| | Luxury | | | | |
|---|---|---|---|---|---|
| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change* |
| 1 | Louis Vuitton | 19,395 | 4 | 7 | 5% |
| 2 | Hermès | 7,862 | 4 | 6 | 13% |
| 3 | Gucci | 7,468 | 4 | 5 | 15% |
| 4 | Chanel | 6,219 | 4 | 6 | -3% |
| 5 | Rolex | 5,532 | 4 | 5 | 35% |
| 6 | Hennessy | 5,403 | 5 | 7 | 0% |
| 7 | Cartier | 4,913 | 4 | 3 | -12% |
| 8 | Moët & Chandon | 4,847 | 5 | 7 | -2% |
| 9 | Fendi | 3,469 | 4 | 4 | 5% |
| 10 | Prada | 2,704 | 4 | 5 | 0% |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor

*08 brand values restated due to additional data inputs

# MOBILE OPERATORS

## Operators Top Ranking in Category Growth

The mobile operator category ranks number one in brand value growth among all categories surveyed in this BrandZ ranking, with an increase of 28 percent.

Convergence is the key driver of category growth as more consumers abandon landlines in favor of wireless products and services. Increases in data services are generating increased revenue.

Other factors that contributed to the strong category performance include: expansion in the BRIC markets; the refinement of brand offerings; and the introduction of innovative new products by handset suppliers.

Three mobile operators in particular have driven the category brand value growth:

- AT&T's brand value improved by 67 percent year-on-year, moving the U.S. company up three places in the category ranking to number three
- Vodafone, headquartered in the UK, remains in second place, with 45 percent growth in brand value
- With a year-on-year growth of 34 percent in brand value, Spanish-owned Movistar moves up one place to number seven in the category ranking

In addition, Beeline, a Russian operator, enters the top 10 ranking this year for the first time, in tenth place just below MTS, the highest valued Russian brand.

Other BRIC countries also drove category growth, especially because of opportunities in rural areas without landlines where cellular operators provide the first extensive telephone service. This factor accounted for half of the China Mobile's growth, which, with a brand value of $61.2 billion, ranks first in the category.

Having acquired India's leading mobile operator, Hutch Essar, a couple of years ago, Vodafone launched an Indian branding campaign in 2008 called *Happy to Help*. The campaign addressed an issue faced by all category players – the need to create a brand relationship with the customer by focusing on service in a category susceptible to commoditization.

Mobile operators also seek to strengthen the customer bond through co-branding arrangements with handset suppliers. AT&T has benefited from its affiliation with Apple's iPhone, whose customers generate, on average, 30 percent higher revenue than customers with handsets that provide fewer data use options. The iPhone also aided the brand value growth of O2, the UK operator that entered the BrandZ Top 100 this year at number 78. Similarly, Vodafone offered the popular BlackBerry Storm, also a touch-screen device aimed at non-business users.

Japan's NTT DoCoMo also continued to build a strong mobile operator brand around successful collaboration with manufacturers of handheld phones and content providers.

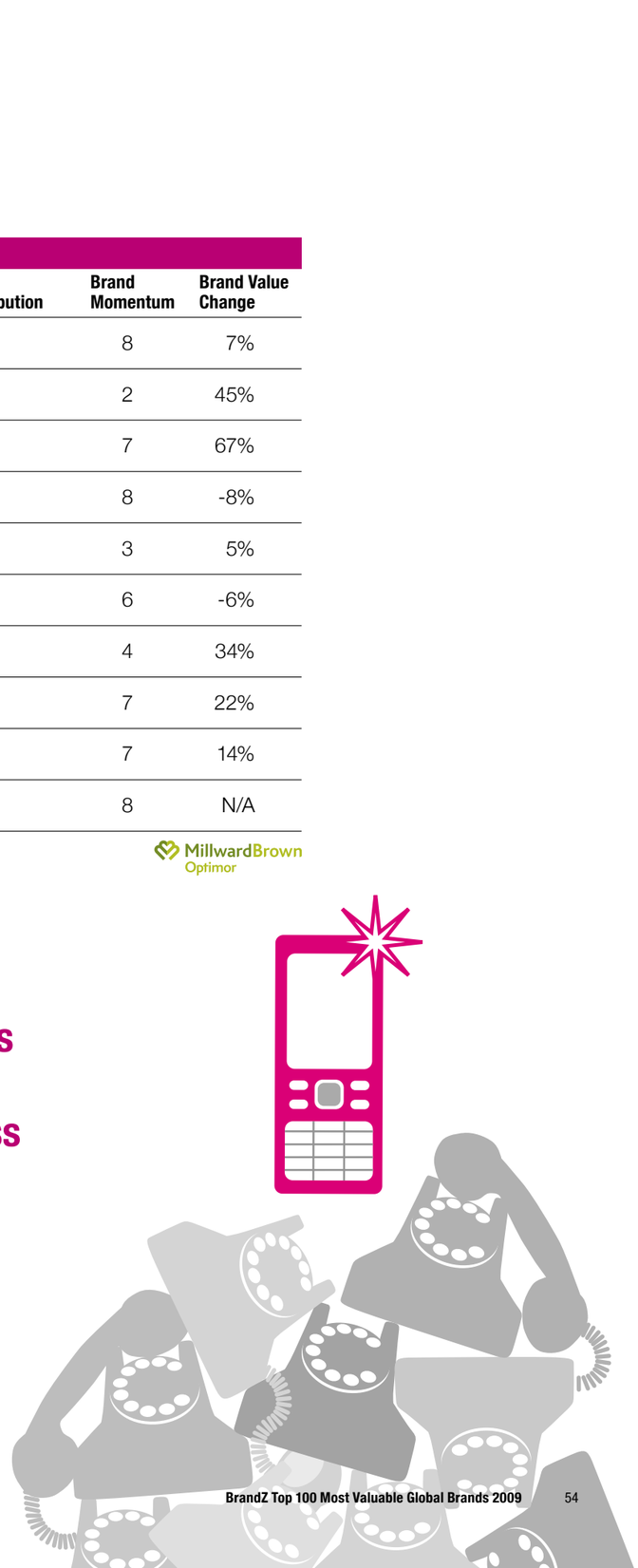


| Mobile Operators | | | | | |
|---|---|---|---|---|---|
| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
| 1 | China Mobile | 61,283 | 3 | 8 | 7% |
| 2 | Vodafone | 53,727 | 3 | 2 | 45% |
| 3 | AT&T | 20,059 | 3 | 7 | 67% |
| 4 | Verizon Wireless | 17,713 | 3 | 8 | -8% |
| 5 | NTT DoCoMo | 15,776 | 2 | 3 | 5% |
| 6 | Orange | 13,242 | 2 | 6 | -6% |
| 7 | Movistar | 10,911 | 2 | 4 | 34% |
| 8 | T-Mobile | 10,864 | 2 | 7 | 22% |
| 9 | MTS | 9,189 | 3 | 7 | 14% |
| 10 | Beeline | 8,884 | 3 | 8 | N/A |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor

**Convergence is the key driver of category growth as more consumers abandon landlines in favor of wireless products and services**



# MOTOR FUEL

| | Motor Fuel | | | | |
|---|---|---|---|---|---|
| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
| 1 | BP | 5,936 | 2 | 2 | -6% |
| 2 | Shell | 4,151 | 2 | 1 | -16% |
| 3 | Mobil | 1,525 | 1 | 1 | -17% |
| 4 | Exxon | 1,410 | 2 | 1 | -1% |
| 5 | PetroChina | 1,113 | 3 | 4 | -19% |
| 6 | Texaco | 1,081 | 2 | 1 | 5% |
| 7 | Chevron | 862 | 2 | 2 | 3% |
| 8 | Esso | 858 | 2 | 1 | -20% |
| 9 | Repsol | 836 | 3 | 3 | N/A |
| 10 | Aral | 745 | 3 | 3 | -1% |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor

**During 2008, the price of crude oil rose from $40 a barrel to over $140 and dropped almost back down to where it started. These fluctuations changed consumer behavior worldwide**

## Brands Fluctuate With Oil Prices

During 2008, the price of crude oil rose from $40 a barrel to over $140 and dropped almost back down to where it started. These fluctuations changed consumer behavior worldwide.

The brand values of the retail gasoline category leaders have suffered with each of the top five dropping in value. The total category value is down 5 percent. But the reason for this drop is purely because of the fall in the value of gasoline and drop in oil prices.

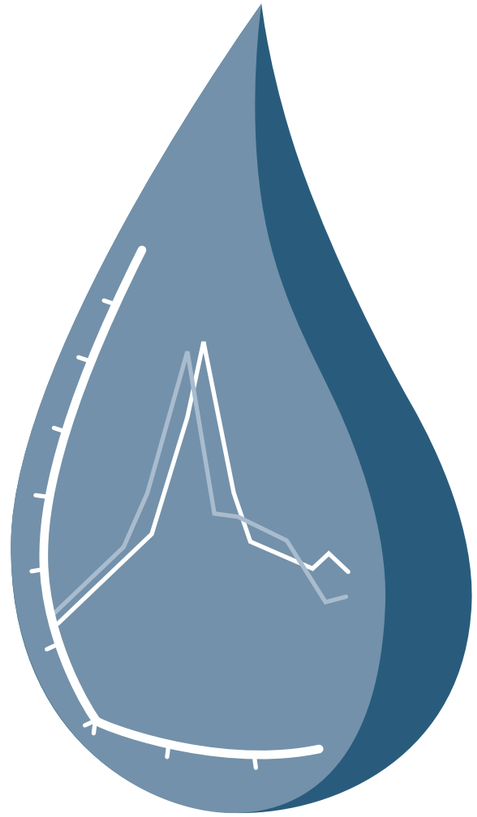
The brand values in this category appear low, but that is because this is only part of the story. The brand values published here reflect the value of gasoline in the retail market, which is a relatively small part of the business.

Much of the value for oil companies, in terms of their brand and business value, is made in their upstream businesses rather than on gas station forecourts. The brand element is at least as important, if not more, in the business-to-business environment than it is on the retail side. However, unlike many business-to-business brands, oil companies have relatively few customers in their upstream markets, and these can be very difficult to reach through quantitative research. Millward Brown is looking at how to develop the BrandZ methodology to capture and reflect the upstream value of the oil companies in future.

For much of the year, the oil market was most noted for its elasticity. But once the price-per-barrel reached $100, sales dropped, and many places experienced protests, even civil unrest.

A high-volume, low-margin business, retailing gasoline successfully requires tremendous distribution capability. BP and Shell lead the industry with the number one and two most valuable brands and some of the most standardized networks of retail outlets worldwide.

PetroChina's position at number five, indicates the rising potential in BRIC markets where we expect to see strong brand emerging in future.



# PERSONAL CARE

## Mid-Level Brands Looking Better

Brand value in the personal care category is up two percent with mass market brands offsetting the decline in higher-end brands such as Lancôme and Estée Lauder.

Growth in the sector resulted mostly from the strength of the dental care brands. Colgate's brand value rose 17 percent, driven in part by toothpaste innovations and new product launches. With 14 percent brand value growth, Unilever's Signal is the second fastest growing dental care brand. As part of the money-saving trend, people are looking for products that they can use at home, rather than spending money at the dentist.

The higher-end personal care brands are particularly vulnerable in the current environment, and several are attempting to improve their appeal to younger clientele. This trend potentially benefits private-label and mid-range brands.

The brand values of Nivea and Avon increased by 24 percent and 20 percent respectively, as people traded-down. Demand in Asia boosted sales of both brands. Avon also benefited from online purchasing.

Strong personal care brands that project heritage and stability may benefit as consumers, in turbulent times, seek emotional support from their favorite brands. Along with emotion, functionality also should continue to propel the growth of certain brands.

Gillette remains the number one brand in the personal care category, with a brand value of $22.9 billion, up 6 percent from a year ago. Its great success is due in part to a continuous innovation process, which has earned a 70 percent share of the market for manual blades and razors. The Fusion razor, for example, is the first $1 billion product in Procter & Gamble's portfolio. But Gillette isn't just great at product innovation, it is also a great brand. The successful three heroes campaign is an example of a global brand adapting to local tastes. The "heroes" used in the campaign are changed depending on the country it is used in.

**KEY TAKE OUT**

**9 Stay Relevant**

Where consumers are trading down, new opportunities abound. Some people are actually trading out of one category and into another. For example, out of coffee houses and into quality coffee to prepare at home. The winners will be the brands that move quickly to keep up with or even create these trends. One established brand working to stay relevant is Starbucks, which recently launched an instant coffee range.

**Personal care brands that project heritage and stability may benefit as consumers, in turbulent times, seek emotional support from their favorite brands**

| Personal Care | | | | | |
|---|---|---|---|---|---|
| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
| 1 | Gillette | 22,919 | 5 | 6 | 6% |
| 2 | L'Oréal | 14,991 | 4 | 6 | -9% |
| 3 | Colgate | 12,396 | 4 | 8 | 17% |
| 4 | Avon | 8,631 | 3 | 4 | 20% |
| 5 | Nivea | 6,572 | 3 | 4 | 24% |
| 6 | Garnier | 5,234 | 3 | 7 | -5% |
| 7 | Lancôme | 4,278 | 4 | 6 | -2% |
| 8 | Oral-B | 3,496 | 3 | 5 | 6% |
| 9 | Dove* | 3,279 | 3 | 6 | 0% |
| 10 | Crest | 2,924 | 4 | 7 | 3% |
| 11 | Olay | 2,866 | 4 | 7 | 0% |
| 12 | Shiseido | 2,405 | 4 | 7 | -5% |
| 13 | Estée Lauder | 2,122 | 4 | 2 | -10% |
| 14 | Secret | 1,863 | 4 | 7 | -6% |
| 15 | Signal* | 1,627 | 3 | 6 | 14% |

* Unilever 08 brand values restated due to additional data inputs

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor

# RETAIL

## Discount and Online Dominate Growth

"60 percent off is the new retail price."

The quote, attributed to a magazine editor, sums up the retail category today.

Among traditional bricks and mortar retailers, those aligned with this new frugality are doing well; those who are not are suffering. The BrandZ ranking reflects this dichotomy. It also reveals the growing appeal of online shopping.

After years attempting to soften its discount image, the world's largest retailer – Wal-Mart – has been playing to its core strength, securing its hold as the number one retail brand with an increase of 19 percent in brand value.

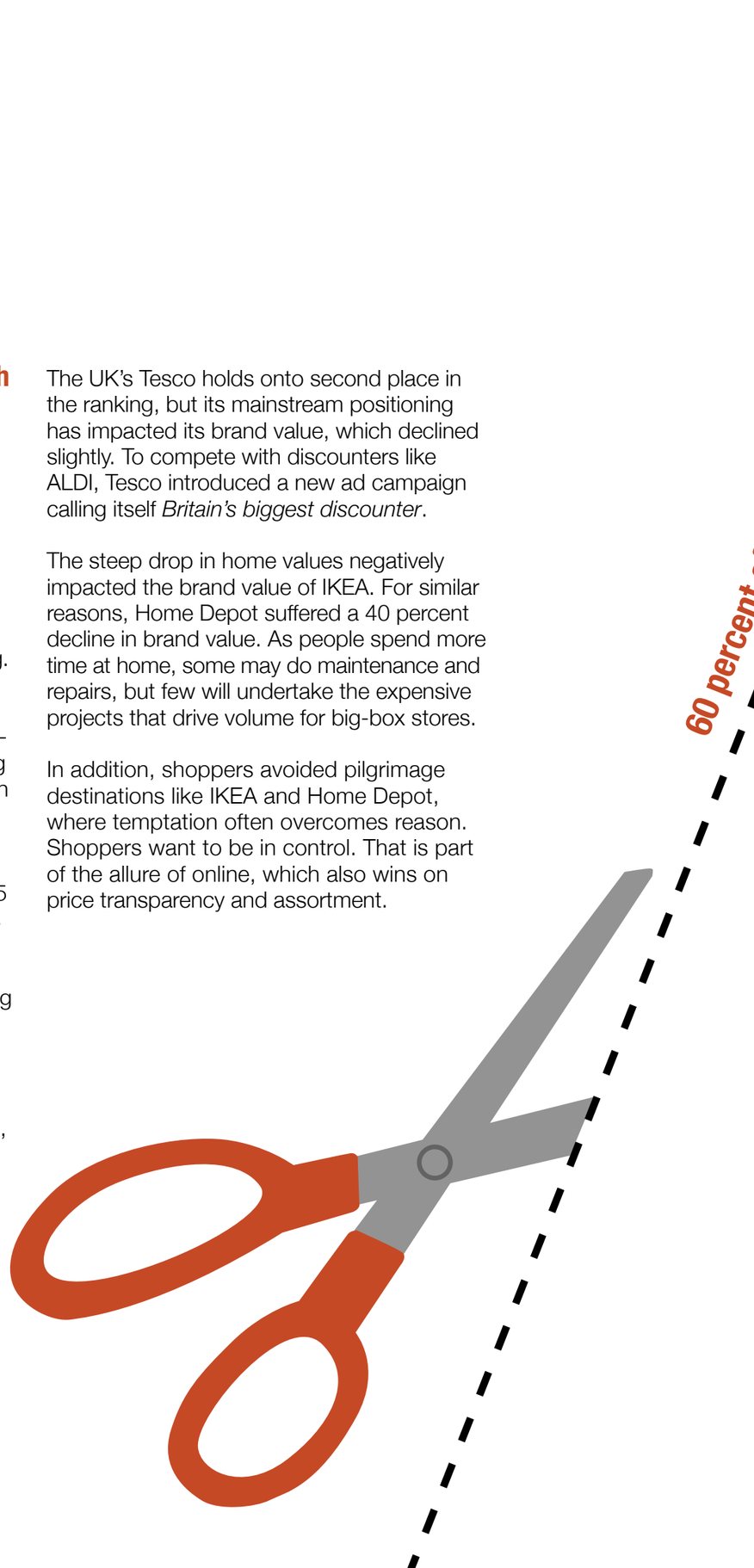
Amazon has climbed four spots to third place in the BrandZ ranking on the strength of an 85 percent increase in brand value, which places it high on the list of the top 20 risers.

Two European chains known for sharp pricing – France's Auchan, a hypermarket, and the German retailer ALDI, a hard discount food merchant – each increased in brand value by almost 50 percent. Aggressively targeting the UK, ALDI plans to offer its budget-priced, predominately private-label range in 150 new stores.

The UK's Tesco holds onto second place in the ranking, but its mainstream positioning has impacted its brand value, which declined slightly. To compete with discounters like ALDI, Tesco introduced a new ad campaign calling itself *Britain's biggest discounter*.

The steep drop in home values negatively impacted the brand value of IKEA. For similar reasons, Home Depot suffered a 40 percent decline in brand value. As people spend more time at home, some may do maintenance and repairs, but few will undertake the expensive projects that drive volume for big-box stores.

In addition, shoppers avoided pilgrimage destinations like IKEA and Home Depot, where temptation often overcomes reason. Shoppers want to be in control. That is part of the allure of online, which also wins on price transparency and assortment.




| Retail | | | | | |
|---|---|---|---|---|---|
| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
| 1 | Wal-Mart | 41,083 | 2 | 9 | 19% |
| 2 | Tesco | 22,938 | 4 | 9 | -1% |
| 3 | Amazon | 21,294 | 3 | 10 | 85% |
| 4 | Carrefour | 14,961 | 3 | 5 | -1% |
| 5 | eBay | 12,970 | 2 | 5 | 16% |
| 6 | Target | 12,254 | 3 | 7 | -17% |
| 7 | Auchan | 10,586 | 3 | 8 | 48% |
| 8 | Home Depot | 9,280 | 2 | 3 | -40% |
| 9 | ALDI | 8,638 | 2 | 8 | 49% |
| 10 | IKEA | 6,713 | 3 | 3 | -21% |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor

# SOFT DRINKS

## Brand Loyalty and Health Drive Strong Growth

The brand value of the soft drinks category has grown by 24 percent, lifting it to second place in year-on-year growth among the 17 categories featured in this ranking.

High brand contribution levels helped insulate the soft drinks category from the current economic pressure. Consumers appear reluctant to switch to an private-label brands.

In addition, the soft drinks category benefited from the increase in disposable income in China, which made the brands more affordable.

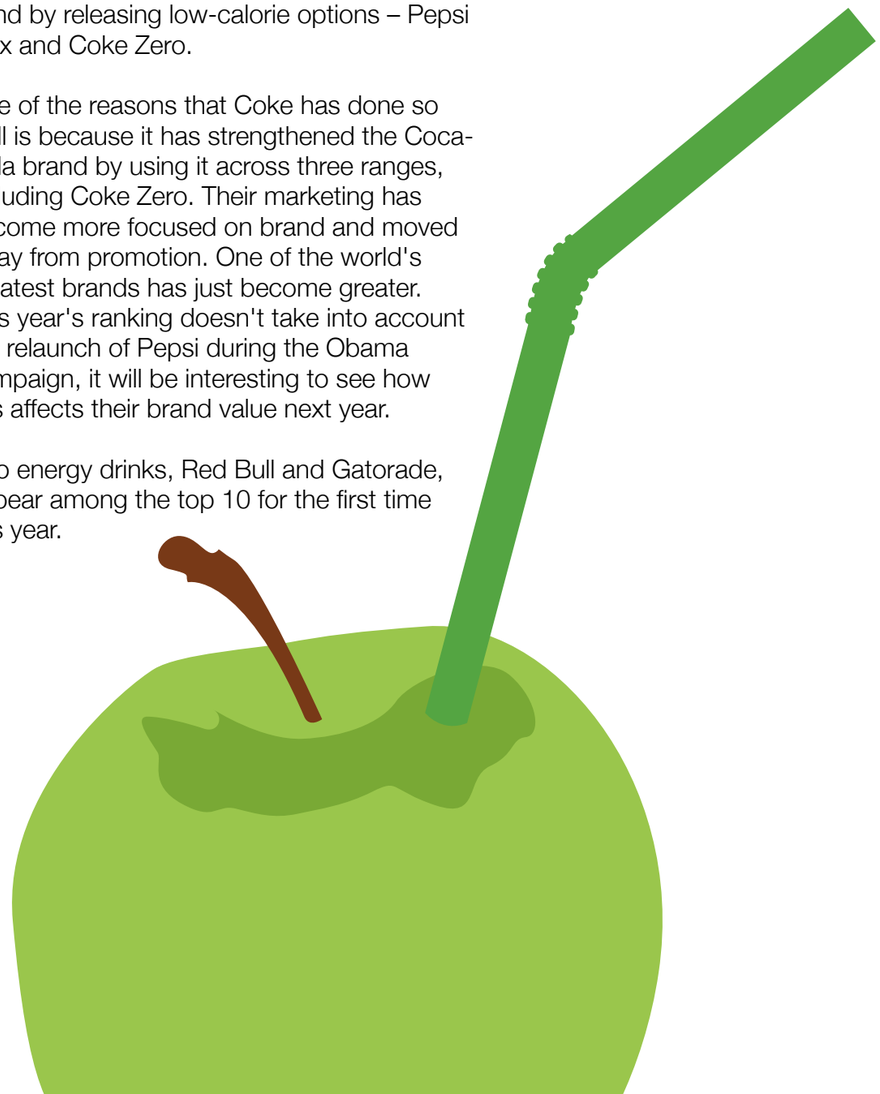
**Health concerns drove the growth of juice-based drinks and water fortified with vitamins**

The expanding range of heath-oriented products and the popularity of energy drinks were the greatest contributors to category growth. Health concerns drove the growth of juice-based drinks and water fortified with vitamins.

The move to healthier offerings has impacted the brand value of highly-sugared drinks. Both Pepsi and Coca-Cola responded to the health trend by releasing low-calorie options – Pepsi Max and Coke Zero.

One of the reasons that Coke has done so well is because it has strengthened the Coca-Cola brand by using it across three ranges, including Coke Zero. Their marketing has become more focused on brand and moved away from promotion. One of the world's greatest brands has just become greater. This year's ranking doesn't take into account the relaunch of Pepsi during the Obama campaign, it will be interesting to see how this affects their brand value next year.

Two energy drinks, Red Bull and Gatorade, appear among the top 10 for the first time this year.



| Soft Drinks | | | | | |
|---|---|---|---|---|---|
| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
| 1 | Coca-Cola | 53,315 | 4 | 8 | 16% |
| 2 | Coke (Diets, Lights and Zero) | 14,310 | 4 | 6 | 7% |
| 3 | Pepsi | 12,761 | 3 | 8 | -2% |
| 4 | Red Bull | 8,154 | 3 | 6 | N/A |
| 5 | Fanta | 4,575 | 2 | 8 | 23% |
| 6 | Sprite | 3,511 | 2 | 7 | 12% |
| 7 | Dr. Pepper | 2,799 | 3 | 3 | -3% |
| 8 | Gatorade | 2,399 | 3 | 6 | N/A |
| 9 | Diet Pepsi | 2,234 | 3 | 6 | -9% |
| 10 | Mountain Dew | 2,221 | 3 | 5 | -8% |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor

# SPIRITS

## Developing Markets Lift Spirits

The brand value of the spirits category is up by 5 percent.

Much of this growth comes from sales in developing markets where economies continue to grow albeit at a slower pace.

Whisky sales, in particular, benefit from demand in these markets as expanding middle classes spend disposable income on brands that denote status. Two competing Scotch whiskey brands, Johnnie Walker and Chivas, grew by 42 percent and 30 percent, respectively, in brand value. They rank among the top 20 brands, across all categories, in year-on-year brand value growth.

One of the reasons for the increase in value for Johnnie Walker is the growing popularity of whisky in China. Their *Keep Walking* campaign has been extremely successful and it is much more than just a liquor.

Despite growth in the popularity of whiskey, Smirnoff and Bacardi remain the top two names ranked by brand value. Although a vodka and rum, respectively, the brands compete for a similar customer, one seeking fun and energy release compared with the whiskey customer's focus on discernment and status.

In developed markets, weakened economies affect what spirits people purchase and where they consume them. To save money, and perhaps to appear less ostentatious, more individuals are switching to premium brands from super- or ultra-premium brands. For further savings, many are drinking off-premise at home or with friends to avoid restaurant and bar mark-ups.

Because the conventional wisdom holds that brands are built on-premise and volume is built off-premise, the shift in consumption venues brings special marketing challenges. Brand building needs to happen at every touch point, and more money is being spent on packaging.

**Many are drinking off-premise at home or with friends to avoid restaurant and bar mark-ups**

| Spirits | | | | | |
|---|---|---|---|---|---|
| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
| 1 | Smirnoff | 5,201 | 3 | 4 | 10% |
| 2 | Bacardi | 3,519 | 3 | 4 | 0% |
| 3 | Johnnie Walker | 2,571 | 2 | 4 | 42% |
| 4 | Jose Cuervo | 1,984 | 3 | 3 | -13% |
| 5 | Absolut | 1,651 | 3 | 3 | 7% |
| 6 | Baileys | 1,648 | 3 | 4 | 0% |
| 7 | Jack Daniel's | 1,621 | 4 | 7 | 1% |
| 8 | Chivas | 1,073 | 3 | 6 | 30% |
| 9 | Gordon's | 694 | 2 | 2 | -4% |
| 10 | Ballantine's | 656 | 3 | 5 | 11% |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor

KEY TAKE OUT

**10 Repeat Often: My Brand Is Important**

Your brand is even more important today, when consumers are looking for the best buy in every category. For everyday essentials, a strong brand reassures people that they are getting the best buy. In categories such as luxury or cars, where the purchase may be deferred, a strong brand gets you on the short list for serious consideration.

# TECHNOLOGY

## Technology Brands Top Ranking

Five of the top 10 in the BrandZ Top 100 are technology brands. The rapid ascent of these brands and their high values reflect the strength and velocity of the technology category, which grew by 2 percent last year.

Companies in the technology category include hardware, software, and service providers aimed at both consumers and business users. They share a common need to rapidly innovate in order to remain competitive in a category that is about constant change.

The key changes are driven by the digitalization of information. This has enabled the convergence of voice and data services, increased portability (see related story about mobile phones), and a shift from a model of information storage based on the PC to a Web-based alternative called cloud computing.

In the hardware sector, these changes are likely to mean an increase in popularity of laptops over PCs and also for netbooks. Due to increased price competition, margins will decline.

The rising popularity of online search advertising, which is cheaper than display, is benefitting Google which owns 73 percent market share in this area.

## Touch Screens Ignite Interest in Handhelds

It does not hurt when the President of the United States refuses to part with your product.

Barack Obama's demand to keep his BlackBerry in the White House reflects the high level of attachment that many people feel with this brand. Its huge increase in brand value this year was due to its success in appealing to consumers as well as business users. The development of the BlackBerry Storm with its touch screen was a key part of this strategy.

With mobile phones now in the hands of about half the earth's population, the category is maturing. The innovation cycle does not seem to be slowing, but the average cell phone user only purchases a new phone every 18 to 24 months.

This disconnect between the rate of innovation and the purchase cycle means that consumers are likely to appraise the product offering closely during each shopping visit. This makes the role of the retailer in guiding the purchase decision particularly important.

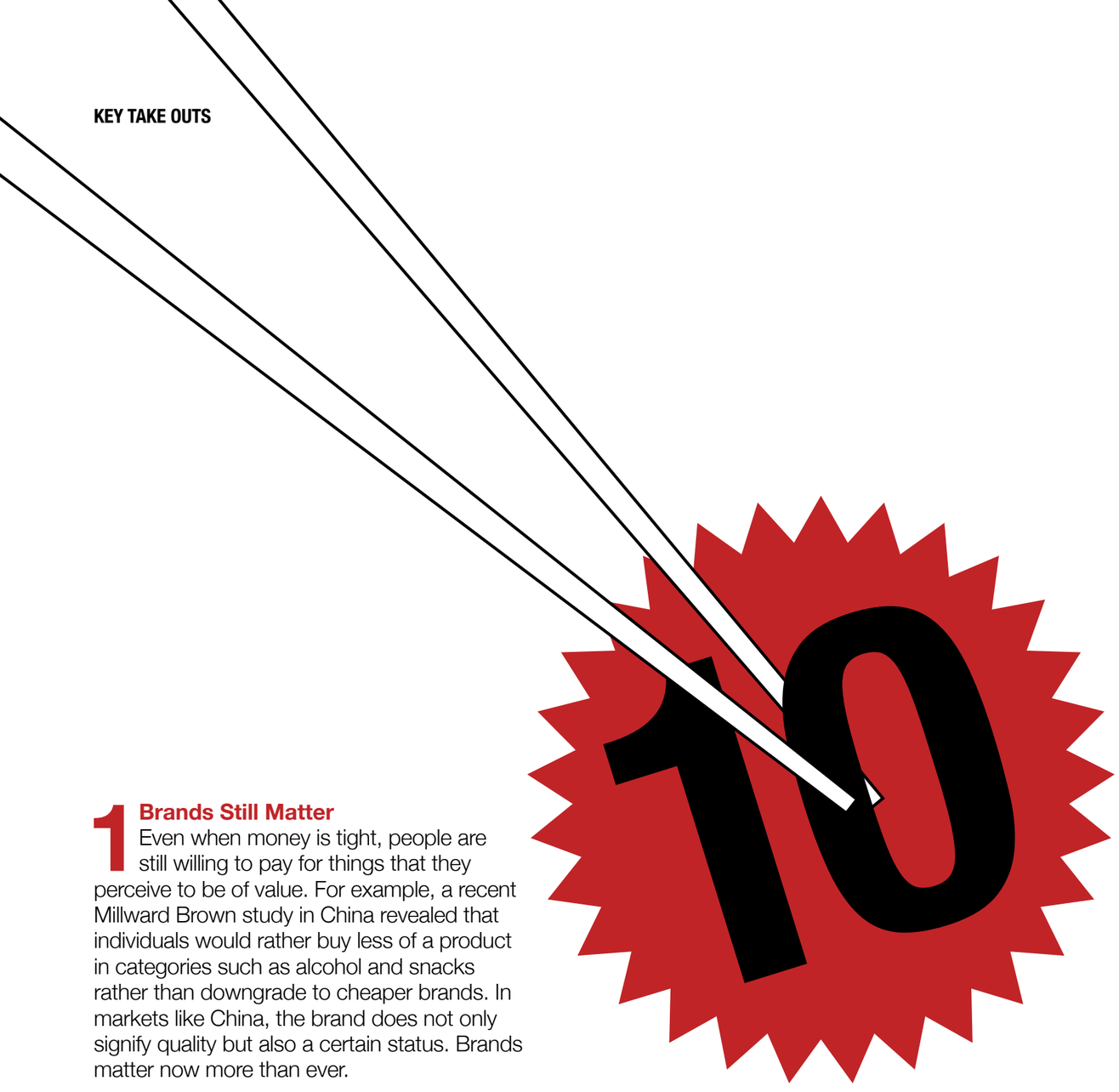
**It does not hurt when the President of the United States refuses to part with your product**



| | Technology | | | | |
|---|---|---|---|---|---|
| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
| 1 | Google | 100,039 | 3 | 3 | 16% |
| 2 | Microsoft | 76,249 | 3 | 8 | 8% |
| 3 | IBM | 66,622 | 3 | 5 | 20% |
| 4 | Apple | 63,113 | 3 | 9 | 14% |
| 5 | Nokia | 35,163 | 3 | 4 | -20% |
| 6 | BlackBerry | 27,478 | 2 | 6 | 100% |
| 7 | HP | 26,745 | 3 | 5 | -9% |
| 8 | SAP | 23,615 | 2 | 5 | 9% |
| 9 | Intel | 22,851 | 2 | 2 | 4% |
| 10 | Oracle | 21,438 | 2 | 5 | -6% |
| 11 | Cisco | 17,965 | 2 | 5 | -25% |
| 12 | Dell | 15,422 | 3 | 3 | 1% |
| 13 | Accenture | 15,076 | 3 | 3 | 7% |
| 14 | Siemens | 13,562 | 2 | 2 | -8% |
| 15 | Canon | 8,779 | 2 | 2 | -29% |
| 16 | Yahoo! | 7,927 | 2 | 2 | -31% |
| 17 | Samsung | 6,322 | 2 | 4 | -47% |
| 18 | Sony | 6,245 | 3 | 4 | 2% |
| 19 | Baidu | 5,768 | 5 | 10 | N/A |
| 20 | Sony Ericsson | 4,788 | 3 | 3 | 9% |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor




**1 Brands Still Matter**
Even when money is tight, people are still willing to pay for things that they perceive to be of value. For example, a recent Millward Brown study in China revealed that individuals would rather buy less of a product in categories such as alcohol and snacks rather than downgrade to cheaper brands. In markets like China, the brand does not only signify quality but also a certain status. Brands matter now more than ever.

**2 Go Global – Effectively**
Being recognizable in many markets is not by itself a passport to success. That requires adapting your brand and offer to be relevant in each particular market. As Millward Brown's Chief Global Analyst Nigel Hollis writes: "The ones that transcend their origins and create strong, enduring relationships with consumers across countries and cultures."

**3 Don't Be Greedy**
Consumers are not in the mood for greed. And greed is not required for success. Once we are on the other side of this economic slowdown, consumer spending will pick up. But perhaps slowly, as people internalize the lessons of our recent boom and bust history. They will want quality, intelligently-created, well-designed products. But they may not want one in every colour.



**4 Stay Positive**
Consumers are angry – with government, at large institutions, with entire sectors. But they are not angry at your brand. Brand strength is stable over time. It is disrupted only when something new enters the market or when the brand upsets the relationship with consumers. It takes a lot to make that happen. A recent Millward Brown study of the financial sector revealed that consumers are likely to aim their current displeasure at the sector or at certain high-profile individuals. The displeasure consumers feel, however, does not seem to dramatically alter their experience with their individual brand.

**5 Think Value For Money**
Consumers always say they seek value for money. Now they really mean it. Silly spending is over for now. Few can afford it. Those who can afford excessive spending do not want to seem vulgar to family and friends. Understatement is in. Focus your marketing communication to reframe or confirm perceptions of value.

# KEY TAKE OUTS

**6 Emphasize Heritage**
In better times, a key question was: "Is it good for me?" Today, people want to know, "Will it make me feel good?" Brand heritage becomes especially important because it can provide large doses of reassurance and comfort. Consumers might be tempted to reach for a private-label breakfast cereal to receive many of the functional benefits of their own brand. But the private-label will not make them feel as good.

**7 Be Real**
The flippant tone that often sold products in recent years will not sit well with today's more serious consumers. Worried about day-to-day matters and the future, and with less money in the household budget, consumers want brands that can be trusted to live up to their promise.

**8 Listen Closely, Act Quickly and Communicate Loudly**
Among the ascendant brands today are Wal-Mart and McDonald's. Yes, both brands are in the right place (low price) at the right time (recession). But their positioning is only part of the story. Several years ago, consumers objected loudly about Wal-Mart's labor practices and the company's negative impact on the environment. They criticized McDonald's menu as unhealthy. Both brands listened, made changes, communicated effectively, and turned problems into opportunities.

**9 Stay Relevant**
Where consumers are trading down, new opportunities abound. Some people are actually trading out of one category and into another. For example, out of coffee houses and into quality coffee to prepare at home. The winners will be the brands who move quickly to keep up with or even create these trends. One established brand working to stay relevant is Starbucks, who recently launched an instant coffee range.

**10 Repeat Often: My Brand Is Important**
Your brand is even more important today, when consumers are looking for the best buy in every category. For everyday essentials, a strong brand reassures people that they are getting the best buy. In categories, such as luxury or cars, where the purchase may be deferred, a strong brand gets you on the short list for serious consideration.

# WITH THANKS

**The BrandZ Top 100 Most Valuable Global Brands is created using data from BrandZ, Bloomberg and Datamonitor.**

BRANDZ™

DATAMONITOR

Bloomberg

## Bloomberg

The Bloomberg Professional service is the source of real-time and historical financial news and information for central banks, investment institutions, commercial banks, government offices and agencies, law firms, corporations and news organizations in over 150 countries. www.bloomberg.com

## Datamonitor

The Datamonitor Group is a world-leading provider of premium global business information, delivering independent data, analysis and opinion across the Automotive, Consumer Markets, Energy & Utilities, Financial Services, Logistics & Express, Pharmaceutical & Healthcare, Retail, Technology and Telecoms industries.

Combining our industry knowledge and experience, we assist over 6000 of the world's leading companies in making better strategic and operational decisions.

Delivered online via our user-friendly web platforms, our market intelligence products and services ensure that you will achieve your desired commercial goals by giving you the insight you need to best respond to your competitive environment. www.datamonitor.com

## BrandZ

The BrandZ study, commissioned by WPP and conducted annually by Millward Brown, measures the brand equity of thousands of global “consumer facing” and business-to-business brands, and has interviewed over 1 million consumers globally. Consumer perception of a brand is a key input in determining brand value because brands are a combination of business performance, product delivery, clarity of positioning, and leadership. www.brandz.com

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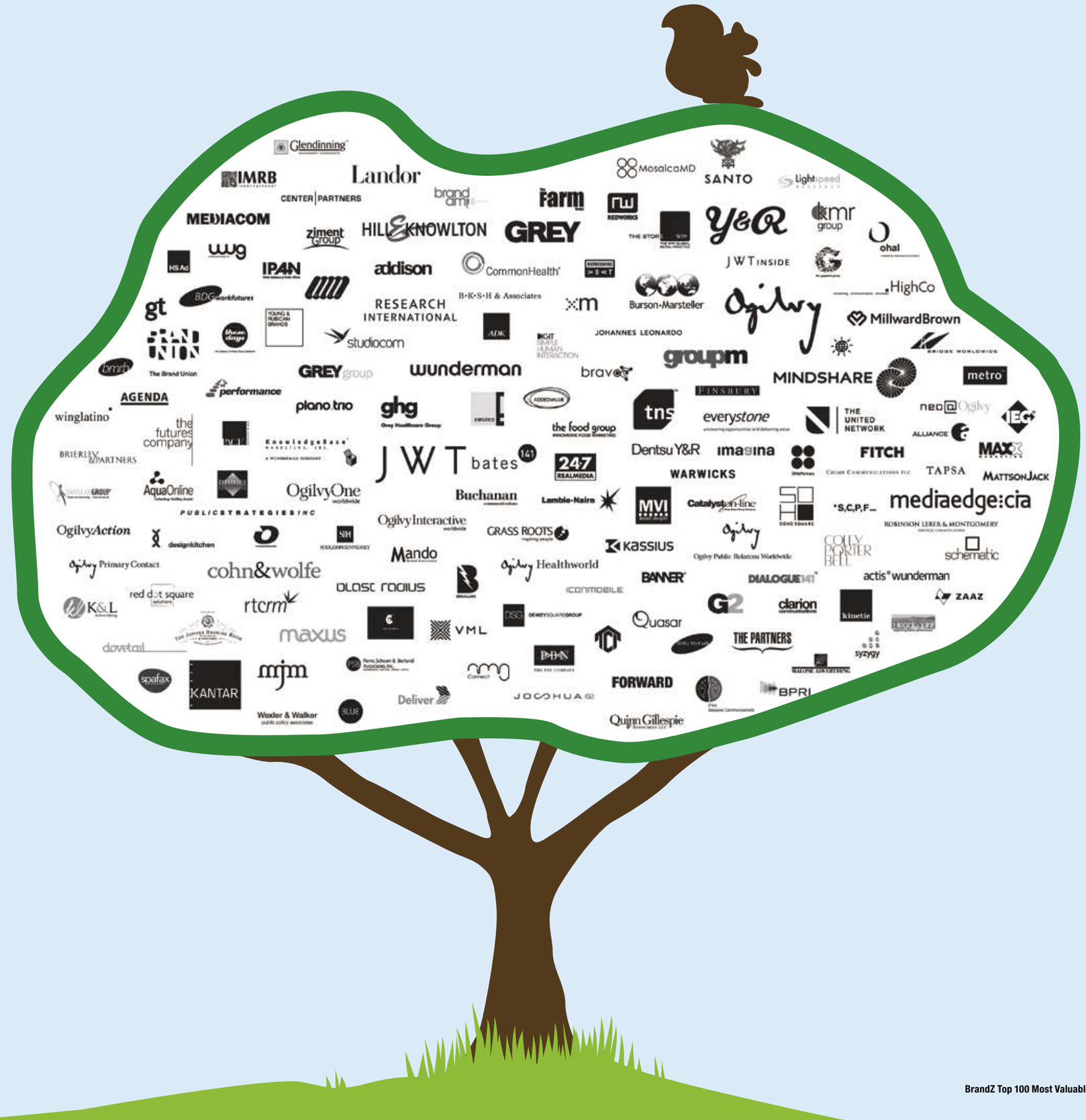
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**www.wpp.com/WPP/Companies**

For further information contact David Roth
david.roth@wpp.com



BRANDZ™

# Top 100

## Most valuable global brands 2010



MillwardBrown
Optimor

# Welcome to the fifth annual BrandZ Top 100 Most Valuable Global Brands ranking

**Design by Lambie-Nairn**
www.lambie-nairn.com

2010 marks the fifth year in which Millward Brown Optimor has published the ranking of the BrandZ Top 100 Most Valuable Global Brands. Together with 12 years of global brand equity data, these five years of brand valuation analyses provide strong evidence of the importance of branding for business leaders.

BrandZ data shows that brand really matters. Brand is one of the most valuable assets for any company, accounting for about a third of shareholder value on average. A company's brand contributes significantly to earnings. This is true not only for consumer packaged goods, but for all sectors, from technology and cars to telecoms and banking. Brand matters for consumer and B2B businesses – for GE and Goldman Sachs as well as for Coca-Cola and Procter & Gamble. This is not surprising, if you consider that brand is about reputation. A brand generates trust – for a company, for its products, and for its services. The brands in the BrandZ Top 100 list are also the world's most trusted brands.

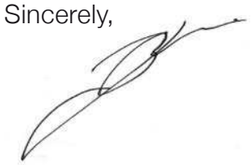
The role of brand is growing. In today's uncertain economic environment, people need something they can trust, and increasingly they are turning to brands. Consideration of brand in the purchase decision has risen by 20 percentage points since 2005. The importance of brands stretches across geographies – brands are as valuable in China and Russia as they are in Germany or in the United States. Thirteen emerging market brands now make it into the Top 100, up from only one five years ago.

The last two years have shown that brands don't matter only in good times. Brands help to keep the business up when times are tough. The share prices of the BrandZ Top 100 have outperformed the S&P 500 by over 30 percent. Companies with strong brands, such as Starbucks and Samsung, have the ability to recover faster from difficulties.

There is more to brand valuation, though, than just a number. The real objective is to understand the levers through which brand value is created in order to identify opportunities to grow the value of the brand and business. This is the focus of our work at Optimor, Millward Brown's strategic consultancy. Our goal is to help companies maximize the financial returns from their brand strategy and marketing investments. We provide actionable recommendations with demonstrated financial results on key issues facing marketing leaders.

Please accept this report with our compliments. We are confident that the information it contains will broaden your understanding of what makes a valuable brand and suggest possibilities that can benefit your own brands. Feel free to contact me with any questions, or simply to have a conversation about how we might help make your brands work harder to achieve your business objectives.

Sincerely,



**Joanna Seddon**
**CEO Millward Brown Optimor**
**joanna.seddon@millwardbrown.com**



# CONTENTS


| | |
|---|---|
| **Introduction** | **6** |
| **Five-Year Review** | **10** |
| **Top 100 Overview** | **14** |
| **Top 100** | **16** |
| **Social Media** | **22** |
| **Regions** | **30** |
| **Brand Contribution** | **36** |
| **Brand Momentum** | **38** |
| **Top 20 Risers** | **42** |
| **Newcomers To The Top 100** | **46** |
| **Year-On-Year Change** | **50** |
| Apparel | 52 |
| Beer | 56 |
| Bottled Water | 60 |
| Cars | 64 |
| Coffee | 70 |
| Fast Food | 74 |
| Financial Institutions | 80 |
| Gaming Consoles | 86 |
| Insurance | 90 |
| Luxury | 94 |
| Mobile Operators | 98 |
| Oil & Gas Companies | 104 |
| Personal Care | 108 |
| Retail | 112 |
| Soft Drinks | 118 |
| Spirits | 122 |
| Technology | 126 |
| **15 Key Takeouts** | **132** |
| **Methodology** | **136** |
| **Data Sources** | **140** |
| **Directory** | **142** |

# INTRODUCTION



## This is the fifth annual publication of the BrandZ Top 100 Most Valuable Global Brands.

To commemorate this anniversary we've worked with experts from across the WPP operating companies to gather insights and create the largest and most comprehensive BrandZ report yet. It includes new features, incremental improvements and a look back at the performance of leading global brands during the extraordinary economic rollercoaster of the past five years.

## Key Highlights

The new features and highlights include:

**Overview of the Top 100**
Insights into how the post-recession consumer is shifting priorities in ways that influence brand value, and a look at how brands can respond.

**Five-Year Review**
A review of the past five years and an analysis of how brands performed against the S&P 500.

**Emerging Markets**
An evaluation of leading brands from the BRIC countries and other emerging markets whose presence in the BrandZ Top 100 grows each year.

**Social Media**
An exploration of the social media phenomenon and the implications for brands when consumer attention moves from traditional media to the Internet and "brand ambassadors" became the new spokespeople.

**Year-on-Year**
Brand leadership is ranked in several ways including: Newcomers, Top Risers, Top by Brand Contribution, and Top by Brand Momentum, plus the changes in product category valuation.

## The BrandZ Top 100 on your mobile

The BrandZ Top 100 Most Valuable Global Brands 2010, and more, is available as a free app for iPhones, BlackBerrys, Nokia and the new iPads.

Along with providing immediate access to all of the BrandZ Top 100 data, the apps allow you to:

- Keep up-to-date with real-time news about the BrandZ Top 100 brands – and their competitors.
- Share the BrandZ Top 100 rankings and analysis with clients and colleagues.
- Demonstrate how the BrandZ Top brands have outperformed the S&P 500 during the economic ups and downs of the past five years.
- Review the TrustR scores of the BrandZ Top 100 brands, which confirm the close correlation between trust and recommendation and high brand value.

For a free download of any of the BrandZ 2010 smart phone apps, go to www.BrandZ.com/mobile. Mobile apps created by Iconmoble.

**Key Takeouts**

Ideas for translating what we have learnt this year from the most valuable global brands into actions that can grow brand value.

## The Ultimate Brand Evaluation Tool

Knowing a brand's value enables the CEO, investors, and other stakeholders to make better, more informed decisions. When an intangible asset like brand has a monetary value that can be tracked, the return on a new brand strategy or an investment in marketing initiatives can be more accurately understood.

The central role of brand value in business decision making indicates the importance of using the most sensitive and sophisticated brand-evaluation tools. The BrandZ Top 100 is the only ranking based on a brand valuation methodology that is grounded in both quantitative customer research and in-depth financial analysis.

The ranking is exceptionally robust due to the fact that, in addition to publicly available financial data, it draws from WPP's unique BrandZ database. The world's largest repository of brand equity data, BrandZ provides a detailed, quantified understanding of customer decision making, by brand, by category and by country.

The BrandZ Top 100 values market-facing brands, i.e. brands that directly generate revenues and profits through the sale of goods and services to customers. Corporate brands such as Procter & Gamble, Unilever, and Nestlé are not included in the ranking, though they have significant value especially with the investment community.

The ranking values brands from 17 different categories: apparel, beer, bottled water, cars, coffee, fast food, financial services, gaming, insurance, luxury goods, mobile operators, oil & gas companies, personal care, retail, soft drinks, spirits and technology. Through coverage of developed and emerging markets, it provides detailed insight into the sources and drivers of brand value, both today and in the future. A new category added this year, oil & gas companies, has replaced motor fuel. (For a full explanation of methodology, please see page 136).

The BrandZ ranking combines the knowledge and expertise of Millward Brown Optimor and the unparalleled global economic and communication resources of WPP. In short, the BrandZ Top 100 Most Valuable Global Brands is the most reliable, comprehensive, and useful brand valuation ranking available.

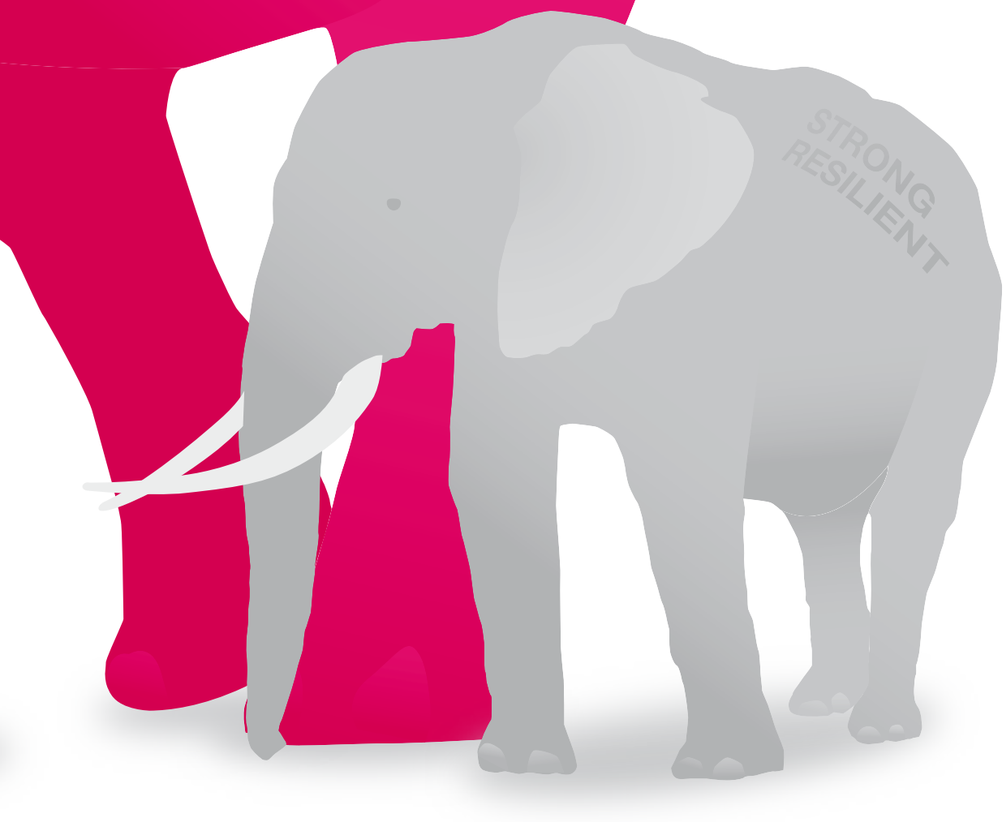


## Key Advantages

The key advantages of the BrandZ Top 100 Most Valuable Global Brands:

- It is the only ranking to be based on data about the brands; it draws from BrandZ, the world's largest brand database, while other rankings only estimate brand equity.
- It is built up from country-level analysis, brand by brand and market by market. Other valuations do a simple global valuation.
- It is customer focused; it measures the strength of brands, not corporations.
- It is comprehensive, with more brands and countries researched than any other ranking.
- It is predictive; prospects for short-term growth are calculated that have been proven to predict changes in value and in market share.

# FIVE-YEAR REVIEW




## The BrandZ Top 100 Most Valuable Global Brands surpassed the $2 trillion threshold this year.

The Top 100 total $2.04 trillion in brand value, which means that in the past five years, since the ranking was first published in 2006, the brand value of the Top 100 has grown by a massive 40 percent from $1.45 trillion.

Measured against the S&P 500 during the same five-year period, the BrandZ Top 100 Portfolio has grown by 18.5 percent in value compared with a decline of 11.5 percent for the S&P 500.

The positive performance of the BrandZ strong brands portfolio provides corroborating evidence that strong brands are resilient. They not only maintain their value but can appreciate significantly in value even during the most trying economic circumstances.

Technology brands experienced the sharpest growth in value during the past five years. If that result is predictable, the dimension of the increases is not. The BlackBerry brand, which was not listed in the Top 100 five years ago, now ranks at number 14, propelled by a compounded annual growth rate (CAGR) of 107 percent that pushed brand value to $30.7 billion.

In five years, Amazon moved up 63 places in the BrandZ ranking from Number 78 to Number 15, reflecting a 46 percent CAGR that drove brand value to $27.5 billion. Apple, now ranked number 3, with a brand value of $83.2 billion, moved up 26 places from number 29, based on a 51 percent CAGR.

Other newcomers to the Top 10, along with Apple, are McDonald's at number 6 compared with number 11 five years ago, and Vodafone up six places to number 10. Two instances of brands that dropped from the Top 10, Citi and Toyota, reflect extraordinary pressures on their category or their brand. Walmart dropped somewhat from the Top 10 to number 13.

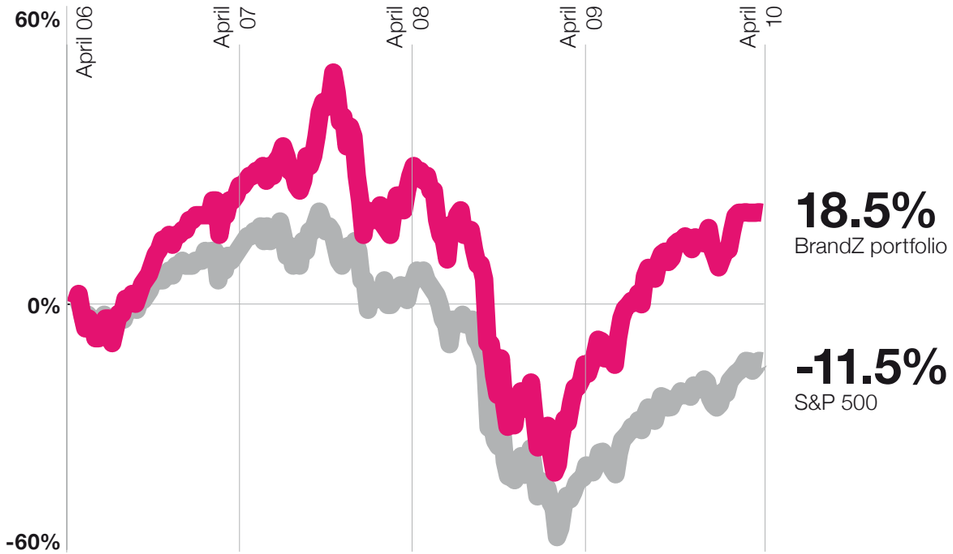
Otherwise, the Top 10 remained stable with seven of the same brands present in both the 2006 and the 2010 rankings, although all of the positions have changed. Google is now number 1 brand by far with a value of $114.3 billion, on the strength of a 32 percent compounded annual growth rate since 2006, when Google ranked number 7, with a brand value of $37.4 billion. Similarly, the IBM brand experienced 24 percent compounded annual growth rate during the past five years and now, with a value of $86.3 billion, ranks second in the BrandZ Top 100, having advanced from position number 8.

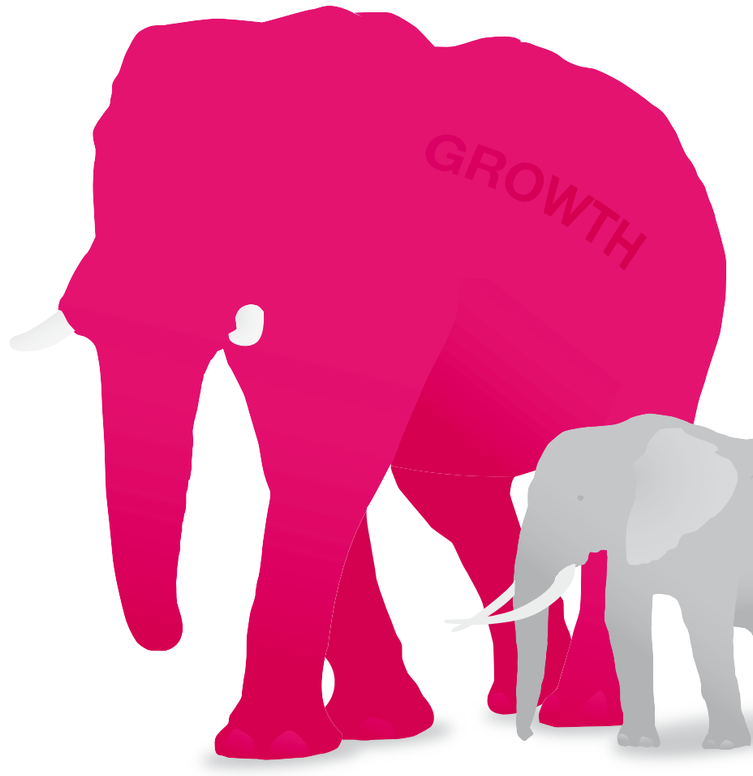
While the other brands that remain in the Top 10 of 2010 also grew in brand value during the past five years, their rate of growth was less. Consequently, the Top five from 2006 — Microsoft, GE, Coca-Cola, China Mobile, and Marlboro — each slipped slightly.

**Key Takeout**
**Take a position**

The biggest share price gains will be made by brands which aren't afraid to stand for something. They will go beyond the functional, to represent an ideal, which appeals across products, categories and cultures. In an increasingly "flat" world, this is the only way that brands will differentiate themselves from competitors and succeed globally.

## FIVE YEAR REVIEW



# TOP 100 OVERVIEW




## Brands last year caught a glimpse of the post-recession world.

Many brand leaders understood and adjusted to new consumer priorities and flourished despite the challenging economy.

In fact, the overall value of the BrandZ Top 100 appreciated by 4 percent. While that increase was in part due to the inclusion of oil & gas brands, any growth was impressive in a period of continued global uncertainty.

Most categories were even year-on-year or only slightly down. The Technology category showed resilience, growing by 6 percent on the strength of both business and consumer spending. Google, IBM, Apple and Microsoft claimed the first four places in the Top 100. At the same time, the positive performances of Beer (+10 percent) and Fast Food (+1 percent) suggested that people also pursued their affordable pleasures.

Only the Financial Institutions and Cars categories experienced substantial change in brand value. For Financial Institutions, brand value rebounded 12 percent after an 11 percent drop in 2008. Cars experienced a 15 percent loss in brand value, following a 22 percent decline in 2008, as consumers deferred major purchases.

In each of the 17 categories surveyed for the BrandZ Top 100 report, brands struggled with cautious spending in developed markets while enjoying a more enthusiastic reception in emerging markets. Last year was not an interlude. Spending caution signalled a sustained shift in consumer attitude.

Consumers were still interested in acquiring more possessions but chastened by the prospect of global economic and environmental disaster, they were more concerned to protect what they already had and, along with this, the planet.

In addition, these changes occurred as consumers became well-informed brand advocates and critics, fortified with knowledge about price, product, and supply gained from searching the Internet and sharing information on Facebook and other social networking sites. This democracy of commerce superseded the sovereignty of companies. Brand leadership required sharing *some* power in order to retain *any* power.

*The Brand Value of Coca-Cola includes Lites, Diets and Zero
** The Brand Value of Nintendo includes Wii and Nintendo DS
*** The Brand Value of Budweiser includes Bud Light
**** The Brand Value of Pepsi includes Lites, Diets and Zero
***** The Brand Value of Red Bull includes sugar-free and Cola
****** The Brand Value of Starbucks includes stores as well as coffee sold at the supermarket
******* Brand Value includes Playstation 2 and 3, as well as PSP
Source: Millward Brown Optimor (including data from BrandZ, Datamonitor and Bloomberg)

MillwardBrown Optimor

## TOP 100 Most Valuable Global Brands 2010

| # | Brand | Brand Value 2010 ($M) | % Brand Value Change 2010 vs. 2009 |
|---|---|---|---|
| 1 | Google | 114,260 | 14% |
| 2 | IBM | 86,383 | 30% |
| 3 | | 83,153 | 32% |
| 4 | Microsoft | 76,344 | 0% |
| 5 | Coca-Cola * | 67,983 | 1% |
| 6 | | 66,005 | -1% |
| 7 | Marlboro | 57,047 | 15% |
| 8 | 中国移动通信 CHINA MOBILE | 52,616 | -14% |
| 9 | | 45,054 | -25% |
| 10 | vodafone | 44,404 | -17% |
| 11 | ICBC (Asia) 工銀亞洲 | 43,927 | 15% |
| 12 | | 39,717 | 48% |
| 13 | Walmart Save money. Live better. | 39,421 | -4% |
| 14 | BlackBerry | 30,708 | 12% |
| 15 | amazon.com | 27,459 | 29% |
| 16 | | 26,492 | -5% |
| 17 | TESCO | 25,741 | 12% |
| 18 | VISA | 24,883 | 52% |
| 19 | ORACLE | 24,817 | 16% |
| 20 | verizon | 24,675 | 39% |
| 21 | SAP | 24,291 | 3% |
| 22 | at&t | 23,714 | 18% |
| 23 | HSBC | 23,408 | 23% |
| 24 | 中国银行 BANK OF CHINA | 21,960 | 4% |
| 25 | | 21,816 | -9% |
| 26 | TOYOTA | 21,769 | -27% |
| 27 | 中国建设银行 China Construction Bank | 20,929 | -8% |
| 28 | Gillette | 20,663 | -10% |
| 29 | LOUIS VUITTON | 19,781 | 2% |
| 30 | WELLS FARGO | 18,746 | 16% |
| 31 | Santander | 18,012 | 12% |
| 32 | Nintendo ** | 17,834 | -2% |
| 33 | Pampers | 17,434 | -8% |
| 34 | bp | 17,283 | N/A |
| 35 | CISCO | 16,719 | -7% |
| 36 | RBC | 16,608 | 12% |
| 37 | Bank of America | 16,393 | 6% |
| 38 | Budweiser *** | 15,991 | 20% |
| 39 | ExxonMobil | 15,476 | N/A |
| 40 | | 15,112 | N/A |
| 41 | Disney | 15,000 | -35% |
| 42 | Carrefour | 14,980 | 0% |
| 43 | NOKIA Connecting People | 14,866 | -58% |
| 44 | accenture | 14,734 | -2% |
| 45 | ICICI Bank | 14,454 | N/A |
| 46 | | 14,303 | -2% |
| 47 | Colgate | 14,224 | 15% |
| 48 | intel | 14,210 | -38% |
| 49 | L'ORÉAL | 14,129 | -6% |
| 50 | orange | 14,018 | 6% |
| 51 | PetroChina | 13,935 | N/A |
| 52 | AMERICAN EXPRESS | 13,912 | -7% |
| 53 | | 13,736 | -11% |
| 54 | citi | 13,403 | -8% |
| 55 | T-Mobile | 13,010 | 20% |
| 56 | BBVA | 12,977 | 3% |
| 57 | NTT docomo | 12,969 | -18% |
| 58 | pepsi **** | 12,752 | -15% |
| 59 | NIKE | 12,597 | 5% |
| 60 | movistar | 12,434 | 14% |
| 61 | CHASE | 12,426 | 17% |
| 62 | TARGET | 12,148 | -1% |
| 63 | H&M | 12,131 | 1% |
| 64 | SUBWAY | 12,032 | 9% |
| 65 | PORSCHE | 12,021 | -31% |
| 66 | DELL | 11,938 | -23% |
| 67 | MasterCard | 11,659 | 57% |
| 68 | SAMSUNG | 11,351 | 80% |
| 69 | telcel | 10,850 | NA |
| 70 | O2 | 10,593 | 23% |
| 71 | TD | 10,274 | -7% |
| 72 | MTS | 9,723 | 6% |
| 73 | PETROBRAS | 9,675 | N/A |
| 74 | FedEx | 9,418 | -1% |
| 75 | Baidu 百度 | 9,356 | 62% |
| 76 | ebay | 9,328 | -28% |
| 77 | SIEMENS | 9,293 | -31% |
| 78 | Goldman Sachs | 9,283 | 25% |
| 79 | WRIGLEY'S | 9,201 | -15% |
| 80 | ZARA | 8,986 | 4% |
| 81 | | 8,971 | -3% |
| 82 | Red Bull ***** | 8,917 | 9% |
| 83 | ALDI | 8,747 | 1% |
| 84 | NISSAN | 8,607 | -16% |
| 85 | ****** | 8,490 | 17% |
| 86 | HERMÈS PARIS | 8,457 | 8% |
| 87 | BARCLAYS | 8,383 | 20% |
| 88 | usbank | 8,377 | N/A |
| 89 | Standard Chartered | 8,327 | 1% |
| 90 | 招商银行 CHINA MERCHANTS BANK | 8,236 | 2% |
| 91 | | 8,214 | 19% |
| 92 | Билайн | 8,160 | -8% |
| 93 | J.P.Morgan | 8,159 | 4% |
| 94 | SONY ****** | 8,147 | 30% |
| 95 | Morgan Stanley | 8,003 | 18% |
| 96 | Auchan | 7,848 | NA |
| 97 | GUCCI | 7,588 | 2% |
| 98 | Bradesco | 7,450 | 13% |
| 99 | AVON | 7,293 | -16% |
| 100 | TIM | 7,280 | 14% |

## A shift in values

Brand leadership also depended on honest ongoing communication and collaboration between consumers and brands to understand and process the key changes and trends shaping the post-recession world, which included:

### Sustainability

This issue touched every product category. Oil & gas brands explored for reserves while seeking long-term solutions for protecting the environment and maintaining public and political support. Carmakers promoted hybrid and electric options. Retailers pressured suppliers to reduce packaging to minimize waste and increase efficiency.

### Social Responsibility

Social responsibility became a critical factor, a "bolted-on," if not "baked-in" aspect of brand. Brand leaders aligned with popular causes to satisfy the post-recession consumer's need for both a purpose beyond spending and permission to spend.

### Health

Brand leaders in fast food and bottled water (what we put *in* our bodies) and personal care (what we put *on* our bodies) responded to the increased consumer concern with health. Fast food brands upgraded their menus. Bottled water brands stressed the importance of hydration, and personal care brands removed potentially harmful ingredients from products. In other categories, like coffee, brands also looked for health benefits.

### Trust

Banking and car brands felt an especial erosion of consumer trust. No category was immune, however. Leading brands sustained a strong bond with customers because they were both trusted and recommended, according to "Beyond Trust: Engaging Consumers in the Post-Recession World," a new BrandZ report produced last year. (See box right.)

### Personalization

Being able to personalize the brand experience is of increasing importance to consumers and is becoming a point of difference for some of the most successful brands. The trend is most apparent in technology. Google enables people to create a homepage based on individual preferences. The myriad apps available for Apple's iPhone add unique qualities to a mass product. With Ford's Sync system, developed in collaboration with Microsoft, drivers use voice activation to access their music and other information while on the road.

## Reinforcing trust is vital

That's the conclusion of a new report called "Beyond Trust: Engaging the Consumer in the Post-Recession world."

Based on BrandZ data, and produced by Millward Brown and The Futures Company, the report found that consumers, changed by their experience during the financial crisis, take a more sober and responsible view about their material wellbeing. While people still aspire to better lives, they're re-evaluating what's really important.

Trust becomes even more essential for a brand when consumers are more selective, even sceptical, in their purchasing. Trust is the consumer's belief, cultivated over time, in the efficacy and reliability of the brand. There's a vital second component—recommendation. Recommendation is the consumer's belief, grounded in recent experience, that the brand continues to perform consistently and fulfil its promise.

Brands' success today requires Trust ***plus*** Recommendation. This conclusion emerged from BrandZ research across thousands of brands. It resulted in a new metric, the TrustR score, for helping brands realize their full power. In 24 countries studied, the brands with the highest TrustR score enjoyed these advantages:

- A customer bond 10 times greater than the average.
- Likelihood of being purchased nearly seven times greater than the average.
- Likelihood of short-term, market-share growth.

Most important, the BrandZ data revealed a high correlation between TrustR and brand value. Trust and Recommendation together drive incremental brand value.

## The importance of brand

With the shift in consumer attitude, brand leadership became more important last year — and more risky.

Feeling betrayed by large financial institutions and even by governments, customers were sceptical. As life became even more stressful and complicated, they welcomed the signposts of quality and reliability that brands provide. Familiar and trusted brands that delivered on their promises provided an element of certainty in a turbulent time. Many brands maintained and grew their value, even when selling at premium prices.

**Key Takeout**
**Move from philanthropy to responsibility**

In this post-recession world, philanthropy is no longer enough. We're in a period of heightened responsibility. As consumers resume buying, they will be more demanding about the provenance of their purchases and the behavior of the brands that stand behind them. Consumers will want to know whether they're buying responsible products that were made without harming either the earth or its people. Leading brands must be ready to answer.

Each of the 17 product categories included in the BrandZ report contains examples of brand leaders that flourished despite the difficult economy. Not surprisingly, some of the sharpest brand value appreciation occurred in technology, as it became increasingly personal and central to people's lives. Apple's brand value rose 32 percent, IBM's by 30 percent and Amazon (classified in the retail category, but clearly technology-related), 29 percent.

Despite the difficult economy, strong luxury brands also grew in value. Hermès enjoyed an 8 percent gain and Louis Vuitton was up 2 percent. Although the value of the coffee category declined overall, the renewal of the Starbucks brand resulted in a 17 percent rise in value. In Personal Care, the value of Colgate appreciated by 15 percent.

Brands grew in value even in some of the categories hardest-hit by the recession. In the Financial Institutions category, the brand value of MasterCard and Visa grew by 57 percent and 52 percent, respectively. Brand value for Ford increased by 19 percent and for VW by 20 percent in a category that suffered from a dramatic drop in consumer spending.

Toyota remained one of the highest valued car brands despite its recall problems. And its historic brand strength should help the company's recovery. The Toyota drama underscored the importance of transparency in the post-recession world where consumer disappointment can quickly resound far beyond the dinner table.

Consumers expected more from brands last year. Beyond quality and reliability they preferred brands that made them feel good about themselves. Badge value became not only about how much did I spend, but how responsible was the product that I purchased. Leading brands in every category responded to this new imperative.

Yes, it is possible that our consumer brains are wired with short memories and we'll soon return to excessive borrowing and spending. It's possible, but brands that forget the current consumer awakening to personal and community responsibility do so at their own risk. The movement toward responsible products may be incremental, but it will be inexorable. And brand leaders will want to be first.

# SOCIAL MEDIA




## Not in Kansas Anymore. The whirlwind impact of digital and social media.

What would Don Draper do?

Clients today don't want their agency's presentations to open predictably with a TV campaign. TV remains central to the mix, but clients also are looking for something that even the "Mad Men" of only a few years ago couldn't contemplate—social media. Integrated, multi-media campaigns must include impact on Facebook, Twitter, YouTube, blogs and with smartphone apps or any other digital media that individuals use to connect.

Delivering on this expectation requires some wizardry, however, because of the revolutionary and dislocating impact that social media has had on the protocols and manners of traditional communication. Speed limits, access barriers and language inhibitions have been lifted. Passion and genuine expression are in; caution and circumlocution are out. The result is the purest anarchy or democracy or both.

## Brands stand naked.

That's great if they have nothing to hide or can work comfortably with the privacy drapes open wide. Social media affords unprecedented intimacy between brand and customer. But like any intimate relationship, a deep, lasting bond requires dialog, honesty and respect.

Some brands are uncomfortable in this new world where customers can post thoughtful valentines or crude graffiti. Yet cultivating a relationship based on the slow revelations of courtship seems quaint and unrealistic as customers promiscuously speed date from Web site to Web site.

Not surprisingly, brands in certain categories, like apparel, aggressively adopted social media because it fits with their youth orientation. But as new BrandZ data indicate, social media are not just the domain of young, fashionable brands. In fact, the more people have a strong attitudinal bond with a brand the more likely they are to engage with it online.

The definitive indicator of social media's arrival, however, is its adoption by tradition-bound categories such as banking, where customer relationships, like uneventful marriages, often survive on inertia.

## Communicating with consumers

The rapid development of social media is changing the way brands communicate with consumers. Even for traditional media such as TV, which still remains the most influential way to reach consumers, it is no longer enough to simply broadcast a message. Social media has made it possible for consumers to talk back to brands much more easily.

Many of the successful brands in this year's BrandZ ranking attempted to be accessible, engage customers and inspire advocates whose independent voices potentially speak more credibly about the brand than the brand could speak about itself. But there are issues. Relying on independent advocates to develop a brand is equivalent to relying on the kindness of strangers. It can be heart warming, but it's good to have a backup plan.




Working across channels provides that backup, as illustrated by the car category. To promote its European, youth-oriented Fiesta brand in the U.S., Ford last year imported 100 Fiestas and gave them to bloggers who were asked to comment online about their experience with the cars. Positive buzz surged rapidly through social networks. Because the content was interesting, mainstream media soon picked up and amplified the story. And the project reportedly generated 50,000 requests for information.

"This set the perfect stage for an advertising launch because people now are willing to listen," said Andy Prakken, executive vice president, WPP Team Detroit, adding that the social networking campaign drove nameplate awareness to levels that normally would cost $100 million in advertising. "They are anticipating the product so when the cars arrive here there's already a pent-up expectation." The role of the marketer, said Prakken, "is to be a catalyst and to help with content and distribution but to let it go."

How much to let go is the question. Too much control almost guarantees a safe but tepid outcome, while too much freedom risks results that are memorable but disastrous. Brands are experimenting with this tension.



## Creating communities

The presence of an active customer community in an emotional category like cars makes sense and is not surprising. However, one of the largest communities on Facebook was created in a traditionally low engagement category — coffee.

Starbucks lists more than 6 million fans on its Facebook site. The Starbucks iPhone app further demonstrates the brand's leadership in digital marketing. The app allows users to check their Starbucks card balances and receive free refills and wifi. In a few U.S. test markets, the app also enables Starbucks customers to pay for purchases with their mobile phones.

The Games Consoles category is especially experienced at organizing communities of customers. In fact, some recent game titles are designed specifically for social networking sites. In these social networking games, players shape and perfect a virtual world. In FarmVille, for example, they cultivate fields and tend animals. Players accelerate their progress by inviting members of their own social networks to join the game. They also advance faster by accepting special offers of products and services from the games' marketing partners.

Monitoring all of these transactions helps the game producers understand how to better direct their marketing investments, which can be substantial whether or not they correlate with sales. "By studying every move in a social game, the companies make smarter choices about what drives purchase," said Nick Braccia, Interactive Creative Director at G2 in San Francisco.




## Engaging new customers

To engage the interest of a new generation, Pepsi combined social media with social responsibility in the Pepsi Refresh Project, which it organized last year and launched in January 2010. Visitors are asked to submit ideas for improving their communities or the world. Winning ideas, determined by online voting, receive financial awards from Pepsi. Coca-Cola organized Expedition206, in which the global soft drink leader selected three diverse and multi-lingual young people to serve as "Happiness Ambassadors" as they visit the 206 countries where Coke is sold, in 365 days, and report on social media sites about their daily adventures.

In a similar attempt to draw the attention of young shoppers, even teens, Target, the U.S. discount department store, launched a social media campaign to announce its partnership with Converse, an American brand known for casual and sports apparel, especially its vintage sneakers. Videos of a young New York singer/songwriter set the attitude for the Converse One Star brand, which asserts, "Everyone is a star."

**Key Takeout**
**Don't ignore social media**

Don't go overboard either. Crazy and hilarious videos on YouTube may be OK for passing time. But will they sell products? Disruption for disruption's sake won't bring results. Social media will be incredibly effective, but only if it is authentic and in tune with the brand.

## Touching all categories, all ages, all countries

BrandZ leaders last year used social media to reach out beyond young people to consumers of all ages. With a one-minute simulation of babies roller-skating in New York's Central Park while drinking Evian, the bottle water brand suggested that it had found the fountain of youth, captured with the line "Evian. Live Young." With over 45 million viewers, the clip entered the Guinness World Records as the most-watched online ad ever.

To reinforce its brand position as, "The World's Local Bank," HSBC created Expat Explorer, an online community where individuals living and working abroad can find resources and expert advice along with an opportunity to share their own experiences. Original research about the relative desirability of international work locations drew tremendous attention from the general media last year, generating almost 1 million "tweets" in just the first week after its release.

Even brands with strong business-to-business components are active in social media. HP, for example, created an application on Facebook as a resource for its small business customers to learn about the benefits of social media. IBM and other highly respected B2B brands have potential networks of advocates among their employees and alumni.

The key appeal of social networking for these brands is the prospect of making a strong impact for relatively low investment during a period of significant budget constraint. The main inhibitor is the dramatic culture shift required to engage in social networking and the related lack of staff expertise and talent.

In all categories, companies are at least watching and listening to gain intelligence. And at some point, even the social media voyeurs will assert their presence because customers will expect it and brand leadership will require it.

What Don Draper would do doesn't matter. His world is history.



# REGIONS: THE BRIC INFLUENCE




## An Indian brand made the BrandZ Top 100 this year for the first time.

The appearance of ICICI, India's largest bank by market capitalization, means that for the first time since its inception in 2006, the BrandZ Top 100 includes brands from all four of the BRIC countries. The ranking also contains the first brand from the Next 11(N-11) countries, Mexico. The BRICs and N-11 are the economies with such huge growth potential, they are forecast to be the global powers of the future.

This development signals the growing influence of emerging markets, which last year drove growth for many global brands struggling with the economic slowdown in North America and Europe. It also suggests that global brands in emerging markets will encounter stronger local competition.

In 2010 there are a total of 13 brands from emerging markets. Back in 2006 when the first BrandZ Top 100 ranking was produced, only one of the Top 100 brands was based in the BRIC countries. This was China Mobile, a brand that at the time was virtually unknown outside of its country of origin and has since gone on to expand beyond China. In 2010, seven of the Top 100 brands are from China.

Two of these Chinese brands enter the Top 100 this year for the first time. With a phenomenal 62 percent appreciation in brand value, Baidu was second in brand value growth in the BrandZ Top 100. While China's leading search engine benefited from the size of the country's online population, estimated at 400 million, BrandZ research also revealed that Chinese consumers feel a close bond with the Baidu brand. This is because of how well it deals with the unique complexities of the Chinese language, where characters can often have more than one meaning. The first-time appearance of PetroChina, Number 51 in the Top 100, reflects the more complete valuation of oil & gas companies in this year's BrandZ report.

The Chinese brands are joined by two telecommunications brands from Russia, Beeline and MTS, the Brazilian oil & gas company Petrobras and the bank Bradesco.

With a brand value of $14.5 billion, the Indian bank ICICI entered the BrandZ Top 100 this year at Number 45. Established in 1955, ICICI (The Industrial Credit and Investment Corporation of India) pioneered ATMs in India to provide wide access to banking and to help flatten the society's hierarchical structure. The bank now operates almost 5,000 ATMs in India and is present in 18 countries. Outside of the Top 100, in the technology category is a second Indian brand, also new this year. Infosys, India's most valuable technology brand, with a brand value of $6.4 billion, is a strong contender to enter the Top 100 ranking soon.

For the first time this year a Latin American regional ranking is published, due to the number of new brands from the region entering both the Top 100 and category rankings this year. The most valuable brand in the region is the Mexican brand, Telcel at number 69. Telcel, Mexico's largest mobile carrier, is owned by Mexican entrepreneur Carlos Slim Helú, recently named the richest man in the world by Forbes magazine. Its rallying cry, *"Todo Mexico es teritorio Telcel"* (all Mexico is Telcel territory) has helped it achieve over 60 percent market share.

The brands from emerging markets that appear in the Top 100 mainly come from the infrastructural industries such as finance, oil and telecommunications. This is because developing nations tend to primarily focus on the development of infrastructure and commodities which fuel the economy.

Balancing the expanded presence of emerging market brands in the BrandZ Top 100 is a small reduction of brands from developed markets. In the current BrandZ report, half of the Top 100 brands are based in North America, a decline of two from 2006 when 52 brands were based in that region. Similarly, 30 of the BrandZ Top 100 brands are based in Western Europe compared with 36 five years ago. The brands based in Japan or Korea declined from 10 to seven during the same period.

**North America**

| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum |
|---|---|---|---|---|
| 1 | Google | 114,260 | 5 | 9 |
| 2 | IBM | 86,383 | 4 | 4 |
| 3 | Apple | 83,153 | 5 | 8 |
| 4 | Microsoft | 76,344 | 5 | 7 |
| 5 | Coca-Cola* | 67,983 | 5 | 6 |
| 6 | McDonald's | 66,005 | 5 | 6 |
| 7 | Marlboro | 57,047 | 4 | 7 |
| 8 | GE | 45,054 | 1 | 2 |
| 9 | HP | 39,717 | 3 | 6 |
| 10 | Walmart | 39,421 | 2 | 8 |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)
* Includes Diets, Lites and Zero.

MillwardBrown Optimor

**Continental Europe**

| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum |
|---|---|---|---|---|
| 1 | SAP | 24,291 | 3 | 5 |
| 2 | BMW | 21,816 | 5 | 6 |
| 3 | Louis Vuitton | 19,781 | 5 | 8 |
| 4 | Santander | 18,012 | 3 | 9 |
| 5 | Carrefour | 14,980 | 5 | 7 |
| 6 | Nokia | 14,866 | 4 | 5 |
| 7 | L'Oréal | 14,129 | 5 | 6 |
| 8 | Orange | 14,018 | 2 | 6 |
| 9 | Mercedes | 13,736 | 5 | 3 |
| 10 | T-Mobile | 13,010 | 3 | 8 |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor

These charts rank the BrandZ Top 100 brands within the region in which they are based.



## UK

| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum |
|---|---|---|---|---|
| 1 | Vodafone | 44,404 | 3 | 4 |
| 2 | Tesco | 25,741 | 5 | 4 |
| 3 | HSBC | 23,408 | 4 | 3 |
| 4 | BP | 17,283 | 1 | 3 |
| 5 | Shell | 15,112 | 1 | 3 |
| 6 | $O_2$ | 10,593 | 2 | 7 |
| 7 | Barclays | 8,383 | 1 | 7 |
| 8 | Standard Chartered | 8,327 | 1 | 6 |
| 9 | Marks & Spencer | 5,699 | 5 | 3 |
| 10 | Smirnoff | 4,886 | 4 | 6 |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor

## LATAM

| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum |
|---|---|---|---|---|
| 1 | Telcel | 10,850 | 4 | 9 |
| 2 | Petrobras | 9,675 | 1 | 8 |
| 3 | Bradesco | 7,450 | 2 | 9 |
| 4 | Itaú | 6,671 | 2 | 9 |
| 5 | Banco do Brasil | 5,531 | 2 | 9 |
| 6 | Corona | 5,196 | 5 | 8 |
| 7 | Claro | 4,176 | 1 | 9 |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor

## Asia

| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum |
|---|---|---|---|---|
| 1 | China Mobile | 52,616 | 5 | 9 |
| 2 | ICBC | 43,927 | 4 | 7 |
| 3 | Bank of China | 21,960 | 3 | 6 |
| 4 | Toyota | 21,769 | 5 | 4 |
| 5 | China Construction Bank | 20,929 | 3 | 7 |
| 6 | Nintendo | 17,834 | 3 | 8 |
| 7 | ICICI | 14,454 | 1 | 9 |
| 8 | Honda | 14,303 | 3 | 4 |
| 9 | PetroChina | 13,935 | 1 | 5 |
| 10 | NTT DoCoMo | 12,969 | 3 | 7 |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor




### Key Takeout
### Adapt your brand to the BRICs

While brands from developed markets will find acquisitive consumers in BRIC countries, especially China, they also will encounter strong local brands growing quickly in competence and international stature. It's important to learn, or relearn, that the most successful global brands not only exploit efficiencies of size and share knowledge, but also adapt their products, services and way of doing business to respect the diversity of the cultures they serve.

# BRAND CONTRIBUTION




**Brand Contribution is the proportion of financial value that is driven purely by brand equity.**

This metric reveals how effectively and closely the brand has connected with its customers. Therefore, what it really measures is love.

As in prior years, the Brand Contribution ranking is dominated by luxury brands. In fact, seven of the fifteen brands are in the luxury category, where consumers expect to pay a premium for the quality and prestige represented by names like Moët & Chandon, Louis Vuitton, or Hermès.

In other categories, such as mobile operators, chewing gum or beer, for example, the unique emotional bond of Brand Contribution transcends product and performance.

Baidu, the leading Chinese search engine, scores high because its users feel comfortable with the brand's high competence in China's languages. Wrigley's chewing gum is highly regarded for providing an affordable treat, a small luxury. Through extensive event sponsorship, Skol has become the preferred beer among young people in Brazil.

Personal or baby care brands like Tide, Pampers, and Gillette earn high brand contribution scores because consumers trust them in categories that involve intimacy and well-being. The power of Brand Contribution is perhaps best indicated by Douwe Egberts. With ads that connect coffee to life's emotional moments, the Dutch brand has been able to create a high brand contribution level in a low engagement category.

**Top 15 by brand contribution**

| # | Brand | Brand Value $M | Brand Contribution* |
|---|---|---|---|
| 1 | Moët & Chandon | 4,279 | 5 |
| 2 | Baidu | 9,356 | 5 |
| 3 | Wrigley's | 9,201 | 5 |
| 4 | Skol | 2,722 | 5 |
| 5 | Tide | 7,068 | 5 |
| 6 | Douwe Egberts | 619 | 5 |
| 7 | Hennessy | 5,368 | 5 |
| 8 | Pampers | 17,434 | 5 |
| 9 | Louis Vuitton | 19,781 | 5 |
| 10 | Gillette | 20,663 | 5 |
| 11 | Chanel | 5,547 | 5 |
| 12 | Hermès | 8,457 | 5 |
| 13 | Porsche | 12,021 | 5 |
| 14 | Guinness | 3,165 | 5 |
| 15 | BMW | 21,816 | 5 |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)
*The Brand Contribution Index runs from 1 (low) up to 5 (high)

MillwardBrown Optimor

# BRAND MOMENTUM



## A strong tail wind helped.

The brands measuring high on Brand Momentum, a metric which is a strong indicator of short-term growth, are either technology leaders or financial institutions that emerged from the recession on a gust of increased demand.

There is just one exception — the beer brand Skol, which is highly promoted and perennially popular in Brazil. Skol was an InBev brand prior to the 2008 merger of InBev and Anheuser-Busch. Its brand value is influenced by expectations surrounding that merger and growth prospects in the vibrant Brazilian economy.

## Technology

The economic strength of BRIC countries accounts for the momentum of rapidly growing Chinese search engine Baidu and China Mobile, the world's largest wireless operator by number of subscribers. The momentum of Verizon Wireless reflects the U.S. mobile operator's anticipated rollout of a 4G technology in 2010. Verizon Wireless controls the most extensive 3G network in the United States and has more subscribers than its competitors.

In just 15 years Google and Amazon have revolutionized how people worldwide search for information and products. With brand values of $114.3 billion and $27.5 billion respectively, Google and Amazon rank, number 1 and number 15 in the BrandZ Top 100. Amazon increased 29 percent in brand value last year, moving up 11 places in the ranking. The momentum of the Google and Amazon brands indicates that we are just at the dawn of the personalized information revolution they helped to create.

Google's brand momentum follows its remarkable ascent as a search engine, with reportedly more than 1 billion searches daily, and the popularity of its related products, which include YouTube, Gmail, and the Android mobile phone platform. In 2009, the open platform experienced its first full year in operation. Google earned $6.5 billion from $23.7 billion in revenue in 2009, primarily from online ad sales.

Amazon's brand moment is the result of the company's sharp rise from its origins as an online purveyor of books to a global retailer second in brand value only to Walmart. The company strengthened its soft goods offering last year with the acquisition of Zappos, an online shoe and apparel retailer. Amazon also reinforced its claim to the book and electronic reader businesses with the introduction of its second generation Kindle e-reader. In 2009, Amazon earned $902 million on sales of $24.5 billion.

## Finance

The positive outlook for the Spanish bank Santander, reflects its major presence in Latin America and its relative insulation from the global financial crisis because of the markets it serves and its banking practices. In addition, the bank had announced plans to consolidate and rename as Santander three of its U.K. holdings, Abbey National , Bradford & Bingley, and Alliance & Leicester.

Canadian regulations restricted RBC (Royal Bank of Canada) from making some of the risky investments that hurt other financial institutions, and the brand is benefiting from that conservative approach. In contrast, Bank of America was exposed during the crisis, and its brand value declined by more than 50 percent before rebounding by 6 percent this year. The momentum for Bank of America suggests optimism that the brand will continue to recover value.

**Top 10 by brand momentum**

| # | Brand | Brand Value $M | Brand Momentum* |
|---|---|---|---|
| 1 | Baidu | 9,356 | 10 |
| 2 | Skol | 2,722 | 10 |
| 3 | Google | 114,260 | 9 |
| 4 | China Mobile | 52,616 | 9 |
| 5 | Amazon | 27,459 | 9 |
| 6 | Visa | 24,883 | 9 |
| 7 | Verizon Wireless | 24,675 | 9 |
| 8 | Santander | 18,012 | 9 |
| 9 | RBC | 16,608 | 9 |
| 10 | Bank of America | 16,393 | 9 |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg) * The Brand Momentum Index runs from 1 (low) to 10 (high)

MillwardBrown Optimor

**Key Takeout**
**Build trust**

The financial crisis shook trust in major institutions, leaving brands vulnerable to the generalized sense of betrayal. Trust is the customer's belief, cultivated over time, in the efficacy and reliability of the brand. BrandZ shows that trust works in tandem with recommendation, the customer's belief, grounded in recent experience, that the brand continues to perform consistently and fulfil its promise. The Trust and Recommendation scores for brands have been combined into a new metric called TrustR. The payoff: There's a positive correlation between a high TrustR score and brand value.

# TOP 20 RISERS



## Three categories dominated the top 100.

Ten of this year's Top 20 Risers are technology-related brands, including Amazon, a retailer. Four brands are financial and three are beers.

These results reflect the strong performance of the individual brands and the strength of the respective categories, which ranked as the top three in year-on-year growth. Apparel, bottled water, retail, and soft drinks are represented with one brand each.

## Technology

The brand value of Samsung increased by an extraordinary 80 percent based on the company's reputation for innovation and demand for its products, especially new LED flat screen TVs and mobile handsets. Strong financial results, highlighted by a 91 percent rise in operating profit to $9.6 billion, also enhanced brand value.

The 62 percent increase in the brand value of Baidu, the leading Chinese search engine, reflects its dominance in its home market. More than 70 percent of Chinese Internet users reportedly prefer Baidu over Google. As a result of the rapid growth of online activity in China, which now includes an estimated 400 million Internet users, profits for Baidu increased by 42 percent to $217.6 million on sales of $651.6 million. Baidu is well adapted to deal with searching in Chinese characters and avoided the conflicts over censorship that embroiled Google, which earned $6.5 billion in 2009 on worldwide sales of $23.7 billion.

Verizon, a mobile operator with the largest 3G network in the United States, increased revenue from data transmission by 30 percent and introduced Android-based phones in a strategic partnership with Google. Growth in data transmission revenue also fuelled brand value growth for another brand, $O_2$, the pan-European mobile operator. $O_2$, a UK-based subsidiary of Spain's Telefónica, increased its customer base, adding over 1 million subscribers in the UK and 1.5 million in Germany. T-Mobile also enjoyed data transmission revenue growth. Expectations were raised when the company announced its plan to merge with Orange and create the largest mobile network in the UK. Perhaps reinforced by a popular social media campaign, Brand Contribution also enhanced T-Mobile's brand value.

Apple's 32 percent increase in brand value is due to its iconic products, which help people manage and enjoy their lives. The company ended the calendar year 2009 with iPhone sales of 8.7 million for the quarter, a 100 percent year-on-year increase with over 100,000 apps available. Apple also benefited from the anticipated launch of the iPad.

Amazon became a preferred shopping option in most non-food categories, as general merchandise sales grew 54 percent, with strong results especially around the holidays because of aggressive pricing, improved service, and the overall growth of electronic retailing. The introduction of the next generation of the Kindle electronic book reader as well as the acquisition of online shoe and apparel retailer Zappos were additional factors in Amazon's brand value appreciation.

The brand value of HP increased by almost 50 percent last year, following the rebranding of EDS (Electronic Data Systems) and brand re-launch in 2009. The iconic IBM brand grew another 30 percent in value, in part because it communicated trust at a time of economic turmoil. IBM's strong financial results included a record $18.1 billion in pre-tax income. Sony re-entered the Top 100 this year with a 30 percent increase in value.

## Financial Institutions

Despite the global economic crisis, both MasterCard and Visa appreciated in brand value by more than 50 percent, benefiting as consumers shifted to debit cards in an effort to reduce debt, and started to use cards for smaller transactions. The brands were not exposed to the toxic financial products that hurt many of their bank partners during the recession. Goldman Sachs rebounded from the economic crisis, and a bailout from the U.S. government, with a record profit of $13.4 billion for 2009. HSBC burnished its brand by posting strong results without accepting government bailout support. Continuing its successful brand positioning as "The world's local bank," HSBC also benefited from its stature as the largest international bank in Asia.

**Key Takeout**
**Brand leadership comes from the top**

The most valuable brands are built and sustained not by marketing departments but by brand-minded CEOs. These leaders drive brand thinking through the whole organization. Each of the world's Top 10 most valuable brands was built by a visionary leader who understood brand. Each is run today, either by the same leader, or a successor who embodies the same brand principles.

## Beer

The brand Skol continued its high visibility among young people in Brazil. Brand value also benefited from growth expectations following the 2008 merger of InBev, which owned Skol, and Anheuser-Busch. The Corona brand value growth reflects a recovery after a weak dollar affected exports. The Budweiser brand gained value because of its success with niche product introductions and the power of its distribution system.

## Apparel, Bottled Water, Retail, Soft Drinks

As bottled water brands struggled with environmental and competitive issues, Evian enjoyed badge equity, especially in emergent markets, which accounted for 52 percent of sales. The significant 54 percent rise in brand value for Next, the British apparel retailer, reflects recovery from a difficult 2008 and faster introduction of fashion trends. The Brand Contribution of Gatorade was significantly increased this year, which propelled it into the top risers table.

**Top 20 risers**

| # | Brand | Brand Value $M | Brand Value Change |
|---|---|---|---|
| 1 | Samsung | 11,351 | 80% |
| 2 | Baidu | 9,356 | 62% |
| 3 | MasterCard | 11,659 | 57% |
| 4 | Next | 2,569 | 54% |
| 5 | Visa | 24,883 | 52% |
| 6 | HP | 39,717 | 48% |
| 7 | Verizon Wireless | 24,675 | 39% |
| 8 | Apple | 83,153 | 32% |
| 9 | IBM | 86,383 | 30% |
| 10 | Sony | 8,147 | 30% |
| 11 | Amazon | 27,459 | 29% |
| 12 | Goldman Sachs | 9,283 | 25% |
| 13 | HSBC | 23,408 | 23% |
| 14 | $O_2$ | 10,593 | 23% |
| 15 | Skol | 2,722 | 22% |
| 16 | Gatorade | 2,935 | 22% |
| 17 | Corona | 5,196 | 21% |
| 18 | Evian | 907 | 21% |
| 19 | Budweiser | 15,991 | 20% |
| 20 | T-Mobile | 13,010 | 20% |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg) * The Brand Momentum Index runs from 1 (low) to 10 (high)

MillwardBrown Optimor

# NEWCOMERS TO THE TOP 100




## Three factors account for the appearance of a number of new brands in the BrandZ Top 100 this year.

Some of the newcomers are companies that benefited from their success in emerging markets. Others are financial institutions that emerged in strong positions after last year's global crisis. Finally, a number of leading oil & gas companies appear for the first time because of the inclusion of a larger part of their businesses in the valuation.

The newcomers that are successful in emerging markets include Mumbai-based ICICI. The first Indian brand to feature in the BrandZ Top 100, ICICI is the bank that introduced retail banking to India and stands to profit from the country's continuing growth. Telcel, the largest mobile operator in Mexico, is the first Mexican brand to make the Top 100. It has benefited from the growth of the Mexican telecom market and has a 60 percent market share in Mexico, iPhone exclusivity, and exceptional brand loyalty.

Earlier editions of the BrandZ Top 100 considered only the brand value of the consumer-facing portion — essentially the brand consumers see at gas (petrol) stations. BrandZ 2010 bases the brand value of an oil & gas company on its total operation.

Despite BP's relatively small market capitalization, the company scored highest in brand valuation among the oil & gas companies due to its reputation for environmental responsibility and innovation and its strongly branded "Helios" retail network. Future growth in brand value should be helped by a significant capital investment that paid off for BP last year when a major reserve was discovered deep in the Gulf of Mexico.

Although ExxonMobil profits declined by 57 percent because of the global slowdown, the scale of the company and its reputation for innovation, corporate citizenship, and communication with shareholders earned ExxonMobil the second highest brand valuation among the oil & gas companies. PetroChina, the fifth highest newcomer, overcame ExxonMobil to become the world's largest company by market capitalization, reflecting the economic power of the BRIC countries. Similarly, the market capitalization of Brazil's Petrobras more than doubled in 2009. By accessing deep-sea reserves, Petrobras helped Brazil attain energy independence and earned deep emotional regard for its brand.

Trust in the brand, and the stability and large market capitalization of the bank, earned US Bank 88th place in the Top 100.

**Newcomers to the top 100**

| # | Brand | Brand Value $M |
|---|---|---|
| 34 | BP | 17,283 |
| 39 | ExxonMobil | 15,476 |
| 40 | Shell | 15,112 |
| 45 | ICICI | 14,454 |
| 51 | PetroChina | 13,935 |
| 68 | Samsung | 11,351 |
| 69 | Telcel | 10,850 |
| 73 | Petrobras | 9,675 |
| 75 | Baidu | 9,356 |
| 88 | US Bank | 8,377 |
| 94 | Sony | 8,147 |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor

## Key Takeout
## Offer value and price will follow

Even as people worried about keeping their jobs and paying their mortgages last year, most did not consider price alone when making a purchase. The BrandZ data suggests that, even during the recession, brands that created a strong appeal still commanded a price premium. In fact, only 7 percent of consumers bought on price alone, according to BrandZ data. The most valuable brands balance quality and value, whether at a high or low price.



# YEAR-ON-YEAR CHANGE



## The BrandZ Top 100 grew 4 percent in brand value last year.

The positive result in a recessionary year confirms that strong brands maintain value even in the most challenging economic climates.

While the introduction of oil & gas company valuations contributed to the overall growth, the value of the BrandZ Top 100 appreciated even without the oil & gas companies contribution.

The brand value of most of the product categories measured in the BrandZ ranking was flat or slightly down in 2009 — not a bad result coming out of a recession that is being compared in severity, if not duration, to the Great Depression. Only financial institutions and cars registered major shifts in value.

The brand value of financial institutions grew by 12 percent in 2009, following a decline of 11 percent in 2008 during the height of the crisis and uncertainty. Considered over the two-year period, brand value was flat. Similarly, the 7 percent decline for insurance companies in 2009 looks almost like growth when matched with the 48 percent drop in 2008.

The car category declined 15 percent in brand value last year, an improvement compared with the 22 percent drop a year earlier and an indication that corporate stability and consumer demand are returning.

**Year-on-year change**

| Category | Brand Growth (%) |
|---|---|
| Financial Institutions | 12% |
| Beer | 10% |
| Technology | 6% |
| Fast Food | 1% |
| Retail | -1% |
| Soft Drinks | -1% |
| Mobile Networks | -1% |
| Bottled Water | -2% |
| Gaming Consoles | -3% |
| Spirits | -3% |
| Luxury | -3% |
| Apparel | -4% |
| Personal Care | -4% |
| Coffee | -6% |
| Insurance | -7% |
| Cars | -15% |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor

# APPAREL

"Heritage helped brands as anxious shoppers sought reassurance."




## Youth drove the apparel category for a long time, but not last year.

Unemployed or anxious about losing their jobs, neither young people nor their parents were in any mood to spend money.

This reality hurt brands pitched to the youth market, such as Esprit, which declined 28 percent in brand value. Even H&M, with a range of affordable fashion including designer labels, felt the recession's impact, although less severely because of its value proposition and global reach (2,000 stores in 37 countries). Last year H&M opened its first stores in Russia and prepared to enter South Korea.

The apparel brands that performed well last year seemed to cross age demographics and offer a unique point of view or a clear value proposition. Rebounding from a steep decline last year, the chain Next, which has 500 stores in the UK and Ireland as well as overseas franchises, rose 54 percent in brand value. This was in part recovery from the previous year, but was also because the chain reduced the amount of time it took to identify trends and deliver products to the sales floor.

Nike increased in brand value by 5 percent despite the difficult trading environment. The company returned to its roots with a Web site that emphasized the core brand values of health and wellness. More than other athletic apparel brands, Nike benefited from the reluctance of consumers to cut spending on a category closely associated with their personal identity. Nike also enjoyed strong sales in China.

Heritage helped brands as anxious shoppers sought reassurance. Levis was well positioned to match consumers' recessionary preference for jeans at a sensible price. Gap extolled its brand credibility as a merchant established in the 1960s with a core offering of jeans. In contrast, Gap's Old Navy brand, with more of a contrived brand essence, proved less compelling to consumers.

The Spain-based Zara, a dynamic purveyor of fast fashion like H&M, was hurt by the weakness of the Spanish economy last year but still appreciated in brand value by 4 percent. Ralph Lauren slipped slightly in brand value as consumers focused on filling needs rather than wants.

## The next 12 to 18 months

- After sacrificing for several years, consumers may exhibit a renewed sense of entitlement.
- They will continue to be more concerned with getting the desired product at a good price than with logos.
- They will value products and services that seem personalized, whether available in-store or online.
- They will feel free to build wardrobes that mix mass and luxury goods.
- Fast fashion will continue to do well.



**APPAREL DOWN 4%**

**Top apparels brands**

| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | Nike | 12,597 | 5 | 7 | 5% |
| 2 | H&M | 12,131 | 2 | 7 | 1% |
| 3 | Zara | 8,986 | 3 | 4 | 4% |
| 4 | Esprit | 4,745 | 4 | 6 | -28% |
| 5 | Adidas | 3,263 | 4 | 7 | -34% |
| 6 | Ralph Lauren | 2,857 | 5 | 6 | -6% |
| 7 | Next | 2,569 | 2 | 3 | 54% |
| 8 | Puma | 1,747 | 3 | 6 | -8% |
| 9 | Gap | 1,321 | 1 | 3 | 2% |
| 10 | Levi's | 920 | 2 | 9 | 3% |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor



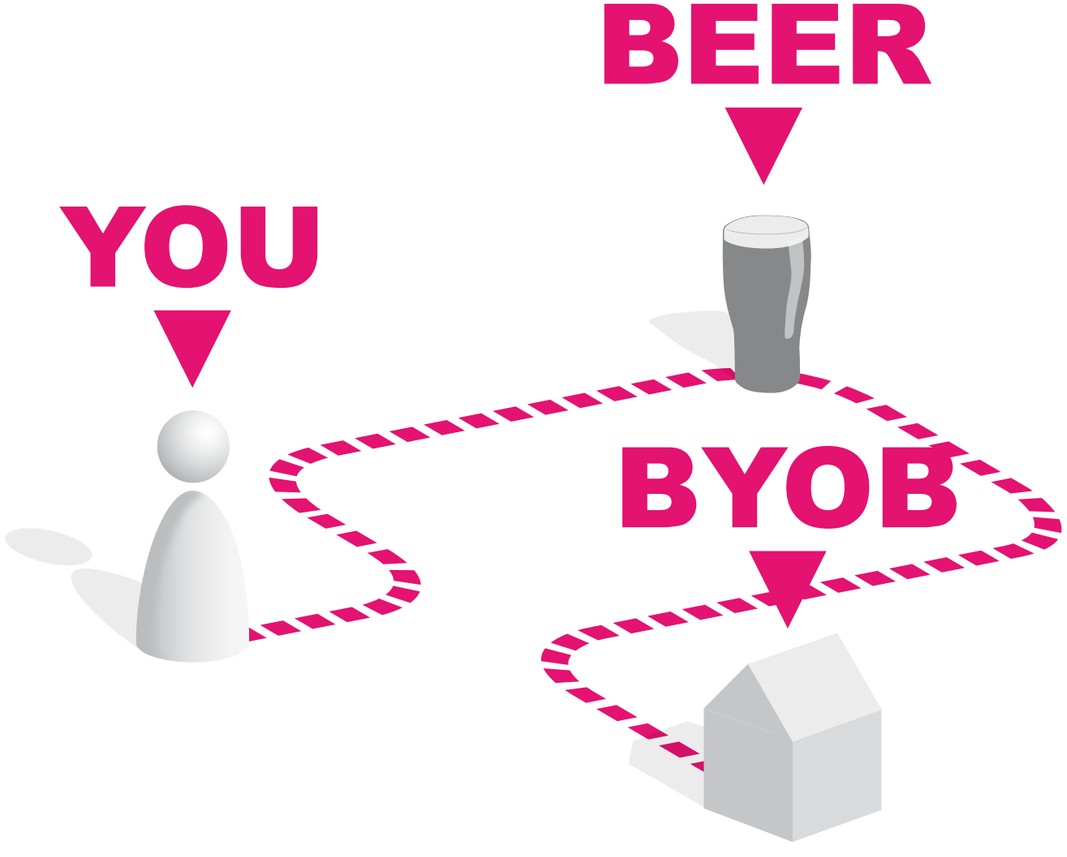
### Apparel in 2010

Ben Lukawski
Mindshare

"Essentially, the biggest challenge that we've got is for youth apparel brands. Conventional thinking is that fashion brands need the youth; that's where trends start from. But we are going to have a generation that will be coming out of university or out of school with huge debts, and very little chance, at least in the short term for employment."

# BEER

"BYOB – bringing your own bottle to a restaurant that does not serve alchohol – also grew as a money saving strategy."




## Beer drinkers sought something new and fun – At the right price.

Apparently many found what they were looking for. The brand value of the beer category grew by 10 percent in 2009. This was the second-greatest increase among the categories tracked for the BrandZ report this year.

Both Bud Light and Budweiser grew in brand value, even as U.S. beer drinkers continued to discover micro and independent craft brews and regional brands. Niche brands also grew in the UK, where consumers see beer as an affordable commodity. Extensive social media and the liberal use of humour and irreverence helped Bud Light maintain its brand leadership. Similarly, Budweiser aired online advertising campaigns that strengthened its connection with consumers and ultimately increased its market share in North America.

Leading global beer producers such as Anheuser-Busch InBev leveraged their scale to imitate the challenger brands, dominate shelf space, and provide lower-priced alternatives. They also introduced line extensions in an attempt to satisfy consumer desire for more taste. Anheuser-Busch InBev's Bud Lite Lime, which was introduced to compete with Corona, was among the most successful of those entries. Meanwhile the brand value of Corona appreciated, in part because of its strength in the U.S., which is now Corona's largest market.

Stella Artois, a Belgium import, grew in brand value despite its premium positioning. Its success in difficult economic times follows from clever marketing of an upscale image and exploiting the extensive distribution network of Anheuser-Busch InBev. The Heineken brand value grew modestly as the company looked to increase its presence in emerging markets. With the slogan "One Dam Good Bier," Amstel Light introduced a campaign to associate the brand with the excitement of Amsterdam, where the brewer was established in 1870.

Recession fears caused many consumers to trade down. Some changed not only what they drank but also where they drank. More beer was consumed at home. In the UK, the shift from pubs to "off premise" drinking reflected both a drop in retail prices for beer and the growth of home entertainment as a cultural phenomenon that extended across Europe. The shift also presented a marketing challenge, as brands are generally built "on trade."

At-home drinking has increased somewhat in the United States too. But BYOB – bringing your own bottle to a restaurant that does not serve alcohol – also grew as a money-saving strategy. Guinness recognized this phenomenon early on and responded with an iPhone app that reads the user's global positioning coordinates and locates the nearest BYOB restaurants and beer merchants.

Social networking helped to build brand awareness and measure the ability to drive trial. It also stretched marketing budgets as brands trimmed or eliminated sponsorships as they transferred spending to proven volume drivers, such as cable TV in the United States.

Some brands benefited from the BRIC economies. Skol, an AB InBev brand in Brazil, grew 22 percent in brand value. And interestingly, the largest brand in the world in terms of units sold is relatively unknown – for now. That's the Chinese beer Snow.

**Top beer brands**

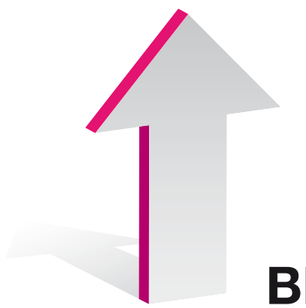
| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | Bud Light | 8,153 | 2 | 9 | 22% |
| 2 | Budweiser | 7,838 | 3 | 8 | 18% |
| 3 | Heineken | 5,204 | 4 | 9 | 3% |
| 4 | Corona | 5,196 | 4 | 8 | 21% |
| 5 | Stella Artois | 4,808 | 4 | 8 | 7% |
| 6 | Guinness | 3,165 | 5 | 6 | -10% |
| 7 | Skol | 2,722 | 5 | 10 | 22% |
| 8 | Miller Lite | 2,344 | 1 | 5 | -7% |
| 9 | Kronenbourg 1664 | 1,761 | 2 | 6 | 6% |
| 10 | Amstel | 1,756 | 2 | 7 | -11% |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor

## The next 12 to 18 months

- The global leaders will drive further rationalization and efficiency in distribution and in allocation of retail shelf space.
- Some of the small niche brands may develop mass appeal.
- Concern about declining consumption will continue, particularly in the UK.
- Major brewers will pay more attention to the beer drinking preferences of women.
- The category will evolve with more focus on pairing beer with food.



**BEER UP 10%**



**Beer in 2010**

"I think that the recession has accelerated the move from more drinking in pubs and clubs to drinking at home."

Caroline Walker
Millward Brown

# BOTTLED WATER

"And it doesn't help that tap water is 'in'. Many also request tap rather than bottled water in restaurants because it is free and fashionable."



## Bottled Water was a natural place to save money.

Recessionary pressure compounded the ambivalence that consumers in developed markets felt about the category. They considered the contents — water — good and important for personal health. But they worried about the environmental impact of packaging and transporting something that is freely and locally available.

And it doesn't help that tap water is "in". In countries where quality tap water is generally available, more consumers attach filters to their faucets and drink tap water at home. Many also request tap rather than bottled water in restaurants because it's free and fashionable. For walking around, some carry tap water in aluminium thermoses that signify their environmentalist credentials. This trend cuts into the highly profitable on-the-go consumption segment of the bottled water business.

To reassure consumers, the major bottled water brands promote the health benefits of adequate daily hydration while modifying packaging and searching for additional commercially viable packaging innovations to address environmental concerns.

The pressures on the category intensified competition. To win market share from each other, the brands attempted to differentiate by promoting product benefits such as mineral content, provenance, and purity. As these qualities became the cost of category entry, brands sought the badge equity that comes from engaging the loyalty of a particular audience.

Evian was especially successful at this and grew brand value by 21 percent. Evian shifted from a rational explanation of its benefits to an emotional appeal that associated the brand with youthful vitality. Its one-minute video simulation of roller-skating babies entered the Guinness World Records last year as the most watched online ad ever, with over 45 million viewings.

The Bottled Water category divides into two types of products: purified waters, which are processed to remove contaminates and bottled locally, and mineral waters, which are bottled at their natural source. Purified waters are particularly strong in markets where water safety is an issue.

Each product type has challenges.

Mineral water brands, such as Evian and Volvic, both of which originate in the Alps, impact the environment during shipping. Purified water brands that bottle near the point of distribution, such as Aquafina and Dasani, produce a smaller carbon footprint but cannot claim authenticity. Perhaps the greatest challenge, shared by all the brands, is the lack of taste differentiation.

Certain brands enjoy national dominance, including Levissima, which comes from the Italian Alps and is strong in Italy, and Bonafont, the brand leader in Mexico that recently began exporting. Other brands have regional presence. Poland Springs, which is bottled in Maine, is particularly strong in the northeastern United States.

Potential category growth outside developed markets is substantial for this category, especially in countries where clean drinkable water is not universally available. Current brand leaders may benefit from this demand, which also presents an opportunity for entrepreneurs to solve distribution challenges and create local brands.

## The next 12 to 18 months

- In developing markets, water scarcity will drive consumer demand for bottled water.
- In mature markets, environmental consciousness will continue to motivate consumers to switch to tap water.
- Competition between brands will intensify.
- Leading brands will attempt to create designer images and badge value.
- The search for biodegradable or other environmentally friendly packaging solutions will accelerate.



**BOTTLED WATER DOWN 2%**

**Top bottled water brands**

| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | Evian | 907 | 1 | 6 | 21% |
| 2 | Aquafina | 785 | 3 | 6 | -3% |
| 3 | Perrier | 653 | 4 | 6 | -5% |
| 4 | Dasani | 602 | 3 | 5 | -1% |
| 5 | Volvic | 564 | 3 | 7 | 6% |
| 6 | Poland Spring | 487 | 1 | 7 | -3% |
| 7 | Pure Life† | 361 | 5 | 8 | -21% |
| 8 | Vittel | 335 | 2 | 6 | -3% |
| 9 | Levissima | 303 | 5 | 6 | -6% |
| 10 | Contrex | 241 | 2 | 6 | -16% |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg) † Restated last year's figure due to additional research

MillwardBrown Optimor



### Bottled Water in 2010

Tony Harris
Y&R

"Water is becoming an even more important issue in terms of people's consumption. There is greater understanding that people should be drinking more water, so hydration is something that is very much a driver of the bottled water market."

# CARS

"While several brands did well, the central story of the recession was more about which brands declined the least in sales and value."




## The long-term love affair between consumers and cars was severely tested.

While several brands did well, the central story of the recession was about which brands declined the least in sales and value. The car category overall suffered a 15 percent drop in brand value.

Tightened credit slowed consumer car purchasing and the leasing market dried up. Diminished corporate spending reduced fleet purchasing. Government intervention rescued car companies in Europe and in the United States. The U.S. government bailed out GM and Chrysler with loans totalling about $25 billion. At the same time, governments stimulated sales with programs such as "Cash for Clunkers" in the United States and other similar programs in Europe.

The recession hit as car buyers were already rethinking their priorities, demanding greater fuel efficiency to save both money and the planet. The Ford brand benefited from being the only one of the "big three" car makers that did not take government money. Ford also reaped the reward of its investments in new technologies. Prior to the recession, Ford had obtained $23 billion in financing. Having cash on hand, the company was able to pursue leadership in emission control and high-tech innovations such as the voice-activated electronics control system "Sync" that Ford developed with Microsoft. As a result, the company made $2.7 billion in profit last year.

For Toyota, the pressure of the recession was compounded by performance problems. Among the most valuable and trusted brands in the world, Toyota suffered at least temporary damage to its reputation when it responded slowly to reports of stuck accelerator pedals that ultimately prompted a massive recall. The company is now trying hard to overcome the damage done to the brand through a major communications campaign that includes a large social media component. This year's ranking only reflects the damage done to the brand as the recalls began at the end of 2009; the brand is likely to have suffered further in recent months. The strength of the Toyota brand and the fact that it is highly trusted puts the company in a strong position to recover. This potential improvement will be reflected in future BrandZ rankings.

Although not yet among the Top 10 in this category, fast-growing Hyundai and Kia invested significantly in advertising and were considered especially well positioned. The Korean brands offered sharp styling at a competitive price, providing the kind of value proposition that appealed to recession-weary shoppers. In addition, the companies removed any performance risk with long -term warranties.

Similarly, VW and Audi were viewed as trustworthy brands with style, global distribution, German engineering, and lower prices than prestige makes such as BMW and Mercedes.

The interest in less expensive brands may signal a post-recession shift in consumer attitudes where prestige at almost any price becomes less desirable than more tangible benefits, such as improved performance, for a reasonable price. Demand for status brands will not disappear, but its center of gravity may shift to fast-growing country markets, particularly China.

China emerged last year as the world's largest car market. Chinese consumers bought Chinese makes as well as western brands such as VW, Buick, and Cadillac. With Geely's acquisition of Volvo, China will for the first time produce a quality global car brand. Meanwhile, all of the leading western car brands are looking to China and other BRIC countries for growth.

Ford structured its organization to become a global corporation with hubs in Detroit, London, and Shanghai. Ford's intent, which is shared by other car companies, is to produce best-in-class global designs and supply chains, with cars built near the markets where they're sold. The Focus is the first Ford car designed as a global brand.

The western car brands also are hoping that coming out of the recession, pent-up demand will drive domestic sales. In the United States the number of cars sold dropped from almost 17.5 million in 2005 to 10.6 million cars last year. Sales are expected to rebound at least somewhat in 2010.

Which brands consumers will select and where they will buy cars is another story. Brand loyalty is eroding because value-seeking shoppers are driven by the features and technology offered, even in Europe where consumers traditionally favored national car brands. And as younger consumers research cars online, collecting information from Web sites and social networks, the importance of dealerships will decline, changing the way cars are sold.

The environment, a long-term concern, will become a hygiene factor, particularly in North America and Europe, as governments strengthen carbon emission standards. The high cost of necessary technologies may require car brands to collaborate in finding solutions.

## The next 12 to 18 months

- Carmakers will reduce supply to match lower demand as consumers keep cars for longer to save money and because the products are more durable.
- Growth should be strong in China, India, and parts of South America, while sales in Russia are likely to lag because recovery will take time.
- Korean brands will increase pressure on mid-market leaders.
- Environmental responsibility will become less of a differentiating feature and more of a hygiene factor, as safety is now.
- The role of dealerships will evolve; they will become centers of interactive brand experience that will complement the online information.
- Brands will leverage social media to engage consumers and put them at the center of the innovation and product development process.



**CARS DOWN 15%**

**Top car brands**

| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | BMW | 21,816 | 5 | 6 | -9% |
| 2 | Toyota | 21,769 | 5 | 4 | -27% |
| 3 | Honda | 14,303 | 3 | 4 | -2% |
| 4 | Mercedes | 13,736 | 5 | 3 | -11% |
| 5 | Porsche | 12,021 | 5 | 4 | -31% |
| 6 | Nissan | 8,607 | 2 | 2 | -16% |
| 7 | Ford | 7,039 | 3 | 3 | 19% |
| 8 | VW | 6,994 | 4 | 5 | 20% |
| 9 | Audi | 3,624 | 5 | 5 | 2% |
| 10 | Renault | 3,260 | 2 | 3 | -4% |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor



### Cars in 2010

Nora Ziegenhahn
JWT

"Coming out of the recession, what's really important is that the term value will have to change from meaning 'cheap' into actually meaning adding some extra value to the offers that manufacturers bring on to the market."

# COFFEE

"The success of Starbucks and its competitors sparked an interest in enjoying the coffee house experience at home."




**The recession hurt the growth of premium coffee brands and led to a consumer drift to own label.**

It also highlighted the need for brands to create excitement in a relatively low-engagement category. Historically brand choice has been driven by habit, although some shoppers make their purchase decisions based on pricing at the shelf. The brand value of the coffee category declined 6 percent in 2009, compared with an 18 percent increase a year earlier.

Starbucks, with about 16,000 stores in 44 countries leverages its brand recognition and sells its coffee as a premium brand in supermarkets. Having transformed the coffee category by emphasizing flavor and experience, Starbucks last year introduced value packs in the supermarkets, which allowed them to stay competitive during the recession.

The success of Starbucks and its competitors sparked an interest in enjoying the coffee house experience at home. Nespresso, Nestlé's fastest-growing business, has dominated an at-home product sector: the single-cup coffee-brewing machine. Creating initial buzz with 50 "Nespresso Boutiques" and sophisticated ads featuring George Clooney, Nespresso has created a brand that signifies both luxury and affordable quality. The purchaser of a Nespresso brewing machine enters this world and commits to Nespresso brand coffee, which comes in a range of flavors in pods designed to fit only the Nespresso machines.

While Maxwell House continued to enjoy high brand awareness globally, Folgers built brand interest more effectively in the United States as consumers traded down from premium. After acquiring Folgers from P&G late in 2008, the J.M. Smucker company revived the old jingle, "the best part of waking up is Folgers in your cup." The Smucker company also manufactures and distributes the Dunkin' Donuts packaged coffee.

Dunkin' Donuts drew consumer attention with its slogan "America runs on Dunkin". The company, which operates about 8,000 fast food restaurants worldwide, sells its packaged coffee in supermarkets, positioned below premium but above the mainstream brands like Folgers. Similarly Tim Hortons, a leading fast food chain based in Canada, is the number two coffee brand sold in Canadian supermarkets, after Maxwell House.

Nestlé is exploring the health and wellness possibilities of coffee, particularly in Asia, where one of its brands is Nescafé Protect. Made from a combination of roasted and green beans, Nescafé Protect is marketed as being higher in antioxidants than green tea. Coffee brands view the potential health benefits and the energizing aspect of coffee as important for engaging new and younger drinkers, many of whom prefer energy drinks as a caffeine source.

The preferences of young people could also drive the growing niche of organic and fair trade coffee. Increasingly, young people are concerned that the products they purchase do not harm the environment or their health. Brands could differentiate themselves by catering to these preferences, particularly when the benefits are strategic and "baked-in".

## The next 12 to 18 months

- Coffee prices may rise as more brands market premium brews and increase the demand for quality beans.
- Store brands will roll out premium offerings to satisfy changing consumer tastes.
- Fast food coffee brands will continue to take coffee seriously and investigate moving into grocery store distribution.
- Sustainability and partnerships with coffee-growing communities will become important aspects of the brand story.
- Nutrition, health, and wellness benefits will be touted by some brands as reasons to drink coffee.
- Home coffee brewing machines may expand their functionality to brew iced coffee and other drinks, but pod disposal will present a sustainability issue.



**COFFEE DOWN 6%**

**Top coffee brands**

| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | Nescafé | 5,309 | 2 | 5 | -6% |
| 2 | Nespresso | 2,799 | 4 | 7 | 14% |
| 3 | Maxwell House | 1,181 | 1 | 4 | -10% |
| 4 | Folgers | 1,166 | 3 | 9 | -12% |
| 5 | Starbucks | 988 | 5 | 5 | 17% |
| 6 | Jacobs | 770 | 1 | 5 | -23% |
| 7 | Douwe Egberts | 619 | 5 | 6 | -15% |
| 8 | Carte Noire | 509 | 3 | 4 | -16% |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor



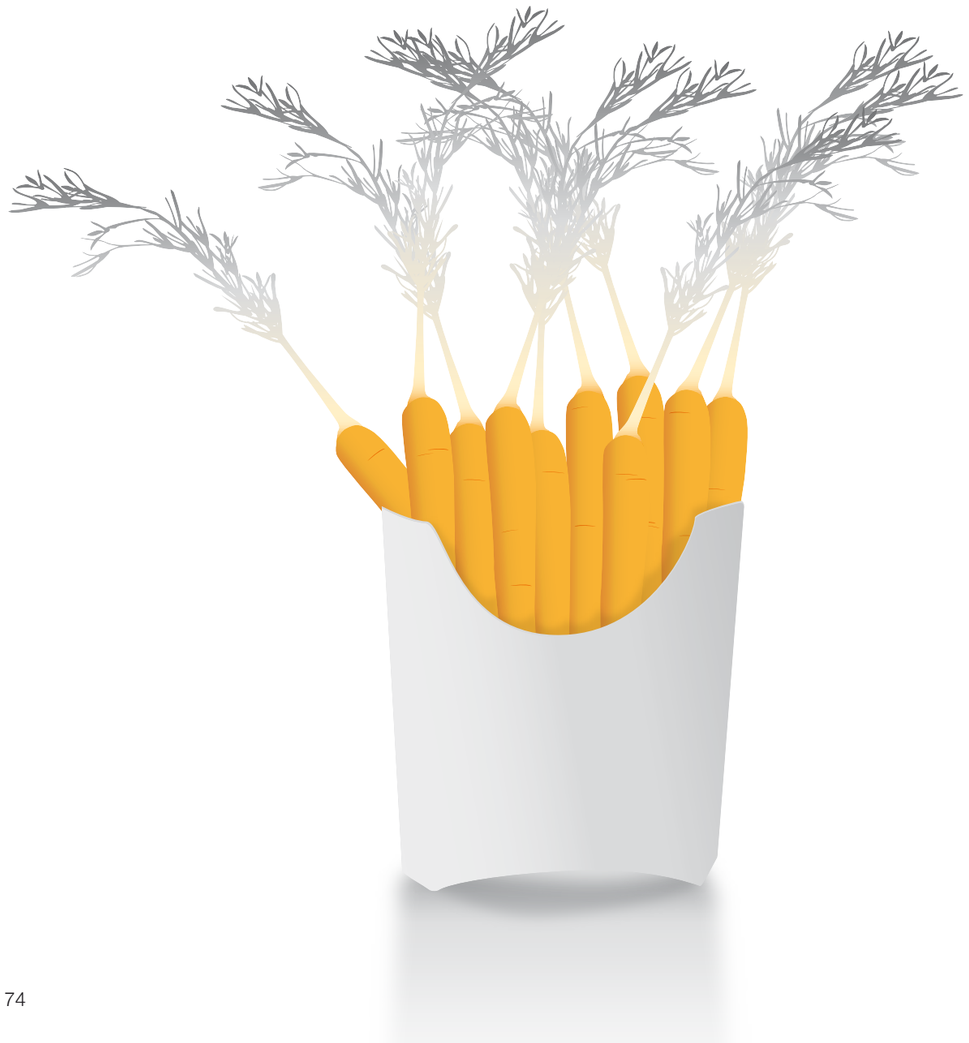
### Coffee in 2010

Charlotte Gifford
Landor

"One of the biggest opportunities for coffee brands is to increase awareness about the health benefits of coffee. In fact, coffee is as healthy as tea, but consumers don't realize that. There's an opportunity for brands to promote the health benefit."

# FAST FOOD

"The leading hamburger chains – McDonald's, Burger King and Wendy's – improved the ingredients of their core offering"



## People continued to eat out last year. But they were picky.

As consumers sought value, the fast food category benefitted. Traffic was up slightly at some food chains and flat at others. Brand value for the category grew by just 1 percent. But last year, "flat" was the new "up."

Business at fast food restaurants in the United States and Western Europe reflected this interest in value, while in parts of Eastern and Southern Europe some consumers retreated to traditional comfort food and to old-style family restaurants or even work canteens.

Steady traffic at fast food outlets came at the expense of full-service, mid-tier casual dining establishments. Consumers were attracted to the fast food restaurants because of their lower prices and improvements that included upgrades in décor and food.

The leading hamburger chains – McDonald's, Burger King, and Wendy's – improved the ingredients of their core offering. In response to concerns about health and obesity, they introduced healthier options, like yogurt, apples, and carrot sticks. In the sandwich sector, Subway took similar steps.

Subway's $5 Footlong sandwich offering, a compelling value proposition during the recession, boosted Subway's sales. The success of that promotion, along with the brand's commitment to freshness, enabled Subway to surpass Wendy's and Burger King in market share last year. With 32,000 restaurants in 92 countries, Subway is about to overtake McDonald's in number of locations. Subway's brand value increased 9 percent.

Customers migrating to fast food from casual dining were simultaneously "trading down" in terms of restaurants while "buying up" by choosing premium menu items in the less expensive outlets. In contrast, fast food core customers typically ordered the basics or the highly promoted value meals. This segmentation was new to the category. Sustaining it post-recession remains a key challenge.

McDonald's benefited from the McCafé initiative to improve its coffee. The chain bet that better coffee would help it expand the breakfast trade and compete against Starbucks and other coffee houses. McCafé provides a menu of coffee drinks and in some locations has a separate section of the restaurant. Burger King plans to begin offering Seattle's Best Coffee, a Starbucks brand, in its U.S. restaurants this summer.

Meanwhile, Starbucks continued refreshing its brand while it adjusted to the spending impact of the recession, as like-for-like outlet sales declined 6 percent last year. Starbucks lowered prices on basic coffee drinks while raising prices on more complicated beverages and added healthier options to the menu. The company closed 566 U.S. stores in 2009. These closures, one of many cost-reduction initiatives, were part of a plan to close 800 U.S. and 100 international underperforming units. Still, overseas expansion continued, as Starbucks entered Portugal, Bulgaria, and Poland in 2009. Starbucks remains the leading coffee house specialist worldwide with more than 16,000 locations in over 50 countries.

Although the recession eased somewhat by the end of last year, high unemployment persisted, particularly in the United States. Margins suffered when loudly promoted discounts did not draw expected traffic. McDonalds may have felt less pressure than other chains because of its greater scale and stronger unit economics compared with the competition.

With a relatively smaller international business, Burger King had less protection from the fluctuations of the U.S. economy. The decline in brand value for Wendy's in part reflected first-year results of its merger with Arby's. As the economy recovers, fast food chains should benefit from strategies and efficiencies implemented during the recession.

Many fast food leaders looked for growth beyond the saturated markets of North America and Europe to emerging economies, particularly in Asia. Burger King selected Beijing as the location to celebrate the opening of outlet number 12,000 late last year. The chain operates 25 units in China, which it entered in 2008. U.S.-based Yum! Brands opened 700 restaurants outside of the United States last year. The company, which owns KFC and Pizza Hut, operates 37,000 fast food locations worldwide in 110 countries and is about to launch the international expansion of Taco Bell.

Tim Hortons entered into a co-branding initiative with Cold Stone Creamery, an ice cream restaurant, as part of its attempt to expand in the United States, where the Canadian chain currently operates more than 560 of its roughly 3,575 restaurants.



## The next 12 to 18 months

- Consumers will continue to expect to find the value offers that brands introduced during the recession.
- Supply chains will become more transparent as consumers question the provenance and quality of ingredients.
- Brands will increase premium menu items to attract and keep new customers.
- Nutritional information and calorie counts will appear on more menus.
- U.S. brands will introduce new flavors that accent American comfort foods with ethnic spices.
- Portion size will diminish in the United States as a response to concerns about obesity, particularly among children.

**Top fast food brands**

| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | McDonald's | 66,005 | 5 | 6 | -1% |
| 2 | Subway | 12,032 | 5 | 5 | 9% |
| 3 | Starbucks | 7,502 | 5 | 5 | 17% |
| 4 | KFC | 7,147 | 3 | 5 | 6% |
| 5 | Pizza Hut | 3,363 | 1 | 4 | 8% |
| 6 | Tim Hortons | 3,236 | 3 | 9 | -16% |
| 7 | Wendy's | 2,491 | 4 | 6 | -18% |
| 8 | Taco Bell | 1,835 | 2 | 3 | 7% |
| 9 | Burger King | 1,767 | 1 | 6 | -27% |
| 10 | Arby's | 682 | 2 | 6 | 3% |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor



**FAST FOOD UP 1%**



### Fast food in 2010

"Whenever you get into a recession, consumers tend to trade down from casual dining to fast food. And the fast food guys promote value, which was the key last year. The same number of people went out to eat, but the way they spent their money changed."

Rick Cusato
Grey

# FINANCIAL INSTITUTIONS

"Major retail brands, such as Costco, M&S, Tesco and Walmart either offered financial services or were attempting to obtain banking licenses."



## Brand value rebounded. But consumer trust lagged.

Because many banks performed well during 2009, financial results helped boost brand value to the point that, on paper, it seemed as if the global financial meltdown and massive government bailouts never happened. With a 12 percent rise in brand value, financial institutions led all other categories in year-on-year growth.

ICBC (Industrial and Commercial Bank of China), which grew by 15 percent in brand value, remained number one in the category, reflecting the dynamism of the BRIC markets. Similarly, ICICI, India's largest bank appeared in the ranking for the first time. The brand value of many global banks grew or remained relatively stable because they enjoyed strong business in emerging markets, avoided a government bailout, or limited their exposure to toxic assets.

Spain's Santander, which operates extensively in Latin America, grew by 12 percent in brand value based on its strength in that region and relative isolation from the economic crisis. Expanding its global reach, Santander also completed its acquisition of Sovereign Bank, which operates in the northeastern United States, and prepared to rebrand Abbey National, Alliance & Leicester, and Bradford & Bingley in the UK.

HSBC and Barclays grew in brand value by 23 percent and 20 percent, respectively. Both banks eschewed government loans. HSBC has built a global brand over the past seven years, around the idea of embracing diversity and celebrating different points of view. Calling itself "the world's local bank," HSBC has expanded to 86 countries adapting its global knowledge and efficiencies to the particular needs and values of the markets it serves.

With a 16 percent rise in brand value last year, Wells Fargo completed its acquisition of Wachovia and continued to be the most valuable U.S. bank brand as it promotes a heritage that recalls the period of overland stagecoaches. Wells Fargo was among the banks that rejected a government bailout. Restricted by Canadian regulations from assuming excessive risk, RBC, also avoided the impact of the financial crisis. Its brand value grew by 12 percent.

Consumers did not recover as quickly as their banks. Faced with a reality that included job loss and dramatic drops in home value and net worth, they blamed the financial sector as a whole — retail as well as investment banks. Consumers reacted bitterly when Goldman Sachs reported a record profit one year after accepting government funds. Anger at banks was compounded because consumers felt helpless. They often remained with their banks, not out of brand loyalty, but to avoid the pain of switching checking and savings accounts, mortgages, and other financial services.

Inertia and convenience may not be enough to sustain loyalty in the future. There has been a major loss of trust in banks, especially in the United States and the UK, and major retail brands such as Tesco, Virgin, and Walmart are either already successfully offering financial services or attempting to obtain banking licenses. Retailers pose a serious threat to banks because they have large customer bases, extensive networks of convenient locations, and substantial reservoirs of consumer trust. In addition, risk is minimized because deposits are government insured. Retailers are most likely to focus on transactional services and credit cards.

These competitive pressures, along with the high cost of customer acquisition, may motivate banks to improve service to existing customers. Ironically, banks excel at developing and nurturing long-term relationships with corporate and private banking customers, but until now banks have applied little of that know-how and experience to their retail operations.

The major credit card brands, Visa and MasterCard, emerged from the financial crisis unscathed with an increase in brand value of 52 percent and 57 percent, respectively. The brands benefited from recent IPOs and the global shift from cash to credit and debit cards, even for small transactions. Debit card use increased as consumers, chastened by the recession, adopted a pay-as-you-go attitude toward managing debt. The growth of online purchasing also contributed to the brand strength of Visa and MasterCard. In addition, both brands were shielded from the financial crisis because, unlike American Express, they are not banks.

Along with India's ICICI, one other financial organization made the ranking for the first time this year: US Bank, a major institution trading mostly in the midwestern United States.



## Financial Institutions in 2010

Ben Curson
Hill & Knowlton

"One of the things that I think would be important in terms of brand and brand value, would be identifying to whom the brand is important, and therefore, pitching the brand appropriately. For example, a high street bank in the UK or in any other market, which relies very much on consumers and foot fall in their retail operation, must play a different role — and signify something different — for those customers than it does for Goldman Sachs, an investment bank, where the audience is much more niche."

## The next 12 to 18 months

- The brand value of winners in the banking debacle will grow as they consolidate and rebrand recent acquisitions.
- Banks will turn to social networking and one-to-one communication with consumers in an effort to restore trust.
- Banks will compete for the most affluent consumers, offering them high-touch service while turning away from less credit-worthy customers.
- Consumers will have multiple financial relationships to spread risk and tap specialist expertise, suggesting the end of the financial supermarket.
- Technology will drive many changes, including mobile banking and more interactive touch screens in branches.
- Consumers will expect their banks to be forces for good in their communities.



# FINANCIAL INSTITUTIONS UP 12%

**Top financial institution brands**

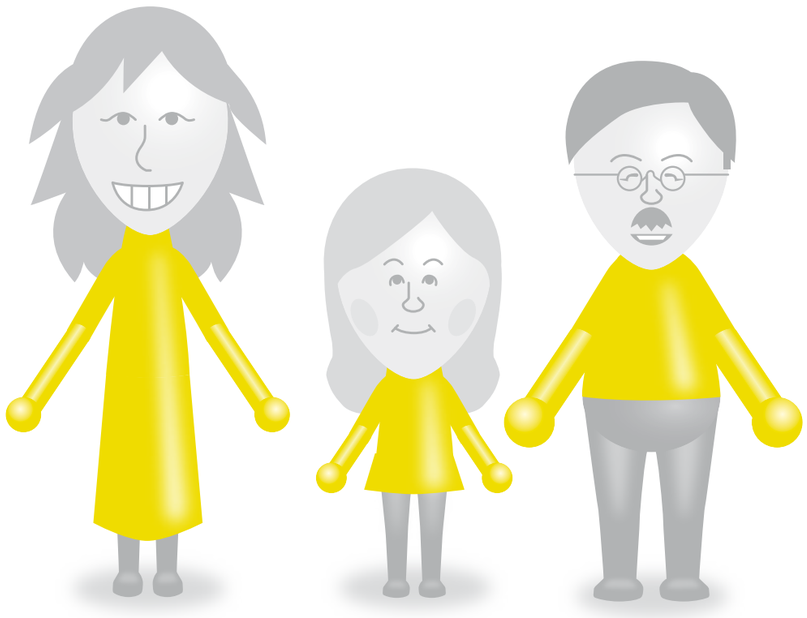
| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change | 2-yr CAGR* |
|---|---|---|---|---|---|---|
| 1 | ICBC | 43,927 | 4 | 7 | 15% | 11% |
| 2 | Visa | 24,883 | 5 | 9 | 52% | NA |
| 3 | HSBC | 23,408 | 4 | 3 | 23% | 6% |
| 4 | Bank of China | 21,960 | 3 | 6 | 4% | 3% |
| 5 | China Construction Bank | 20,929 | 3 | 7 | -8% | 3% |
| 6 | Wells Fargo | 18,746 | 5 | 7 | 16% | -5% |
| 7 | Santander | 18,012 | 3 | 9 | 12% | 7% |
| 8 | RBC | 16,608 | 5 | 9 | 12% | -2% |
| 9 | Bank of America | 16,393 | 2 | 9 | 6% | -15% |
| 10 | ICICI | 14,454 | 1 | 9 | NA | NA |
| 11 | American Express | 13,912 | 3 | 3 | -7% | -13% |
| 12 | Citi | 13,403 | 2 | 7 | -8% | -17% |
| 13 | BBVA | 12,977 | 5 | 9 | 3% | 10% |
| 14 | Chase | 12,426 | 4 | 9 | 17% | 0% |
| 15 | MasterCard | 11,659 | 5 | 7 | 57% | 15% |
| 16 | TD | 10,274 | 5 | 7 | -7% | NA |
| 17 | Goldman Sachs | 9,283 | 4 | 9 | 25% | -6% |
| 18 | Barclays | 8,383 | 1 | 7 | 20% | 4% |
| 19 | US Bank | 8,377 | 5 | 8 | NA | NA |
| 20 | Standard Chartered plc | 8,327 | 2 | 6 | 1% | 5% |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)
*Compound Annual Growth Rate

MillwardBrown Optimor

# GAMING CONSOLES

"As gaming consoles continued their transformation from toys for boys to entertainment centers for individuals and families, the leading consoles experienced the most lift."



## Added versatility and new social games drove console sales last year.

The recession impacted the category somewhat, as reduced consumer income made manufacturers more cautious about launching new games. At the same time, many consumers purchased games for their money-saving entertainment value; the cost of a game, which can provide many hours of play, is relatively low compared to the short duration and expense of a night out at the movies.

As gaming consoles continued their transformation from toys for boys to entertainment centers for individuals and families, the leading consoles experienced the most lift. Holiday sales were particularly strong for the category. Roughly 3.8 million Sony PlayStation 3 consoles were sold during the last five weeks of 2009, a 76 percent year-on-year increase.

During a comparable time period, Nintendo enjoyed a 40 percent increase in sales on the strength of the Wii, which led the shift in gaming from a solitary to community activity.

The consoles benefited from the buzz in gaming Web sites and also in the general press, as newspapers, such as The Guardian in the UK moved coverage of games from the technology pages to the culture section. The availability of discounted games at mass merchants also helped move the category further into the mainstream, even as it eroded margins.

Additionally, games consoles continued to evolve into more versatile and convenient media centers where consumers rent and stream movies, watch sports, and receive games on demand. These activities provide additional revenue to the console manufacturers through transaction fees or arrangements with content partners, such as Netflix. The consoles enable users to enjoy the entertainment individually or with others located elsewhere.

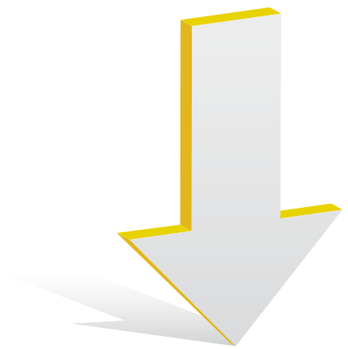
The consoles benefited from the rapidly growing popularity of social games developed by small independent game producers. Social games draw consumers with a low entry cost and generate revenue from micro payments during play. For example, in FarmVille, a Facebook application launched last year, players engage their social network in small financial transactions that help grow crops and raise cattle on a virtual farm.

Games remained the primary driver of console sales, especially music games with the release of Rock Band Beatles. Game publishers also added supplemental hours of game content to retain players and maximize revenue for each title. Because publishers make no revenue when retailers sell second-hand games, they made second-hand games less desirable by limiting access to enhancements to original purchasers.

If evolving technology helped grow the category, it also supplied some of the clearest potential threats, especially to the mobile sector of the business. Relatively inexpensive casual games and immersive media that act as the movie trailer equivalent for complicated console games were available not only for Nintendo DS and Sony PSP, but also for iPod Touch, iPhone and other mobile devices.

## The next 12 to 18 months

- The major game producers will shift increasingly to online distribution.
- The growing popularity of micro-transactional social games will draw major game makers into a segment mostly occupied by independents.
- Cloud technology will enable people to access highly complex games.
- Development such as gesture-based interactivity and plug-ins to existing hardware with voice and facial recognition will change the way people interact with games.
- Media convergence will continue with gamers having the option to play on a computer, console, or mobile device.
- 3-D versions of games will emerge with the availability of 3-D TVs.



**GAMING CONSOLES DOWN 3%**

**Top gaming console brands**

| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | Wii | 9,987 | 5 | 9 | 21% |
| 2 | Nintendo DS | 7,846 | 3 | 7 | -19% |
| 3 | Xbox 360 | 4,550 | 4 | 6 | -1% |
| 4 | PlayStation 3 | 426 | 2 | 5 | 25% |
| 5 | PSP | 155 | 1 | 2 | 8% |
| 6 | PlayStation 2 | 49 | 1 | 2 | 58% |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor



### Gaming Consoles in 2010

Ed Tomalin
GT

"Certainly the recession had an effect on the industry at the start of the year. A major impact was that people would be staying indoors more so that had a positive effect as a whole. People were purchasing consoles and also, we are probably becoming more discerning in the titles that we are actually buying. But people were still purchasing, so we saw a positive uplift."

# INSURANCE

"...consumers sought insurance brands they could trust."




**The insurance industry restored the bottom line last year, with many brands turning around in the last quarter of 2009.**

Emerging from the recession more determined to protect what they have, consumers sought insurance brands they could trust. Price remained important, but price without assurances of security and quality was insufficient reason to switch brands.

In cultivating trust, insurance companies confronted two forces: a backlash from consumers angry at the financial industry in general; and the growing influence of the Internet and social media, which continued to enable a power shift from provider to consumer, resulting in disintermediation, channel conflicts and a focus on price.

In some countries consumers buy policies online from aggregation sites that search competing insurance options and facilitate price comparison. This ease of obtaining information online, along with the speed at which innovation can be copied, rewards consumers for promiscuity rather than loyalty and threatens to commoditize much of the insurance industry.

The brands that sustained or grew their brand financial value in 2009 understood these forces and leveraged the Internet and social media to build loyalty and trust by stressing quality and services. For example, State Farm, the number one insurer by brand value, increased in brand value by 19 percent, with its emotional appeal, "Like a good neighbor, State Farm is there."

Zurich survived the financial crisis without a hitch due to their focus on strategic activities. Their Brand Contribution has increased and in 2009 they achieved the highest dividend paid to shareholders in 10 years.

Geico, which built its brand with iconic pitchmen, went beyond the Australian-accented gecko, the cavemen and the googly-eyed stack of money, relying on renowned investor Warren Buffett to recommend the security and the strength of the company. A relatively small 5 percent decline in brand value resulted from Geico's credit card operations and a high dependence on car insurance

The multinational insurer Axa increased brand value by 7 percent, mostly by focusing on operational excellence, reinforcing elements of trust and improving the customer experience and transparency. Although the Allstate brand declined, the company prepared for future growth with the arrival of a new CMO in October 2009, and the continued focus on innovation with products like Your Choice Auto product. The ING insurance brand, which declined in value, will disappear as ING focuses on its considerable global banking business.

In a post-recession world, as consumers recalibrate their priorities, insurance brands have a unique opportunity to earn and deepen consumer trust by shifting their emphasis from contract renewal to customer service and by providing value-added benefits.

## The next 12 to 18 months

- Brands will move back to the core business and away from offering diversified financial services.
- Margins will continue to erode.
- Consolidation will accelerate.
- Commoditization will increase the need to customize policies and premiums.
- Insurance companies will communicate brand heritage.
- Brands will increase use of digital communication and social networks.



**INSURANCE DOWN 7%**

**Top insurance brands**

| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change | 2yr CAGR* |
|---|---|---|---|---|---|---|
| 1 | State Farm | 8,214 | 5 | 8 | 19% | -3% |
| 2 | Allianz | 4,452 | 4 | 8 | -21% | -8% |
| 3 | AXA | 3,961 | 1 | 7 | 7% | -14% |
| 4 | Zurich | 1,937 | 2 | 7 | 17% | -7% |
| 5 | Geico | 1,819 | 5 | 9 | -5% | -6% |
| 6 | MetLife | 1,735 | 2 | 2 | -6% | -15% |
| 7 | Allstate | 1,581 | 4 | 7 | -33% | -25% |
| 8 | ING | 1,566 | 3 | 3 | -47% | -27% |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg) *Compound Annual Growth Rate

MillwardBrown Optimor



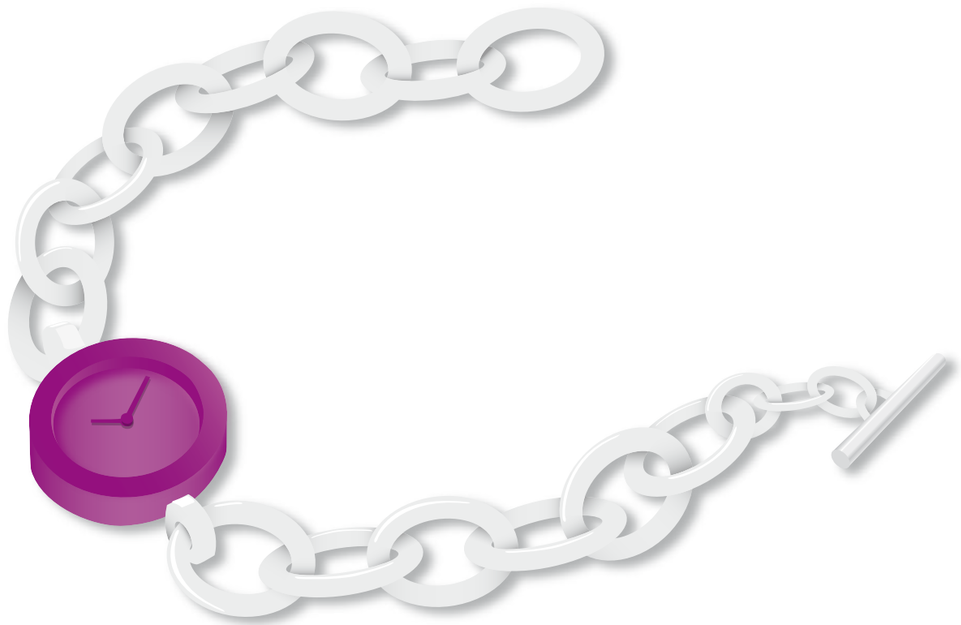
### Insurance in 2010

"Marketers and businesses have to be very conscious of consumer sentiment. They need to adjust their approach appropriately to come out of this with credibility and to regain the consumer's confidence."

Ed Hughes
Mindshare

# LUXURY

"At all price levels customers were more discriminating, and not just because they had less money to spend. They sought unusual items, adding the personal and unique to the calculus of value."



## Luxury brands discovered new ways to stay relevant.

Brands that emphasized heritage and enhanced exclusivity, such as Hermès, did better than brands that pursued the mass market.

Some of the prestige brands cut back on fashion-forward merchandise to concentrate instead on the classics that had established their brands and shaped brand heritage. Gucci, for example, returned to its roots with an equestrian look.

Louis Vuitton, the most valuable luxury brand over the last five years, continued to position itself as timeless and authentic. Rather than compromising its brand value during the recession, it increased prices, invested in creativity, and heightened the focus on quality.

Generally consumers did not automatically feel entitled to luxury last year and needed a justification to spend. Even people with means felt constrained in purchasing luxury items. They wanted to avoid appearing insensitive to the general economic hardship. Pairing an expensive accessory from Tiffany with an inexpensive designer dress from H&M became the new conspicuous frugality.

Some of the wealthiest consumers postponed their purchases of prestige brands, but they did not eliminate them or trade down. And customers looking for more accessible luxury bought smaller, symbolic items. At all price levels, customers were more discriminating, and not just because they had less money to spend. They sought unusual items, adding the personal and unique to the calculus of value.

Many of the luxury brands and categories were buoyed by sales in Asia, particularly China. Watch and jewelry sales at the lower price points of the luxury range ($3,000 to $4,000) were hard hit in the West, but remained strong in China. And while "stealth wealth" characterized shoppers on Madison Avenue and Knightsbridge, Chinese consumers who could afford bling were flaunting it. The appetite for bling among Russians abated somewhat, however, as the oligarchs suffered from depressed oil prices.

As the economy recovers, luxury brands are likely to concentrate most intensely on their core customers. Without retreating completely from the lower end of their lines, the brands will be less likely to offer extremely inexpensive merchandise that serves simply as a badge souvenir that infuses the brand broadly into the mass market.

Online will be an increasingly important venue for luxury sales with sites that evoke or even exceed the experience of exclusivity and refinement that signals luxury in a bricks-and-mortar store. Because of the possibilities for personalization online, there is potential for service on Web sites potentially to be better than service levels available in shops.

## The next 12 to 18 months

- Consumers in developed markets will seek investment pieces rather than frivolous indulgences.
- Purchases will be more considered and packaging more discrete.
- In developed markets, brands will emphasize substance over style and craftsmanship and heritage over bling. Badge status will continue to be emphasized in Asia, particularly China.
- Brands will use digital media to convey a personal, even exclusive, luxury experience.
- Corporate Social Responsibility (CSR) will be used as a tactic to grant permission to spend.
- Tired of too much seriousness, a small segment of customers may return to “drunken” spending.



**LUXURY DOWN 3%**

**Top luxury brands**

| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | Louis Vuitton | 19,781 | 5 | 8 | 2% |
| 2 | Hermès | 8,457 | 5 | 7 | 8% |
| 3 | Gucci | 7,588 | 5 | 4 | 2% |
| 4 | Chanel | 5,547 | 4 | 4 | -11% |
| 5 | Hennessy | 5,368 | 5 | 9 | -1% |
| 6 | Rolex | 4,742 | 2 | 6 | -14% |
| 7 | Moët & Chandon | 4,279 | 5 | 9 | -12% |
| 8 | Cartier | 3,964 | 3 | 2 | -19% |
| 9 | Fendi | 3,199 | 2 | 5 | -8% |
| 10 | Tiffany & Co. | 2,383 | 1 | 6 | 6% |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor



### Luxury in 2010

Kelly Foster
Mindshare

“The brands that have done a great job over the past year dealing with the economy are those that have stayed true to who they are and held pricing where it is and stayed true to who their core customer really is.”

# MOBILE OPERATORS

"A few operators tried to at least improve the experience for their high-value customers, smart phone users who transmit a lot of data."




## Brand value declined. But only by 1 percent.

The dramatic increase in data transmission helped mobile operators weather the recession.

Category growth was especially strong in emergent markets as reflected by the debut of the largest mobile phone operator in Latin America, Mexico's Telcel, in the BrandZ Top 100.

The brand value of Spain's Movistar grew by 14 percent, based in part on the company's strong position in Latin America and its exclusive relationship with Apple's iPhone. Russia's MTS grew by 6 percent in brand value, reflecting growing brand strength in Russia.

Networks worldwide benefited from the growth in data transmission and especially from arrangements with smart phones. In the United States, Verizon Wireless, which claimed to be the leader in 3G reach, increased in brand value by 39 percent.

The brand value of AT&T grew 18 percent as the brand continued to enjoy an exclusive relationship with the iPhone in the United States. Orange, Vodafone, and $O_2$ connected with iPhone in the UK.

The growth in data also drove the 23 percent brand value appreciation of the pan-European brand $O_2$, as well as the 20 percent brand value increase of T-Mobile. T-Mobile memorably positioned itself as energetic and youthful with a social media campaign called "Life's for Sharing."

The dramatic increase in data flow last year strained some networks, however, creating customer service problems. When U.S. iPhone users experienced some downloading problems, for example, it was not clear whether AT&T or Apple was responsible, but AT&T received most of the criticism.

Brands known primarily for delivering a functional benefit may have missed some opportunities to differentiate themselves by improving the customer experience. A few operators tried to improve service at least for their high-value customers, the users of smart phones who transmit a lot of data. And many tried to simplify phone plans and make the pricing structure clearer. In the United States, the recession also motivated a shift from long-term contracts to prepayment, while in the UK, the networks offered deeply discounted minutes.

The recession also cooled the move to bundling services, allowing consumers to contract with an operator for a “quad play” including mobile phone, landline phone, TV, and broadband. As with financial supermarkets, consumers seemed increasingly skeptical about the advantages of bundling.

Meanwhile, smart phones continued to change the game. The iPhone in particular affected the balance of power between mobile operator and handset brand, as power shifted to the handset brand, leaving mobile operators struggling against commoditization. The question of power, and who actually owns the customer relationship, became even more complicated with the entry of Google into the mobile business with its Android open platform.

Operators also struggled with the results of their land-grab expansion tactics, which yielded a lot of customers whose minimal data usage limited revenue potential. Price wars continued even as operators looked for ways to add value that would justify a price premium. In the United States, Verizon and AT&T battled over which company offered the widest coverage.

Brand value softened for China Mobile, although it remained the world’s most valuable mobile brand, with more than 500 million subscribers. The decline followed the introduction of more competition after the Chinese government awarded 3G licenses to two other major operators, China Telecom and China Unicom. Vodafone, the world’s second most valuable mobile brand, declined in value but remained the most global mobile operator with roughly 427 million subscribers worldwide.



## The next 12 to 18 months

- The struggle for brand power between mobile operator and handset/ application providers will intensify. Mobile operators will increase production of their own branded phones.
- The revenue pie will increase with the popularity of smart phones and a dramatic increase in data use, but the portion of revenue received by the operators will diminish as handset brands share in payments for applications.
- The relationship between mobile operator and customer will shift from being mostly functional, around the coverage of the network, to an emphasis on value and service.
- Advertising will provide a rising revenue stream with increased Internet searching on smart phones.
- Convergence will increase between mobile and fixed-line brands as mobile operators increasingly move into ADSL and WiMax.
- Operators will start to roll out 4G, even though its advantages over 3G are not yet clear.



**MOBILE OPERATORS DOWN 1%**

**Top mobile operator brands**

| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | China Mobile | 52,616 | 5 | 9 | -14% |
| 2 | Vodafone | 44,404 | 3 | 4 | -17% |
| 3 | Verizon Wireless | 24,675 | 5 | 9 | 39% |
| 4 | at&t | 23,714 | 4 | 6 | 18% |
| 5 | Orange | 14,018 | 2 | 6 | 6% |
| 6 | T-Mobile | 13,010 | 3 | 8 | 20% |
| 7 | NTT DoCoMo | 12,969 | 3 | 7 | -18% |
| 8 | Movistar | 12,434 | 1 | 6 | 14% |
| 9 | Telcel | 10,850 | 4 | 9 | NA |
| 10 | $O_2$ | 10,593 | 2 | 7 | 23% |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor



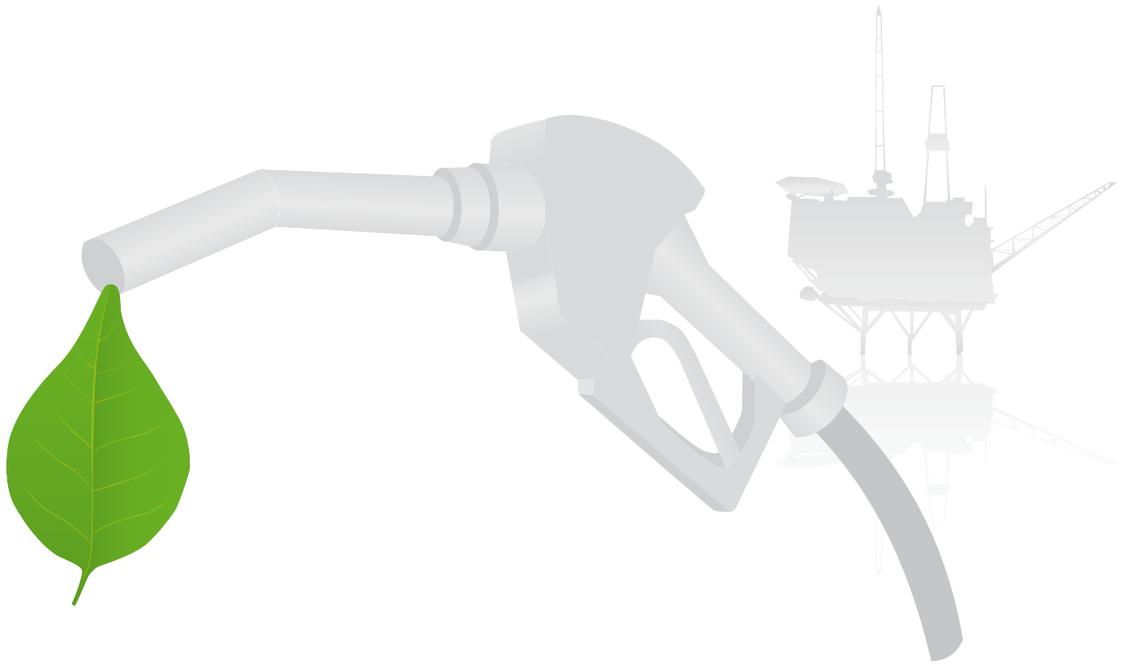
### Mobile Operators in 2010

Tim Pritchard
TNS

"One of the big things that's happening at the moment is operators trying to work out what they stand for in terms of their brand DNA. Are they a mobile operator, are they playing fixed lines, are they core play companies or broadband, TV and so forth. What are they, and where are they putting their resources and their focus."

# OIL & GAS COMPANIES

"While pursuing reserves, the companies simultaneously attempted to respond to the public's concern about protecting the environment."



## Last year was tumultuous for the oil & gas giants.

After earning record profits when the price of oil spiked at almost $150 per gallon in 2008, corporate fortune reversed suddenly as demand softened during the global financial crisis and oil prices plummeted to a low of $40 before edging upward. The difficult economy moved most of the companies back to basics, to a focus on increasing reserves of oil & gas and, in some cases, coal.

Accessing energy reserves is rarely simple. A substantial amount is located in political trouble spots such as Iran and Iraq, while some countries such as Venezuela are nationalizing industries. The geological obstacles are daunting. For example, last year BP discovered oil by drilling more than six miles deep in the Gulf of Mexico. The risk in exploration is large, and the return on investment can take decades.

Myriad pressures challenged all of the brand leaders in 2009. While pursuing reserves, the companies simultaneously attempted to respond to public concern about protecting the environment. Their retail businesses felt pressure from reduced driving, more fuel-efficient cars, lower prices at the pump, and diminished customer loyalty. Drivers shopped for the least expensive fuel, often finding it at locations operated by major food merchants and discount clubs competing with the oil & gas companies for customers.

While the oil & gas companies do not need consumer-facing brands to sell their product, they rely on retail and corporate brand strength to help address the complicated set of challenges they face. BP, Shell, and Petrobras have been particularly successful in this regard; their brands contribute the greatest value in proportion to market cap.

The brand strength of BP, the most valuable brand in the Oil & Gas category, follows from its reputation for environmental responsibility and the strength of its Helios "sun god" retail brand, according to BrandZ research. The Shell brand gains value from its expertise in communicating with the governments and communities that touch its businesses. And, with 45,000 branded retail outlets worldwide, Shell operates more locations than McDonald's.

Petrobras has not only doubled its reserves as a result of new deep sea discoveries but has created one of the world's most trusted brands. Because Brazilian consumers believe that Petobras guaranteed their country's energy self-sufficiency, they hold the company in high regard and even have formed an emotional bond with the brand, unusual for an oil & gas company.

ExxonMobil has been overtaken by PetroChina as the world's largest oil & gas company, but it is still one of the most valuable brands. The brand strength of ExxonMobil can be attributed to its reputation for innovation, corporate citizenship, and communication with shareholders. PetroChina benefits from its scale as the world's largest company by market cap, and from its brand strength in China.

In general, oil & gas company brands emphasize different aspects of a similar brand map that include: innovation, technology, health and safety, responsible production, and a commitment to cutting greenhouse gasses over time. Government-owned companies, like Russia's Gazprom or SinoPec in China, remained less dependent on brand contribution.

## The next 12 to 18 months

- Consumption and prices will rise as markets recover confidence.
- The issue of energy security will become more urgent.
- Interest in natural gas will increase because it is a cleaner-burning fuel.
- Companies will control spending.
- Technology credentials will become an increasingly important aspect of brand identity because remaining oil reserves are difficult to access.

**Top oil & gas company brands**

| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | BP | 17,283 | 1 | 3 | NA |
| 2 | Exxon Mobil | 15,476 | 1 | 2 | NA |
| 3 | Shell | 15,112 | 1 | 3 | NA |
| 4 | PetroChina | 13,935 | 1 | 5 | NA |
| 5 | Petrobras | 9,675 | 1 | 8 | NA |
| 6 | Chevron | 7,254 | 1 | 3 | NA |
| 7 | Total | 6,986 | 1 | 2 | NA |
| 8 | Gazprom | 6,350 | 1 | 5 | NA |
| 9 | ConocoPhilips | 5,347 | 1 | 1 | NA |
| 10 | eni | 4,566 | 1 | 3 | NA |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor



### Oil & Gas Companies in 2010

Gene Knapp
Wunderman

"One of the classic things we hear about are the implications of supply and demand. With motor fuels and oil & gasoline, I think traditionally we've always taken it for granted that we pull in the fuel station and the gasoline is always going to be there, and seemingly it's always going to cost more. But recently I think, you'll find that what's happening because of the economy is that the demand is actually decreasing."

# PERSONAL CARE

"Marketing personal care products in the recession required driving down price while reinforcing trust."




## New consumer values affected brands.

Western consumers assigned priority to health, sustainability and personal happiness over attaining an abstract idea of beauty. Whether this perspective is permanent or transient is not yet clear.

But there is no doubt about the immediate impact on the BrandZ personal care category, which includes body, face, hair and oral care along with deodorant. Brands looked to emerging markets for growth last year, as consumers in North America and Europe traded down to less expensive options, including store brands. Consumers did not abandon luxury brands, such as Lancôme, but often turned to them for the "lipstick effect," an affordable indulgence.

In a complementary trend, prestige products entered the mass market, phenomenon sometimes called "masstige." Olay, for example, introduced Olay Pro-X, a line of skin rejuvenating cosmetics priced for mass retail but promising the therapeutic benefits of products available at higher prices. In marketing its Ultra-Lift line, Garnier emphasized its collaboration with dermatologists and nutritionists.

Consumers sought natural products, or at least products that promised the absence of harmful ingredients, as interest in the health and safety of what we put on our bodies catches up with our concerns over the health and safety of what we eat and drink. Pantene returned to a focus on healthy hair with an underlying message that healthy hair is a gift to be treasured. Deodorant brands were reformulated to remove pore-clogging ingredients such as aluminum.

Meanwhile, marketing personal care products in the recession required driving down price while reinforcing trust. When trading down, consumers required reassurance about product performance. When trading up, they needed proof that the product deserved a premium.

The recession also accelerated the ongoing power struggle between supplier and retailer for influence over which brands are favored and how they are merchandised. Walmart may be the best example of this phenomenon because of its scale, its dominance in health and beauty aids, and the introduction last year of its latest store prototype, called "Project Impact," which reduced the allocation of shelf space for some categories. The power of brand becomes increasingly important in this context.

In contrast to these retail challenges and the battle for share and margin in some of the mature personal care segments, the emerging markets presented opportunities for robust sales growth. Oral care was especially strong, reflected in the 15 percent rise in the brand value of Colgate.
The personal care brand to record the highest increase in brand value, Colgate increased advertising spend in 2009, launched new products, and ultimately grew its market share across all regions.

In China, Western personal care products enjoyed cache and were well regarded for being safe to use. They also benefitted from Chinese consumers who were less fixed on saving money and more willing to spend it.

## The next 12 to 18 months

- Having traded down, consumers may not trade back up any time soon. But they may continue to treat themselves.
- Every woman will have one thing that she considers fundamental and worth splurging on.
- Ideals of beauty will be more realistic; rather than wanting to look like a celebrity, individuals will instead aspire to simply look their best.
- Consumers will seek value—that is, performance and results at a reasonable price.
- Pharmaceutical solutions will emerge for personal care.
- Store brands will continue to grow.
- More products will be developed for the growing male beauty market.



**PERSONAL CARE DOWN 4%**

**Top personal care brands**

| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | Gillette | 20,663 | 5 | 4 | -10% |
| 2 | Colgate | 14,224 | 5 | 7 | 15% |
| 3 | L'Oréal | 14,129 | 5 | 6 | -6% |
| 4 | Avon | 7,293 | 3 | 5 | -16% |
| 5 | Nivea | 5,624 | 2 | 6 | -14% |
| 6 | Garnier | 4,955 | 3 | 6 | -5% |
| 7 | Lancôme | 3,960 | 4 | 6 | -7% |
| 8 | Dove | 3,564 | 2 | 8 | 9% |
| 9 | Oral B | 3,501 | 3 | 5 | 0% |
| 10 | Crest | 3,071 | 5 | 6 | 5% |
| 11 | Shiseido | 2,617 | 3 | 5 | 9% |
| 12 | Olay | 2,590 | 5 | 6 | -10% |
| 13 | Estée Lauder | 1,979 | 4 | 3 | -7% |
| 14 | Secret | 1,717 | 4 | 6 | -8% |
| 15 | Signal | 1 | 1 | 8 | -9% |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor

### Personal Care in 2010

Sarah Trombetta
Hill & Knowlton

"We've seen a real movement toward personal grooming and beauty regimens happening at home. In the same way that food trends have migrated from restaurants to home, women and men are creating at home the experiences once reserved for the salon. Brands that are enabling this trend with their products are doing well, sometimes even better than more premium brands."



# RETAIL

"Betting on enduring changes in consumer attitudes, Walmart launched a new store prototype, reflecting a strategic shift in favour of price and value over endless choice."




## It could have been worse.

That's not high praise, but it's probably the best that can be said about a challenging year when brand value for the retail category decreased by only 1 percent. The outlook improved by year's end when holiday results proved stronger than expected because retailers managed inventories and shoppers cracked open their wallets. Hard times magnified both strengths and weaknesses.

The hard economic times also accelerated the transformative impact of technology. Consumers began using their mobile phones for price comparison and purchasing. And they shopped online, reinforcing the leadership of Amazon, which increased in brand value by 29 percent. Combining its online data into complex algorithms, Amazon was faster than most retailers at determining the bottom of the market and pricing accordingly. The company strengthened its electronic dominance with the acquisition of online shoe and apparel retailer Zappos for $1.2 billion. It also benefited from other revenue streams, such as sales of its Kindle electronic reader.

As consumers shopped both in-store and online, retailers struggled to perfect a more seamless, multi-channel, "inline" brand experience. Best Buy expanded its Twelpforce, an ongoing Twitter conversation between Best Buy employees and customers. With the disappearance of its direct competitor Circuit City, Best Buy emerged as the only national electronics retail brand in the United States, its brand value increased by 18 percent.

Generally consumers continued to fulfil needs over wants. They shopped, but with a diminished sense of entitlement, replacing conviction, "I deserve it" – with rationalization – "I can justify it." In the UK, for example, Sainsbury's emphasized value with its "Feed your family for a Fiver" campaign. While drawn to the comfort of established brands, consumers also switched to store brands when they trusted the retailer to deliver consistent quality.

The deep discount grocer ALDI was one brand that benefited from this trend as more shoppers sought value. Tesco promoted a discount "own label" (store brand) without diluting its mid-market brand positioning. That effort helped the UK grocer achieve a 12 percent increase in brand value.

Tesco also benefited from its ubiquity, its international presence, and its consistent emphasis of the Tesco brand as the place to fulfil household needs.

The emphasis on needs over wants hurt sales in durables and home improvement, resulting in brand value declines for IKEA and Home Depot. Because Home Depot's business is substantially contractor driven, it felt the slowdown in housing more acutely than Lowe's, its more consumer-facing competitor. The consumer focus on needs also hurt Target, the U.S. discount department store chain. Having successfully established a reputation for affordable fashion by associating its brand with well-known designers, the company suffered from a perception that its prices were higher than those of the competition, primarily Walmart.

This was Walmart's time – almost. The chain's reputation for low prices perfectly matched the recession-induced frugality of consumers, and the company's product range emphasizes food and other consumables – products people continued to need as they cut back on discretionary spending.

Betting that the recession would produce long-lasting changes in consumer attitudes, Walmart remodelled its stores to improve the shopping experience and stress value over confusing choice. Called "Project Impact," the new format is intended to make the stores more efficient and productive. Broader selection is available online, where Walmart and Amazon challenge each other for price leadership. To accompany these changes, Walmart repositioned its brand, from "Low prices, always" to "Save Money. Live Better." The company also upgraded its identity and introduced designer-branded fashion lines.

Despite all this, the brand declined 4 percent in value. The chain may have confused customers by changing too much too quickly.

Like Walmart, Costco, the warehouse club known for low prices, declined in brand value despite being well positioned for recessionary times. At least two economic factors contributed to the decline. First, many Costco stores are located in states hardest hit by the recession. Second, the chain's business model depends on large purchases by small businesses, which were also hurt by the recession.

Sales in emerging markets continued to drive growth for many of the global retail brands. Carrefour benefited from this trend. Under new ownership, the store fascias were consolidated under the Carrefour brand in an effort to leverage Carrefour's global strength and improve financial results. Walmart also opened its first outlet in India, a joint-venture wholesale operation.



## The next 12 to 18 months

- Durables and home improvement will slowly recover.
- Shopping will be more of a multi-channel experience as customer movement between in-store and online becomes more fluid.
- The focus on improving the customer experience will increase across all retail categories, both online and offline.
- Retail leaders will elevate technology to strategic importance as they make their businesses more efficient and more responsive to customers.
- Consumers will continue to need reasons to justify their purchases. Successful retailers will provide reasons.
- Brands that stand for durability and deliver consistently on that promise will win customers.
- The presence of store brands will increase, even at the premium level.



**RETAIL DOWN 1%**

**Top retail brands**

| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | Walmart | 39,421 | 2 | 8 | -4% |
| 2 | Amazon | 27,459 | 4 | 9 | 29% |
| 3 | Tesco | 25,741 | 5 | 4 | 12% |
| 4 | Carrefour | 14,980 | 5 | 7 | 0% |
| 5 | Target | 12,148 | 4 | 7 | -1% |
| 6 | eBay | 9,328 | 3 | 7 | -28% |
| 7 | Home Depot | 8,971 | 2 | 3 | -3% |
| 8 | ALDI | 8,747 | 1 | 6 | 1% |
| 9 | Auchan | 7,848 | 4 | 7 | NA |
| 10 | Lowe's | 7,008 | 2 | 5 | 10% |
| 11 | Best Buy | 5,807 | 3 | 8 | 18% |
| 12 | IKEA | 5,710 | 3 | 8 | -15% |
| 13 | Marks & Spencer | 5,699 | 5 | 3 | -5% |
| 14 | Asda | 4,922 | 3 | 7 | -9% |
| 15 | Kohl's | 4,371 | 4 | 5 | 12% |
| 16 | Lidl | 4,102 | 1 | 5 | -1% |
| 17 | Costco | 3,875 | 1 | 4 | -26% |
| 18 | Sam's Club | 3,255 | 1 | 6 | -7% |
| 19 | Safeway | 3,173 | 2 | 4 | -8% |
| 20 | Sainsbury's | 2,728 | 5 | 4 | -4% |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor



### Retail in 2010

"Frivolous consumption is dead. Consumers are much more mindful about what they're spending. They're looking for value, meaning the best price but without compromising on quality. Brands that have responded swiftly to this change in attitude have done very well."

Lorraine Green
Cohn & Wolfe

# SOFT DRINKS

"As the soft drink category is being flanked by water, fruit juices, smoothies, energy drinks and other options, the iconic brand leaders, Coke and Pepsi, are developing line extensions aimed at new consumer tastes."



## Carbonated drinks are no longer the choice of the new generation.

Young people want drinks that are healthy, add an energy lift or nutritional benefit, and come in packaging that does not harm the environment. Older consumers are also adopting these preferences for water, fruit juices, smoothies, and energy drinks.

The Coke and Pepsi challenge is especially acute in the United States, where growing public concern about obesity (especially among children) is shaping food and beverage choices. Outside of the United States, and particularly in Europe, Coke and Pepsi face a different threat: the prospect that their investment in building the global soft drink category may ultimately benefit the growth of store-brand's drinks, particularly at deep discounters like ALDI.

Despite the pressures on the category, Coke and Pepsi drove growth with new products, changes in packaging, and clever social networking aimed at drawing the attention of a new generation. Coke, the world's most valuable non-technology brand, emphasized its core values of optimism and happiness with a social media campaign focused on three young "Happiness Ambassadors." These ambassadors are currently en route around the world, where in 365 days, they will visit and post from the 206 countries where Coke is sold.

The huge success of Coke Zero impacted the brand value of Diet Coke, but otherwise the diet brands are thriving and the overall Coca-Cola brand was up. Both Coke and Pepsi seemed able to soften the impact of the recession with advertising and promotional pricing. Red Bull maintained its popularity among young people with clever sponsorships of extreme sports and music events as it attempted to broaden its energy appeal to older consumers. The brand extended its target demographic and increasingly showed up at country clubs frequented by middle-aged golfers.

On the strength of the energy trend, Gatorade's brand value increased by 22 percent, although the brand could be vulnerable to the rise of Red Bull. Coke and Pepsi are exploring ways to segment the energy drink category.

Meanwhile, the leading brands continued to grow outside of North America and Europe, particularly in emerging markets where they found new consumers eager for products and store shelves not yet cluttered with confusing choice.

## The next 12 to 18 months

- The category will continue to draw fire from critics concerned with obesity and advocating healthy drink options.
- Brands will introduce new offerings that use more natural sugar substitutes.
- Category segmentation will continue.
- Bottles will become smaller in response to environmental pressures, the battles for shelf space and greater efficiency.
- Returnable bottles may reappear as part of a "retro" effort to reduce the environmental impact of packaging.



**SOFT DRINKS DOWN 1%**

**Top soft drink brands**

| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | Coca-Cola | 54,523 | 5 | 6 | 2% |
| 2 | Diet Coke/Coke Light/Zero | 13.460 | 3 | 4 | -6% |
| 3 | Pepsi | 10,434 | 5 | 5 | -18% |
| 4 | Red Bull | 8,917 | 4 | 4 | 9% |
| 5 | Fanta | 4,662 | 1 | 4 | 2% |
| 6 | Sprite | 3,855 | 1 | 4 | 11% |
| 7 | Gatorade | 2,935 | 5 | 4 | 22% |
| 8 | Dr. Pepper | 2,536 | 3 | 4 | -9% |
| 9 | Mountain Dew | 2,322 | 4 | 5 | 5% |
| 10 | Diet Pepsi | 2,318 | 2 | 4 | 4% |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor



### Soft drinks in 2010

Tom Walker
TNS:

"I find it surprising that soft drinks haven't suffered as much as perhaps we thought. We've seen in luxury quite a big fall. I would attribute this relative success of soft drinks during recession to how people are attached to the taste and that's actually what makes them passionate about the brand."

# SPIRITS

"The major brands also introduced product variations to defend against the emergence of 'discovery' brands that appeal to consumers who value personalization."




## Budgets were squeezed.

The global spirits brands relied on closer coordination between product innovation and marketing to drive sales.

They focused quarter-to-quarter on ways to win consumer attention, shifting focus from high-end offerings to the mid-market core of the business, as the brand value for the category declined by 3 percent.

Smirnoff, Bacardi, and Johnnie Walker remained the spirit category's top three leaders in brand value. Johnnie Walker continued its successful "Keep Walking" campaign, associating the brand with progress and incorporating social networking using its Striding Man Society.

Because of the risk attached to introducing new brands, most innovation took the form of brand extension, such as new flavors of vodka. The major brands also introduced product variations to defend against the emergence of "discovery" brands that appeal to consumers who value personalization. One such brand, Svedka Vodka, caught the attention of younger drinkers as a premium brand with a distinctive bottle shape, competitive pricing, celebrity presence, and an unusual marketing campaign featuring a curvaceous female robot.

Some brands shifted from developing a global marketing strategy with local implementation to a more centralized approach, leveraging economies of scale to yield greater and more immediate profit. Jack Daniel's continued to enjoy worldwide success by telling the story of its brand heritage as Tennessee whiskey and the craftsmanship that goes into distilling it. Other global brands customized their messages to remain relevant in markets as diverse as North America, Western Europe, and China. In the United States, for example, Grey Goose Vodka told a story about intrinsic product quality, while in China it emphasized the brand's status.

Price-conscious consumers were willing to trade down and even out of a brand, sometimes to own label, especially when drinking spirits at home. Sales for many of the upmarket brands remained strong, however, suggesting that at least for certain occasions, a brand badge still commanded a price premium. The premium scotch whisky Chivas grew by 9 percent in brand value, as did Ballantine's scotch whisky, also produced by Pernod Ricard.

Meanwhile, marketing efforts were tempered by increased producer concern about social and health issues. Brands promoted responsible drinking.

In the United States and the UK, the popularity of whisky and dark spirits continued to wane as a generation of Diet Coke drinkers graduated to spirits. Younger drinkers favored Vodka as well as Tequila and spiced rum, particularly Captain Morgan.

## The next 12 to 18 months

- The major brands will introduce "easy-drinking" spirits for consumers who may not enjoy them, but who want to hold a drink in social settings.
- The major spirits companies will drive further efficiencies and shelf space rationalization at retail.
- Producers will increasingly attempt to associate their brands with social values and environmental responsibility.
- The use of social networking to raise brand awareness will increase, as will efforts to better monetize those efforts.
- More discovery brands will be introduced.



**SPIRITS DOWN 3%**

**Top spirits brands**

| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | Smirnoff | 4,886 | 4 | 6 | -6% |
| 2 | Bacardi | 3,507 | 3 | 5 | 0% |
| 3 | Johnnie Walker | 2,453 | 1 | 6 | -5% |
| 4 | Jose Cuervo | 1,781 | 2 | 5 | -10% |
| 5 | Absolut | 1,672 | 3 | 6 | 1% |
| 6 | Jack Daniel's | 1,587 | 5 | 5 | -2% |
| 7 | Baileys | 1,563 | 5 | 6 | -5% |
| 8 | Chivas | 1,170 | 5 | 7 | 9% |
| 9 | Ballantine's | 717 | 1 | 6 | 9% |
| 10 | Gordon's Gin | 692 | 1 | 5 | -5% |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)

MillwardBrown Optimor



### Spirits in 2010

Pamela Mazzocco
Landor

"Two years ago brands were promoting luxury bottles, a $1,000 bottle of Vodka or a $10,000 bottle of bourbon, something beautifully packaged and totally ridiculous. Now the brands are more focused on the money-makers, on the brands that keep the lights on. Today, it's about the brand you can be proud of, that you won't be embarrassed by, that offers the best choice for your money."

# TECHNOLOGY

"Mobility continued to be a driving trend in both the business-to-business and business-to-consumer sectors."




## Technology remained resilient.

Because the category is deeply integrated into our lives, both personal and business. The BrandZ technology category includes hardware, software, professional services, portals, and mobile handsets.

In a year when most categories declined in value, technology increased by 6 percent. The technology leaders Google, IBM, Apple and Microsoft occupied the first four positions in the BrandZ Top 100.

Google's brand value increased by 14 percent last year. The brand's dominance as a search engine combined with the popularity of products such as Gmail and the potential impact of its recently introduced Android mobile phone platform made Google a leader in brand momentum.

Apple's brand value appreciated by 32 percent. This increase is a tribute to the company's ability to transform itself from an electronics manufacturer into a brand that is central to people's lives. Apple manages to celebrate creativity and self-expression while, anticipating consumers' needs and wants and meeting those needs with solutions that are noteworthy for their ease of use and elegance of design. Apple benefited specifically from the popularity of the iPhone, its 100,000 apps, and anticipation for the iPad.

IBM's 30 percent increase in brand value reflected its continuing strength in business-to-business brand marketing and the high level of trust engendered by the brand. Its 2009 global campaign "A Smarter Planet" emotionally argued that IBM provides solutions for many of the challenges faced by governments and commerce. The launch of Windows 7, accompanied by an extensive ad campaign late last year, helped Microsoft maintain its leadership position.

The brand value of HP, which rose by 48 percent, was in part due to the acquisition and rebranding of EDS (Electronic Data Systems). As it refreshed its logo, HP attempted to associate the HP brand with innovation by adopting a new global positioning that unified the brands in each product division under the tagline “Let’s Do Amazing.” The 80 percent brand value increase for Samsung followed the company’s record 2009 financial results. It achieved success with mobile phone handsets and new flat screen TVs with LED technology.

Two new brands made the technology category ranking: Infosys and Facebook. The outsourcing brand Infosys is the most valuable IT brand in India and the originator of the term “the flat world.” Facebook, the current leader in the competition for social media dominance, now attracts more visitors that Google.

Mobility continues to be a driving trend in both the business-to-business and business-to-consumer sectors. This trend was reflected in lighter and thinner laptop and notebook computers. Similarly, convergence moved ahead as smart phones became smarter, and portable devices served as centers for communication and entertainment. Convergence intensified the focus on applications and services, a trend that was expected to benefit Apple, Google, and BlackBerry, which enjoyed a 12 percent increase in brand value. As businesses and consumers accumulated more digital assets, such as documents, photos, videos, and movies, the need for reliable storage generated more interest in cloud computing. There is clearly an opportunity for brands that can reliably and securely manage personal and business information on the Internet.

Delayed investment slowed sales for the major business-to-business IT platform suppliers, although software spending continued. Business customers increasingly questioned the sticker price for major implementations and pushed to buy solutions incrementally. IT companies hoped to benefit from the federal stimulus package in the United States. Despite these challenges, Oracle’s brand value grew by 16 percent and SAP’s by 3 percent.

Amid all these changes, brands explored more effective ways to communicate with customers. Major business technology brands tried to become more accessible and transparent. Recognizing an emerging, post-recession shift in consumer values, they stressed corporate citizenship with initiatives addressing public concerns such as energy efficiency and sustainability.

## The next 12 to 18 months

- Brand leaders will communicate with a consistent voice across all channels and increasingly interact with consumers on social media.
- Brand leaders will attempt to help customers fulfil real needs and wants and not regard customers simply as targets to be sold to.
- Devices will become smaller, faster, more powerful, and cheaper.
- Suppliers of applications and services should do well, while makers of devices may face challenges as hardware becomes commoditized.
- Brand leaders will link with efforts to improve society.



**Top technology brands**

| # | Brand | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | Google | 114,260 | 5 | 9 | 14% |
| 2 | IBM | 86,383 | 4 | 4 | 30% |
| 3 | Apple | 83,153 | 5 | 8 | 32% |
| 4 | Microsoft | 76,344 | 5 | 7 | 0% |
| 5 | HP | 39,717 | 3 | 6 | 48% |
| 6 | BlackBerry | 30,708 | 4 | 8 | 12% |
| 7 | Oracle | 24,817 | 1 | 5 | 16% |
| 8 | SAP | 24,291 | 3 | 5 | 3% |
| 9 | Cisco | 16,719 | 2 | 5 | -7% |
| 10 | Nokia | 14,866 | 4 | 5 | -58% |
| 11 | Accenture | 14,734 | 5 | 4 | -2% |
| 12 | Intel | 14,210 | 2 | 3 | -38% |
| 13 | Dell | 11,938 | 3 | 6 | -23% |
| 14 | Samsung | 11,351 | 4 | 9 | 80% |
| 15 | Baidu | 9,356 | 5 | 10 | 62% |
| 16 | Siemens | 9,293 | 1 | 6 | -31% |
| 17 | Sony* | 7,516 | 4 | 5 | 20% |
| 18 | Infosys | 6,442 | 3 | 5 | NA |
| 19 | Canon | 5,978 | 1 | 1 | -32% |
| 20 | Facebook | 5,524 | 4 | 5 | NA |

Source: Millward Brown Optimor (including data from BrandZ, Datamonitor, and Bloomberg)
*Sony's value in the Technology sector does not include Games Consoles.

MillwardBrown Optimor



Andrew Curry
The Futures Company

## Technology in 2010

"We're seeing now in the industry a shift from a focus on devices and platforms to a focus on applications and services."



# TECHNOLOGY UP 6%

# 15 KEY TAKEOUTS





## 1 Invest in a strong brand

The recession raised a lot of questions about purchasing behavior. The importance of brand wasn't one of them. Over the past five years, since publication of the first BrandZ ranking, the value of the BrandZ Top 100 Global Brands has appreciated by 40 percent. Even as the S&P index declined, the value of brands increased. The BrandZ five year story shows that strong brands are resilient. They help to support the business when times are tough and enable it to rebound quickly from adversity. The stronger the brand initially, the faster its ability to bounce back. Examples in this year's Top 100 are Starbucks and Samsung.

## 2 Build trust

The financial crisis shook trust in major institutions, leaving brands vulnerable to the generalized sense of betrayal. Trust is the customer's belief, cultivated over time, in the efficacy and reliability of the brand. BrandZ shows that trust works in tandem with recommendation, the customer's belief, grounded in recent experience, that the brand continues to perform consistently and fulfil its promise. The Trust and Recommendation scores for brands have been combined into a new metric called TrustR. The payoff: There's a positive correlation between a high TrustR score and brand value.

## 3 Use heritage to create authenticity

The security and authority of brand heritage appealed to consumers last year. If the brand story was genuine — and that was the key — heritage was equally effective for marketing Louis Vuitton luxury or Levi's jeans. Heritage is likely to remain important. Even consumers who can afford to spend lavishly do not want to spend frivolously. The most successful brands know how to retain their heritage and translate it into modern terms.

## 4 Deliver on the experience

Strong emotional brand messages must be matched by superb product delivery. Failure to provide an experience which lives up to the brand promise is the fastest way to destroy brand trust and value. The requirement for functional excellence applies to product quality, and to the quality of every aspect of the user experience — from gathering information on the Web site, to the point of purchase, to after-sales support and service.

## 5 Make it personal

The most valuable brands go beyond product features to focus on the user experience. The brands forecast to grow the most in future value are those that are not afraid to let the user own the experience. They offer the user the opportunity to customize and personalize the experience. The iPhone's 100,000 apps enable the user to make it an extension of their personality. The brand becomes central to their lives.

## 6 Move from philanthropy to responsibility

In this post-recession world, philanthropy is no longer enough. We're in a period of heightened responsibility As consumers resume buying, they will be more demanding about the provenance of their purchases and the behavior of the brands that stand behind them. Consumers will want to know whether they're buying responsible products that were made without harming either the earth or its people. Leading brands must be ready to answer.

## 7 Go multi-channel

Consumers went into the recession believing that they could have it all. Eighteen months later, many are grateful they have anything. This sobriety will accelerate an ongoing change in shopping behaviour. Consumers won't expect to find everything — largest selection, best price and attentive service — in one place. They'll go to the Web for unlimited choice and to stores — physically smaller with tightly focused edited ranges — for experiencing merchandise and for immediate gratification. Brands need to be well represented wherever consumers shop.

## 8 Don't ignore social media

Don't go overboard either. Crazy and hilarious videos on YouTube may be OK for passing time. But will they sell products? Disruption for disruption's sake won't bring results. Social media will be incredibly effective, but only if it is authentic and in tune with the brand.

## 9 Think mobile. It's the new billboard

Mobile is not only the way to reach people on the go. It's also the way to reach them as they pause in the store aisle price-checking online before deciding on a purchase. As with any powerful media, the caveat is don't abuse it. Receiving a marketing message each time the phone turns on is a big turn-off.

## 10 Adapt your brand to the BRICs

While brands from developed markets will find acquisitive consumers in BRIC countries, especially China, they also will encounter strong local brands growing quickly in competence and international stature. It's important to learn, or relearn, that the most successful global brands not only exploit efficiencies of size and share knowledge, but also adapt their products, services and way of doing business to respect the diversity of the cultures they serve.

## 11 Don't forget your business customers

Brand isn't the preserve of the consumer. Brand can be just as important for business customers, and often more so. Trust and reputation play an important role in the purchase of business products and services. Large sums of money are involved, and the choice of supplier may be critical to business success. Though they may not always think in these terms, brand matters exceedingly to C-suite executives and to governments.

## 12 Offer value and price will follow

Even as people worried about keeping their jobs and paying their mortgages last year, most did not consider price alone when making a purchase. The BrandZ data suggests that, even during the recession, brands that created a strong appeal still commanded a price premium. In fact, only 7 percent of consumers bought on price alone, according to BrandZ data. The most valuable brands balance quality and value, whether at a high or low price.

## 13 Tackle the own-brand challenge

Consumers select a brand for the reassurance of authenticity, quality and value that it provides. House brands increasingly are filling those needs, offering own-label products at every pricing step in a category, even into premium. Where does a brand go? To the place where its promise leads it — a positioning which is consistent with the ideal it embodies and satisfies consumers' functional and emotional needs.

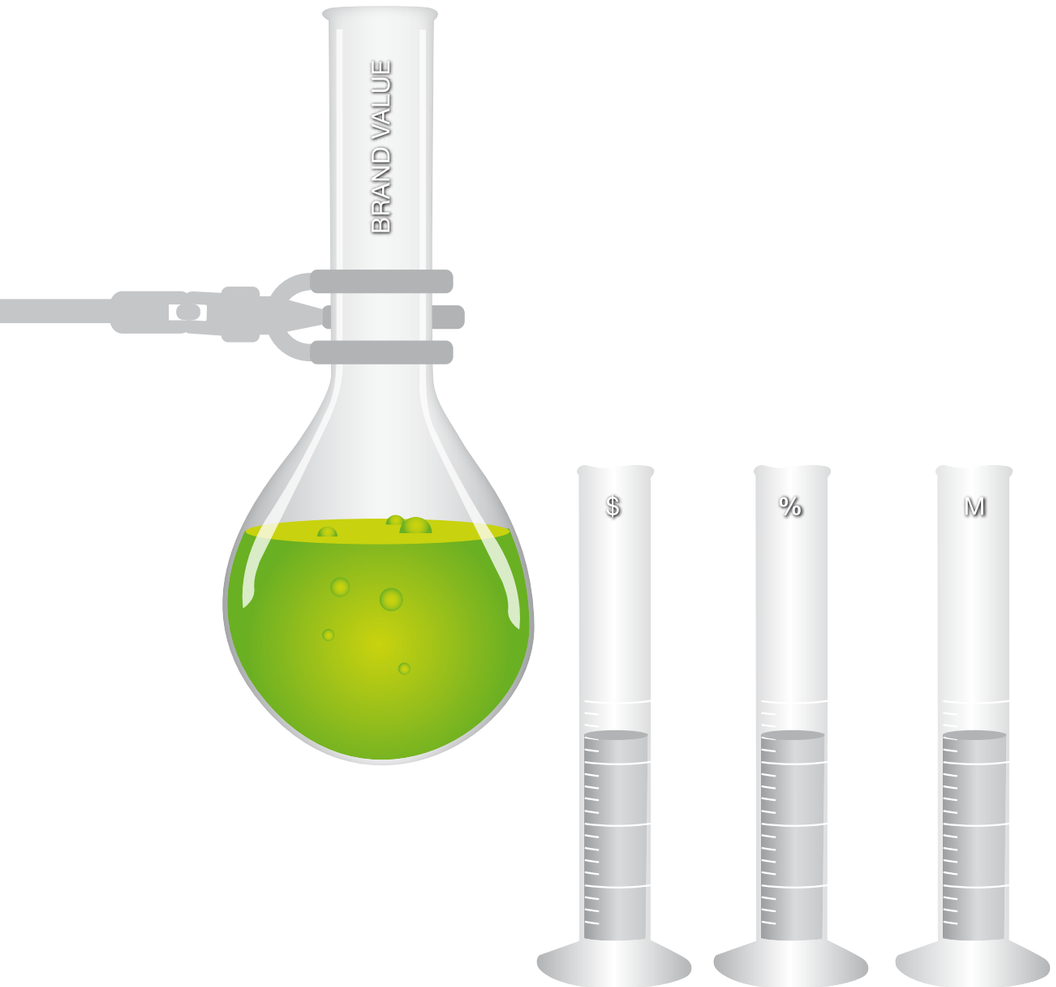
## 14 Take a position

The biggest share price gains will be made by brands which aren't afraid to stand for something. They will go beyond the functional, to represent an ideal, which appeals across products, categories and cultures. In an increasingly "flat" world, this is the only way that brands will differentiate themselves from competitors and succeed globally.

## 15 Brand leadership comes from the top

The most valuable brands are built and sustained not by marketing departments but by brand-minded CEOs. These leaders drive brand thinking through the whole organization. Each of the world's Top 10 most valuable brands was built by a visionary leader who understood brand. Each is run today, either by the same leader, or a successor who embodies the same brand principles.

# METHODOLOGY




## How Brand Value is Calculated

Millward Brown Optimor applies an economic use approach to brand valuation, using a methodology similar to that employed by analysts and accountants. The brand value published is based on the intrinsic value of the brand – derived from its ability to generate demand. The dollar value of each brand in the ranking is the sum of all future earnings that brand is forecast to generate, discounted to a present-day value. Given the high volatility of financial markets over the past 12 months, the brand value is in some cases high relative to current market capitalization, reflecting true value rather than current market swings.

## The Data Sources

### Brand Equity

Insights into customer behavior and brand perceptions come from WPP's BrandZ, an annual quantitative brand equity study in which consumers and business customers familiar with a category evaluate brands. Since the inception of BrandZ 12 years ago, over one million consumers and business-to-business customers across more than 30 countries have shared their opinions about thousands of brands. It is the most comprehensive, global, and consistent study of brand equity.

### Financial Performance

Financial data is sourced from Bloomberg, analyst reports, Datamonitor™ industry reports, and company filings with regulatory bodies. A team of Millward Brown Optimor analysts then prepares financial models for each brand that link brand perceptions to company revenues, earnings, and ultimately shareholder and brand value.

## The Valuation Process

The brand value is calculated in three steps:

### Branded Earnings

*What proportion of a company's earnings is generated "under the banner of the brand"?*

First, we identify the portion of total company earnings generated by each business that carries the brand. For example, in the case of Coca-Cola, some earnings are not branded Coca-Cola, but come from Fanta, Sprite, or Minute Maid. From these branded earnings, we subtract capital charges. This ensures that we only capture value above and beyond what investors would require any investment in the brand to earn — the value the brand adds to the business. This provides a bottom-up view of the earnings of the branded business.

### Brand Contribution

*How much of these branded earnings are generated due to the brand's close bond with its customers?*

Only a portion of these earnings can be considered as driven by brand equity. This is the "Brand Contribution," the measure that describes the degree to which brand plays a role in generating earnings. This is established through analysis of country, market, and brand-specific customer research from the BrandZ database.

This guarantees that the Brand Contribution is rooted in real-life customer perceptions and behavior, not spurious "expert opinion." The Brand Contribution allows us to capture differences in the importance of brands by category and by country, the role of brand versus other factors such as price and location, and changing customer priorities. In some categories, such as luxury goods, cars, or beer, brand is particularly important. Over the past five years, the importance of brand has risen. Brand Contribution is calculated as a percentage, but displayed as an index from 1 to 5 (5 being the highest).

### Brand Multiple

*What is the growth potential of the brand-driven earnings?*

In the final step, the growth potential of these branded earnings is taken into account. Both financial projections and consumer data are used. This provides an earnings multiple aligned with the methods used by the analyst community. It also takes into account brand-specific growth opportunities and barriers.

The Brand Momentum™ metric that indicates each brand's growth is based on this evaluation. It is presented as an indexed figure that ranges from 1 to 10 (10 being the highest).




**Step 1.**
**Intangible Earnings**

Intangible corporate earnings allocated to each brand by country, based on company and analyst reports, industry studies, revenue estimates, etc

Data Sources
Bloomberg DATAMONITOR

**Step 2.**
**Brand Contribution**

Portion of intangible earnings attributable to brand.

Directly driven by BrandDynamics™ Loyalty Pyramid and Category Segmentation collected within the BrandZ study

Data Sources
BRANDZ™

**Step 3.**
**Brand Multiple**

Brand earnings multiple.

Calculated based on market valuations, brand growth potential and Voltage™ as measured by BrandDynamics™

Data Sources
Bloomberg BRANDZ™




## Oil & Gas Brand Valuation Methodology

The brand values for the motor fuel category published in previous BrandZ rankings reflected the value of the retail fuel station businesses. This resulted in the undervaluation of oil companies, since retail is a relatively small part of their businesses.

Much of the value for these companies, in terms of their brand and business value, is made in their upstream businesses rather than on fuel station forecourts. The brand element is at least as important, if not more, in the business-to-business environment than it is on the retail side. However, unlike many business-to-business brands, oil companies have relatively few customers in their upstream markets, and these can be very difficult to reach through quantitative research.

This year we further developed the BrandZ methodology to capture and reflect the full value of oil company brands. The category has been renamed "oil companies." Key steps included:

- Carrying out bespoke research among analysts and portfolio managers to measure upstream brand equity.
- Using a licensing valuation approach, using the royalty relief methodology for the upstream businesses.
- Retention of the existing methodology for the retail piece, which values each brand via the amount of retail gasoline it generates.

# WITH THANKS

**The BrandZ Top 100 Most Valuable Global Brands is created using data from BrandZ, Bloomberg and Datamonitor.**

Bloomberg

The Bloomberg Professional service is the source of real-time and historical financial news and information for central banks, investment institutions, commercial banks, government offices and agencies, law firms, corporations and news organizations in over 150 countries. www.bloomberg.com

DATAMONITOR

The Datamonitor Group is a world-leading provider of premium global business information, delivering independent data, analysis and opinion across the Automotive, Consumer Markets, Energy & Utilities, Financial Services, Logistics & Express, Pharmaceutical & Healthcare, Retail, Technology and Telecoms industries Combining our industry knowledge and experience, we assist over 6000 of the world's leading companies in making better strategic and operational decisions.

Delivered online via our user-friendly web platforms, our market intelligence products and services ensure that you will achieve your desired commercial goals by giving you the insight you need to best respond to your competitive environment. www.datamonitor.com

BRANDZ™

The BrandZ study, commissioned by WPP and conducted annually by Millward Brown, measures the brand equity of thousands of global “consumer facing” and business-to-business brands, and has interviewed over 1 million consumers globally. Consumer perception of a brand is a key input in determining brand value because brands are a combination of business performance, product delivery, clarity of positioning, and leadership. www.brandz.com

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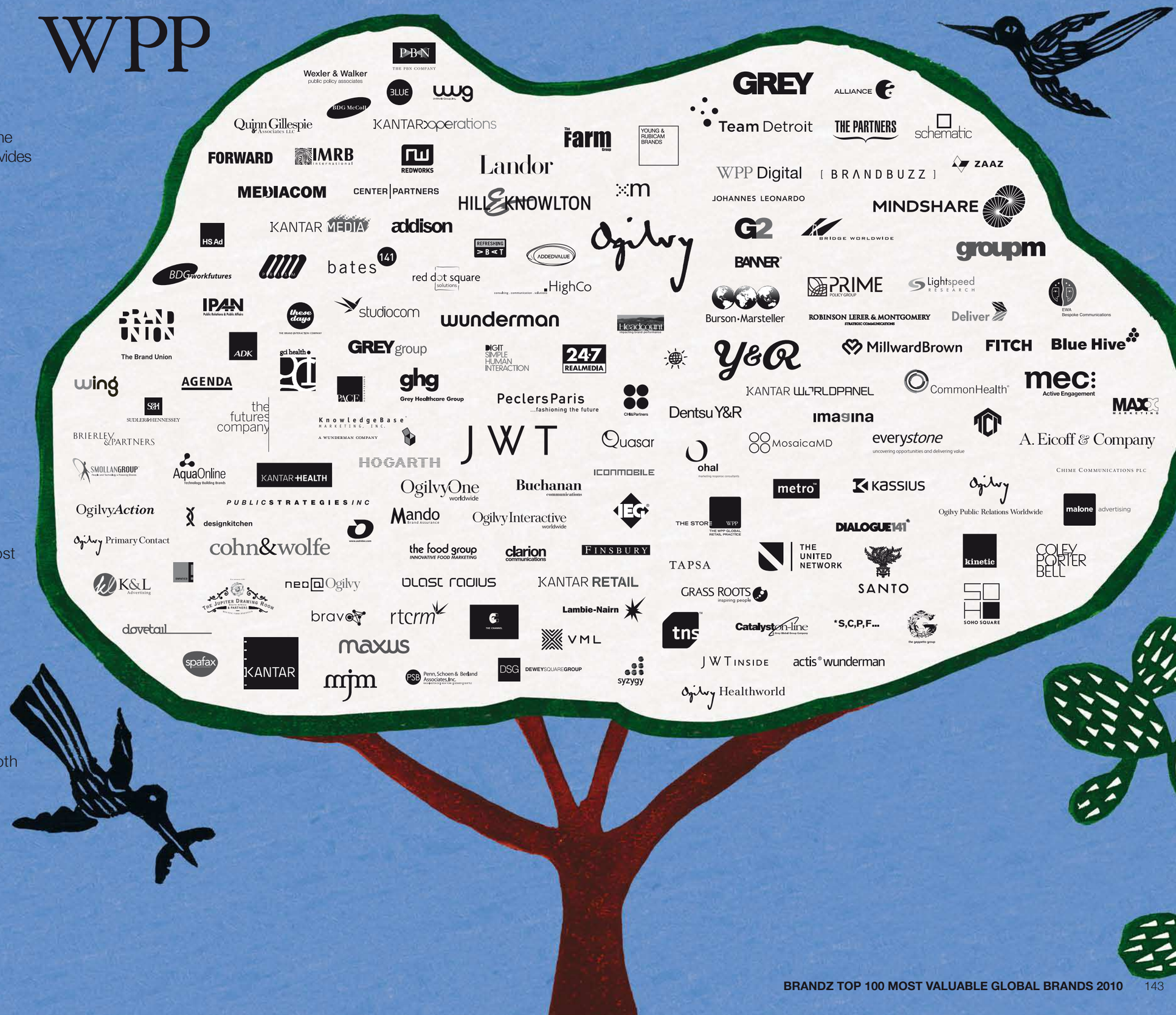
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**Design by Lambie-Nairn**
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**Writing by Ken Schept**

## BrandZ Top 100 Most Valuable Global Brands 2011

| # | Brand | Brand Value 2011 ($M) | % Brand Value Change 2011 vs. 2010 |
|---|---|---|---|
| 1 | Apple | 153,285 | 84% |
| 2 | Google | 111,498 | -2% |
| 3 | IBM | 100,849 | 17% |
| 4 | McDonald's | 81,016 | 23% |
| 5 | Microsoft | 78,243 | 2% |
| 6 | Coca-Cola * | 73,752 | 8% |
| 7 | at&t | 69,916 | N/A |
| 8 | Marlboro | 67,522 | 18% |
| 9 | 中国移动通信 CHINA MOBILE | 57,326 | 9% |
| 10 | GE | 50,318 | 12% |
| 11 | ICBC | 44,440 | 1% |
| 12 | vodafone | 43,647 | -2% |
| 13 | verizon | 42,828 | N/A |
| 14 | amazon.com | 37,628 | 37% |
| 15 | Walmart | 37,277 | -5% |
| 16 | WELLS FARGO | 36,876 | 97% |
| 17 | UPS | 35,737 | 35% |
| 18 | hp | 35,404 | -11% |
| 19 | Deutsche Telekom ** | 29,774 | N/A |
| 20 | VISA | 28,553 | 15% |
| 21 | movistar | 27,249 | N/A |
| 22 | ORACLE | 26,948 | 9% |
| 23 | SAP | 26,078 | 7% |
| 24 | 中国建设银行 | 25,524 | 22% |
| 25 | BlackBerry | 24,623 | -20% |
| 26 | LOUIS VUITTON | 24,312 | 23% |
| 27 | TOYOTA | 24,198 | 11% |
| 28 | HSBC | 22,587 | -4% |
| 29 | Bai du 百度 | 22,555 | 141% |
| 30 | BMW | 22,425 | 3% |
| 31 | TESCO | 21,834 | -15% |
| 32 | Gillette | 19,782 | -4% |
| 33 | 中国人寿 CHINA LIFE | 19,542 | N/A |
| 34 | Pampers | 19,350 | 11% |
| 35 | facebook | 19,102 | 246% |
| 36 | orange | 17,597 | N/A |
| 37 | 中国银行 BANK OF CHINA | 17,530 | -20% |
| 38 | Disney | 17,290 | 15% |
| 39 | RBC | 17,182 | 3% |
| 40 | AMERICAN EXPRESS | 17,115 | 23% |
| 41 | ExxonMobil | 16,973 | 10% |
| 42 | TD | 16,931 | 19% |
| 43 | 中国农业银行 AGRICULTURAL BANK OF CHINA | 16,909 | N/A |
| 44 | cisco | 16,314 | -2% |
| 45 | Budweiser *** | 15,952 | 0% |
| 46 | L'ORÉAL | 15,719 | 11% |
| 47 | citi | 15,674 | 17% |
| 48 | docomo | 15,449 | 19% |
| 49 | accenture | 15,427 | 5% |
| 50 | Mercedes-Benz | 15,344 | 12% |
| 51 | Shell | 15,168 | 0% |
| 52 | Tencent 腾讯 | 15,131 | N/A |
| 53 | ICICI Bank | 14,900 | 3% |
| 54 | SUBWAY | 14,306 | 19% |
| 55 | Colgate | 14,258 | 0% |
| 56 | Honda | 14,182 | -1% |
| 57 | NIKE | 13,917 | 10% |
| 58 | intel | 13,904 | -2% |
| 59 | Carrefour | 13,754 | -8% |
| 60 | MasterCard | 13,543 | 16% |
| 61 | PETROBRAS | 13,421 | 39% |
| 62 | H&M | 13,006 | 7% |
| 63 | pepsi **** | 12,931 | 1% |
| 64 | bp | 12,542 | -27% |
| 65 | TARGET | 12,471 | 3% |
| 66 | PORSCHE | 12,413 | 3% |
| 67 | SAMSUNG | 12,160 | 7% |
| 68 | CHASE | 12,083 | -3% |
| 69 | Standard Chartered | 12,033 | 45% |
| 70 | SIEMENS | 11,998 | 29% |
| 71 | HERMÈS PARIS | 11,917 | 41% |
| 72 | Starbucks | 11,901 | 40% |
| 73 | FedEx | 11,759 | 25% |
| 74 | O2 | 11,694 | N/A |
| 75 | TELECOM ITALIA | 11,609 | N/A |
| 76 | telcel | 11,558 | 7% |
| 77 | Santander | 11,363 | -37% |
| 78 | PetroChina | 11,291 | -19% |
| 79 | Nintendo ***** | 11,147 | -37% |
| 80 | MTC | 10,883 | 12% |
| 81 | NOKIA CONNECTING PEOPLE | 10,735 | -28% |
| 82 | ebay | 10,731 | 15% |
| 83 | 中国平安 PING AN | 10,540 | N/A |
| 84 | usbank | 10,525 | 26% |
| 85 | SONY ****** | 10,443 | 19% |
| 86 | ZARA | 10,335 | 15% |
| 87 | Scotiabank | 10,076 | N/A |
| 88 | NISSAN | 10,072 | 17% |
| 89 | The Home Depot | 9,877 | 10% |
| 90 | Itaú | 9,600 | 29% |
| 91 | 中国电信 CHINA TELECOM | 9,587 | N/A |
| 92 | Bank of America | 9,358 | -43% |
| 93 | Red Bull ******* | 9,263 | 4% |
| 94 | ALDI | 9,251 | 6% |
| 95 | TIM | 8,838 | 21% |
| 96 | BARCLAYS | 8,760 | 4% |
| 97 | 招商银行 | 8,668 | 5% |
| 98 | Bradesco | 8,600 | 15% |
| 99 | СБЕРБАНК | 8,535 | N/A |
| 100 | Goldman Sachs | 8,439 | -9% |

*The Brand Value of Coca-Cola includes Lites, Diets and Zero
**Deutsche Telekom is in the process of re-branding its business to 'T', which incorporates T-Mobile, T-Home and T-Systems
***The Brand Value of Budweiser includes Bud Light
****The Brand Value of Pepsi includes Lites, Diets and Zero
*****The Brand Value of Nintendo includes Wii and Nintendo DS
******The Brand Value of Sony includes Playstation 2 and 3, as well as PSP
*******The Brand Value of Red Bull includes sugar-free and Cola
Source: Millward Brown Optimor (including data from BrandZ, Kantar Worldpanel and Bloomberg)

MillwardBrown Optimor

# BRANDZ™ Top 100

## Most valuable global brands




Valuation and Methodology by

MillwardBrown Optimor

WPP

# Welcome to the sixth annual BrandZ Top 100 Most Valuable Global Brands.

**We're delighted to present you with the sixth annual edition of the BrandZ™ Top 100 Most Valuable Global Brands. As we emerged from the crushing recession of 2009, we saw ever more clearly the power of great brands. While the overall recovery has been tepid, the value of the world's best brands grew at a considerably faster rate. Compared with an overall improvement of 13 percent in the world's equity markets during 2010, the best brands grew their value 30 percent faster, registering 17 percent increase since last year.**

As business leaders, it is time to embrace brand stewardship as a critical competency for building long-term financial value. Brand focus is no longer simply the purview of brand managers, but the stuff that great CMOs, CFOs and CEOs are made of. No place is that more evident than when considering this year's No. 1 most valuable brand, Apple. It's clear that every single Apple employee, from Steve Jobs and Tim Cook to the summer interns, see protecting and nurturing that brand as a top priority.

And what a payoff the world's best brand builders reap for their efforts! The combined value of the Top 100 brands weighs in at a staggering $2.4 trillion — more than the GDP of Great Britain. In fact, Apple's brand value alone is the equivalent of Peru's GDP. When a single brand creates as much value as a fast-growing Latin American country, it's time to stand up and take notice.

Regardless of category, business sector or geography, brands are becoming increasingly important. We saw technology brands buoyed by the recovery in capital investment by businesses. Tablet computing also drove value growth not just for Apple, but also for the providers who support yet another networked device. Brands from emerging markets are becoming increasingly present in our Top 100, and the luxury goods so loved by consumers in those markets also came on strong.

Our team loves celebrating the success of great brands. But we also know that brand value is more than just a cause for celebration. Brands don't reach these vaunted levels without the support of great people, masterful planning and world-class execution. More than just a scorecard, these rankings are a powerful measure of an organization's ability to create real and lasting value for shareholders.

Please accept this year's report with our compliments. Along our valuation journey, we've learned an amazing amount about how the world's best brands have been built. We hope you will let our team at Millward Brown Optimor put that know-how to work for you!

With warmest regards,



**Eileen Campbell**

This report would not be possible without the hard work and commitment of a dedicated team of professionals. We wish to extend our thanks and appreciation to:

Our WPP sponsor – David Roth
BrandZ Valuation Team Leader – Cristiana Pearson
BrandZ Valuation Analyst – Karen Dwek
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# Contents


**INTRODUCTION**

Preface 7
Top 100 Overview 9
Top 100 Chart 12
Top 20 Risers 15
Newcomers 17
Year-on-Year Change 19
Brand Contribution 21
Regions 23
TrustR and Value-D 27

**SECTORS/COMMENTARY**

Apparel 31
Beer 35
Cars 39
Fast Food 43
The Digital Revolution 47
Financial Institutions 51
Insurance 55
Luxury 59
Oil & Gas 63
A Generational Shift 67
Personal Care 69
Retail 73
Soft Drinks 77
Technology 81
Telecom Providers 85

**OPPORTUNITIES/RESOURCES**

Brand Brazil 89
Brand Russia 91
Brand China 93
Brand India 97
BrandZ Details 99
21 Key Take Outs 101
Methodology 103
With Thanks 104

# Preface

## The definitive brand valuation tool

The BrandZ Top 100 Most Valuable Global Brands is the most comprehensive annual ranking of brand value.

Developed by Millward Brown Optimor, the ranking analyzes the world's leading brands and the economic and competitive dynamics that influence value fluctuations.

BrandZ focuses on market-facing brands that generate revenue and profits through the sale of goods and services directly to consumers or business customers, establishing the value of the Coca-Cola brand, for example, rather than the Coca-Cola Company.

It's the only ranking grounded in both quantitative consumer research and in-depth financial analysis. Created 13 years ago, and perpetually updated, the WPP BrandZ database contains information from more than 2 million in-depth consumer interviews in 30 countries. This proprietary data is analyzed with publicly available financial information from Bloomberg, Kantar Worldpanel and other sources.

These valuations are critical to the CEOs, financial and marketing executives, security analysts, institutional investors and others who depend on well-researched, reliable information for the assessments and comparisons that lead to well-considered decisions. All valuations in this report appear in US dollars and are subject to fluctuations for those brands that are denominated in other currencies.

**Content Highlights**

New this year, the report includes thoughtful comments by experts from WPP operating companies and others interpreting societal shifts that are likely to influence brands and brand value in the future as they did in 2010:

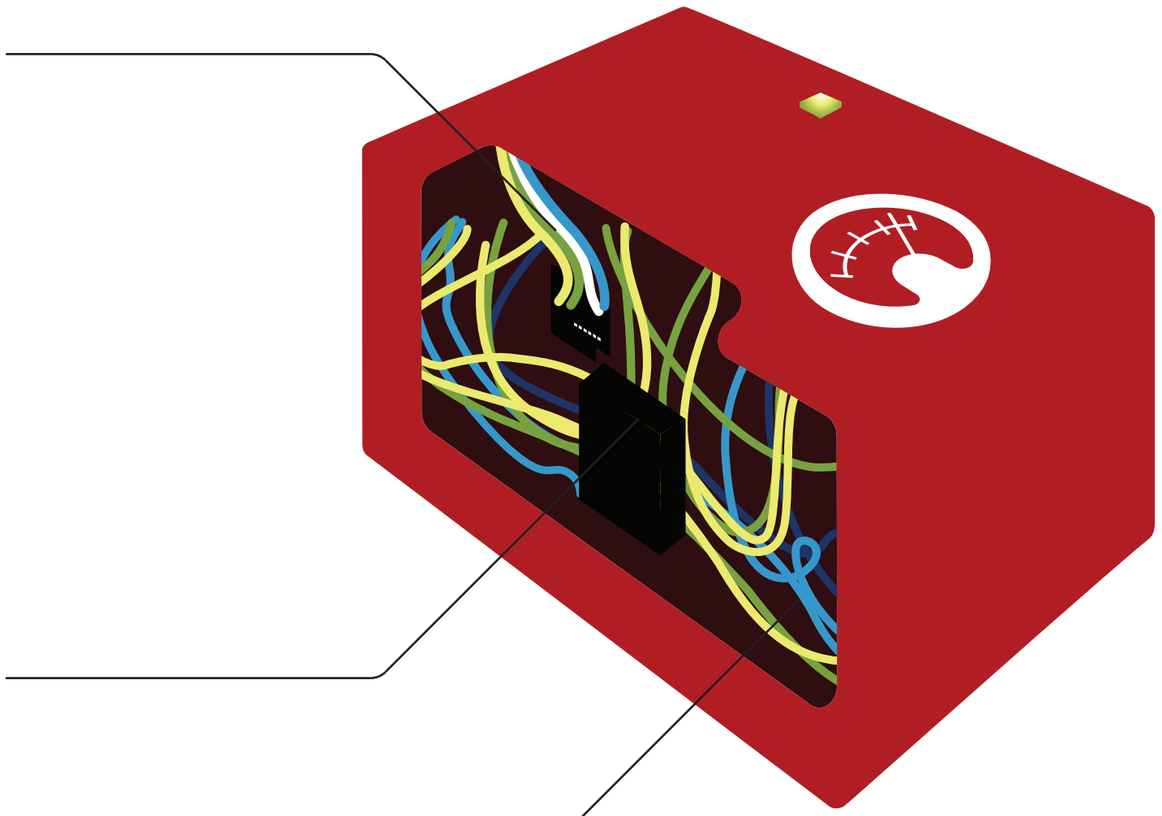
- The Digital Revolution: Finding the shopper along the random and confusing "Path to Purchase."
- A Generational Shift: Meeting the different expectations of the "Millennial" and "Boomer" generations.

The report also includes, for the first time, in-depth reports on brand development in three of the world's fastest-growing markets – Brazil, China and India.

An overview summarizing key brand and product sector developments and trends accompanies the Top 100 ranking. Charts and analysis explore year-on-year changes in brand value:

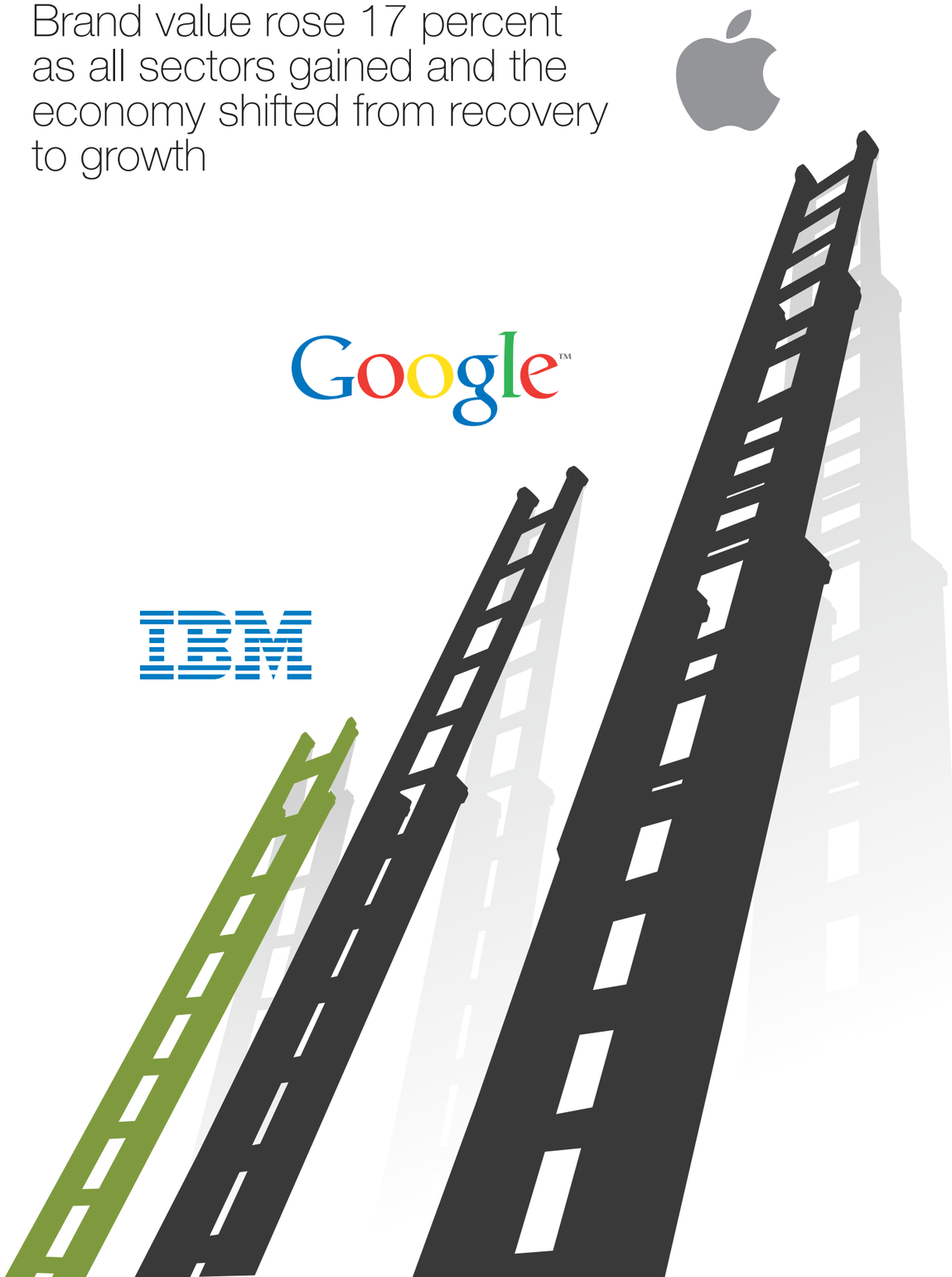
- Top 20 Risers: Brands that ascended fastest.
- Newcomers: Brands ranked for the first time.
- Year-on-Year Change: What sectors moved up or down.
- Brand Contribution: Customer-bonding leaders.
- Regions: Value concentration geographically.

Brands are ranked and their performances analyzed in 13 product sectors: apparel, beer, cars, fast food, financial institutions, insurance, luxury, oil and gas, personal care, retail, soft drinks, technology and telecom providers. The report concludes with a series of recommendations for building great brands and an in-depth explanation of the BrandZ valuation methodology.



# Top 100 overview

## Brand value rose 17 percent as all sectors gained and the economy shifted from recovery to growth




### Apple became the world's most valuable brand last year.

The brand increased in value by 84 percent to $153.3 billion. Apple's rise came as the value of the BrandZ Top 100 Most Valuable Global Brands appreciated by 17 percent to $2.4 trillion, driven by year-on-year growth in all 13 product sectors studied.

Increases in fast food (22 percent), luxury (19 percent) and technology (18 percent) led sector brand value appreciation, although a dramatic spike in value pushed insurance to first place because results included three large, expanding Chinese companies. Four of the Top 5 ranking leaders were in technology. McDonald's was the fifth.

Most sectors also grew in value compared with 2008 pre-recession levels. The Top 100 brands increased 24 percent during that period, demonstrating the resilience of leading brands and suggesting the economy has shifted from recovery into real growth. In fact, the Top 100 brands have added $500 billion in value since 2008. Since the launch of the Top 100 Most Valuable Global Brands in 2006, the value of the Top 100 has increased 64 percent.

Along with Apple, year-on-year standout performers for the 2011 BrandZ brand valuation report include Facebook, Amazon and Baidu.

- With a 246 percent rise in brand value to $19.1 billion, Facebook made the BrandZ Top 100 for the first time at No. 35.
- Amazon edged passed Walmart to become the No. 1 retail brand, with a 37 percent rise in brand value to $37.6 billion.
- The Chinese search engine Baidu increased 141 percent in brand value to $22.6 billion, ranking it No. 29 in the Top 100, up from No. 75 a year ago.

Toyota rebounded to the No. 1 rank in cars. Its performance demonstrated the power of strong brands to recover from the most fundamental challenges to product efficacy and reputation.

Technology and telecom brands continued to grow as a portion of the BrandZ Top 100 Most Valuable Global Brands. These categories now comprise a third of the Top 100 brands compared with a quarter in 2006. Reflecting the influence of fast-growing markets, 12 Chinese brands, 3 Brazilian brands, 1 Indian brand and 1 Russian brand appear in the Top 100. One Indian brand narrowly missed the Top 100 in brand value, but ranks in the Top 20 most valuable brands in the technology sector.

**Changes in what we value, how we shop**

Frugality eased last year, but consumers didn't spend frivolously, suggesting that brands will continue to feel the impact of the recession-accelerated shift to considered – rather than conspicuous – consumption.

Overall, consumers sought quality at a good price. The desire for well-crafted and long-lasting merchandise at almost any price ignited sales in luxury, with brands like Louis Vuitton and Hermès appreciating significantly in value. Brands in the middle received less consumer attention.

Changes in shopping behavior touched most sectors as consumers emerged from the recession more skeptical and savvy and more empowered by digital technology to search for the best prices and most trusted reviews, even on mobile devices while standing in store aisles. These developments influenced the ways brands communicated with consumers, increasing investment in social media, as "engaging" replaced "targeting" in the marketing lexicon.

With Facebook sites, YouTube videos and mobile apps, brands attempted to cultivate the long-term loyalty of "Millennials," now in their teens and twenties. At the same time, brands worked to retain the parent generation of relatively wealthy "Boomer" customers, the oldest of whom turn 65 this year.



### New media messages

Using both new and traditional media, brands communicated messages shaped by themes that informed this year's BrandZ Top 100 Most Valuable Global Brands, including:

- Assertion of individuality: The surge of personal expression empowered by the Internet was matched by a consumer preference for personal expression in apparel and other products, resulting in a trend to the bespoke (for those who could afford it) or mass customization (for everyone else).
- Concern for personal health and wellness: Consumers, across economic groups, paid more attention to the food they put in their bodies (improvements in fast-food menus) and the products they put on their bodies (changes in personal-care ingredients).
- Concern about the environment: Consumers weren't willing to pay any price for environmentally friendly products, but being "green" became a hygiene factor in some categories (the introduction of more hybrid and some electric cars).
- Concern about product provenance: Consumers wanted to feel good about their possessions. They wanted peace of mind, knowing that any pleasure they derived from owning a product did not come at the expense of the people who made it.

The changes in media and message influenced the very notion of brand. Digital media enabled brands to become more present and interactively involved in the lives of consumers. Prompted by a shift in consumer values, brands pursued their commercial interests in a larger context, if not with a higher purpose.



## BrandZ Top 100 Most Valuable Global Brands 2011

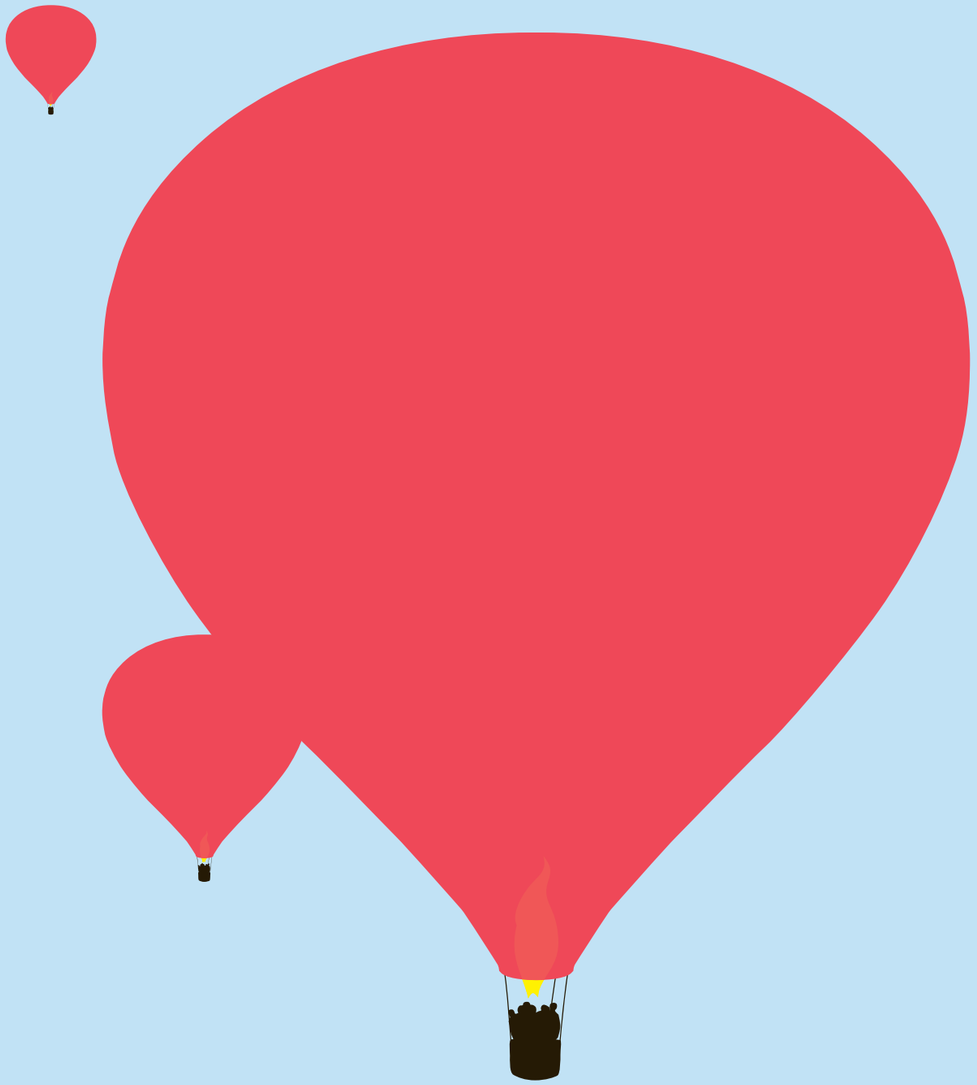
| # | Brand | Brand Value 2011 ($M) | % Brand Value Change 2011 vs. 2010 |
|---|---|---|---|
| 1 | | 153,285 | 84% |
| 2 | Google | 111,498 | -2% |
| 3 | IBM | 100,849 | 17% |
| 4 | | 81,016 | 23% |
| 5 | Microsoft | 78,243 | 2% |
| 6 | Coca-Cola * | 73,752 | 8% |
| 7 | at&t | 69,916 | N/A |
| 8 | Marlboro | 67,522 | 18% |
| 9 | 中国移动通信 CHINA MOBILE | 57,326 | 9% |
| 10 | | 50,318 | 12% |
| 11 | ICBC | 44,440 | 1% |
| 12 | vodafone | 43,647 | -2% |
| 13 | verizon | 42,828 | N/A |
| 14 | amazon.com | 37,628 | 37% |
| 15 | Walmart Save money. Live better. | 37,277 | -5% |
| 16 | WELLS FARGO | 36,876 | 97% |
| 17 | ups | 35,737 | 35% |
| 18 | hp | 35,404 | -11% |
| 19 | Deutsche Telekom ** | 29,774 | N/A |
| 20 | VISA | 28,553 | 15% |
| 21 | movistar | 27,249 | N/A |
| 22 | ORACLE | 26,948 | 9% |
| 23 | SAP | 26,078 | 7% |
| 24 | 中国建设银行 China Construction Bank | 25,524 | 22% |
| 25 | BlackBerry | 24,623 | -20% |
| 26 | LOUIS VUITTON | 24,312 | 23% |
| 27 | TOYOTA | 24,198 | 11% |
| 28 | HSBC | 22,587 | -4% |
| 29 | Bai du 百度 | 22,555 | 141% |
| 30 | | 22,425 | 3% |
| 31 | TESCO | 21,834 | -15% |
| 32 | Gillette | 19,782 | -4% |
| 33 | 中国人寿 CHINA LIFE | 19,542 | N/A |
| 34 | Pampers | 19,350 | 11% |
| 35 | | 19,102 | 246% |
| 36 | orange | 17,597 | N/A |
| 37 | 中国银行 BANK OF CHINA | 17,530 | -20% |
| 38 | Disney | 17,290 | 15% |
| 39 | RBC | 17,182 | 3% |
| 40 | AMERICAN EXPRESS | 17,115 | 23% |
| 41 | ExxonMobil | 16,973 | 10% |
| 42 | TD | 16,931 | 19% |
| 43 | 中国农业银行 AGRICULTURAL BANK OF CHINA | 16,909 | N/A |
| 44 | cisco | 16,314 | -2% |
| 45 | Budweiser *** | 15,952 | 0% |
| 46 | L'ORÉAL | 15,719 | 11% |
| 47 | citi | 15,674 | 17% |
| 48 | NTT docomo | 15,449 | 19% |
| 49 | accenture | 15,427 | 5% |
| 50 | | 15,344 | 12% |
| 51 | | 15,168 | 0% |
| 52 | Tencent 腾讯 | 15,131 | N/A |
| 53 | ICICI Bank | 14,900 | 3% |
| 54 | SUBWAY | 14,306 | 19% |
| 55 | Colgate | 14,258 | 0% |
| 56 | | 14,182 | -1% |
| 57 | NIKE | 13,917 | 10% |
| 58 | intel | 13,904 | -2% |
| 59 | Carrefour | 13,754 | -8% |
| 60 | MasterCard | 13,543 | 16% |
| 61 | PETROBRAS | 13,421 | 39% |
| 62 | H&M | 13,006 | 7% |
| 63 | pepsi **** | 12,931 | 1% |
| 64 | bp | 12,542 | -27% |
| 65 | TARGET | 12,471 | 3% |
| 66 | PORSCHE | 12,413 | 3% |
| 67 | SAMSUNG | 12,160 | 7% |
| 68 | CHASE | 12,083 | -3% |
| 69 | Standard Chartered | 12,033 | 45% |
| 70 | SIEMENS | 11,998 | 29% |
| 71 | HERMÈS PARIS | 11,917 | 41% |
| 72 | | 11,901 | 40% |
| 73 | FedEx | 11,759 | 25% |
| 74 | O2 | 11,694 | N/A |
| 75 | TELECOM ITALIA | 11,609 | N/A |
| 76 | telcel | 11,558 | 7% |
| 77 | Santander | 11,363 | -37% |
| 78 | PetroChina | 11,291 | -19% |
| 79 | Nintendo ***** | 11,147 | -37% |
| 80 | MTC | 10,883 | 12% |
| 81 | NOKIA CONNECTING PEOPLE | 10,735 | -28% |
| 82 | ebay | 10,731 | 15% |
| 83 | 中国平安 PING AN | 10,540 | N/A |
| 84 | usbank | 10,525 | 26% |
| 85 | SONY ****** | 10,443 | 19% |
| 86 | ZARA | 10,335 | 15% |
| 87 | Scotiabank | 10,076 | N/A |
| 88 | NISSAN | 10,072 | 17% |
| 89 | THE HOME DEPOT | 9,877 | 10% |
| 90 | Itaú | 9,600 | 29% |
| 91 | 中国电信 CHINA TELECOM | 9,587 | N/A |
| 92 | Bank of America | 9,358 | -43% |
| 93 | Red Bull ******* | 9,263 | 4% |
| 94 | ALDI | 9,251 | 6% |
| 95 | TIM | 8,838 | 21% |
| 96 | BARCLAYS | 8,760 | 4% |
| 97 | 招商银行 CHINA MERCHANTS BANK | 8,668 | 5% |
| 98 | Bradesco | 8,600 | 15% |
| 99 | СБЕРБАНК | 8,535 | N/A |
| 100 | Goldman Sachs | 8,439 | -9% |

*The Brand Value of Coca-Cola includes Lites, Diets and Zero
**Deutsche Telekom is in the process of re-branding its business to 'T', which incorporates T-Mobile, T-Home and T-Systems
***The Brand Value of Budweiser includes Bud Light
****The Brand Value of Pepsi includes Lites, Diets and Zero
*****The Brand Value of Nintendo includes Wii and Nintendo DS
******The Brand Value of Sony includes Playstation 2 and 3, as well as PSP
*******The Brand Value of Red Bull includes sugar-free and Cola
Source: Millward Brown Optimor (including data from BrandZ, Kantar Worldpanel and Bloomberg)

MillwardBrown Optimor

# Top 20 Risers

## Technology, vision drove growth



### Facebook led the top risers last year.

With a 246 percent surge in brand value, Facebook entered the BrandZ Top 100 for the first time at No. 35.

Along with Facebook, the Top 20 Risers included online retailer Amazon and four other technology brands – Apple and Baidu along with Siemens and Cannon, which benefited from resurgence in business-to-business demand. Visionary, entrepreneurial leadership also contributed to growth in value, especially for Facebook, Apple, Amazon and Starbucks.

With almost 600 million members worldwide, Facebook last year was anointed “The Social Network” by the film of the same name about the firm’s founding in 2004 by Mark Zuckerberg. Ironically, the film’s release coincided with Facebook’s rapid evolution into a powerful commercial platform exploring ways to monetize its social reach by connecting shoppers, retailers and brand marketers. Valuation is based on a Goldman Sachs study.

Apple rose to the No. 1 position in the BrandZ Top 100 Most Valuable Global Brands. It earned an 84 percent increase in brand value with successful iterations of existing products like the iPhone, creation of the tablet category with iPad, and anticipation of a broadened strategy making the brand a trifecta of cloud computing, software, and innovative, well-designed devices. Perpetual concern over the health of CEO Steve Jobs intensified at the end of the year when he announced a temporary leave of absence.

The Chinese search engine Baidu captured rank No. 29 in the BrandZ Top 100, up from No. 75 in 2009 on a sharp 141 percent rise in brand value. As more of China’s 1.3 billion citizens searched the Internet, they turned to Baidu because the brand has deeply understood the nuances of China’s diverse cultures and languages.

Illustrating how dramatically shopping has changed, Amazon, the online company with no stores, surpassed Walmart as the most valuable retail brand. The company continued to add categories last year, even food, to drive traffic. Since founding the company in 1995, Jeff Bezos has worked to perfect its unparalleled selection, peer reviews and a delivery scheme that builds loyalty.

The Starbucks 40 percent rise in brand value demonstrated the success of the brand revitalization initiatives implemented two years ago by Howard Shultz when he returned as CEO. He closed underperforming locations and improved the coffeehouse experience while extending the brand into instant coffee and preparing it for aggressive international and multi-channel growth in grocery as well as fast food.

**TOP BRANDS**

| | | Brand Value $M | Brand Value Growth |
|---|---|---|---|
| 1 | Facebook | 19,102 | 246% |
| 2 | Baidu | 22,555 | 141% |
| 3 | Wells Fargo | 36,876 | 97% |
| 4 | Burberry | 3,379 | 86% |
| 5 | Apple | 153,285 | 84% |
| 6 | Skol | 4,579 | 68% |
| 7 | Pizza Hut | 5,305 | 58% |
| 8 | GEICO | 2,785 | 53% |
| 9 | Standard Chartered Bank | 12,033 | 45% |
| 10 | Hermès | 11,917 | 41% |
| 11 | Starbucks | 11,901 | 40% |
| 12 | Petrobras | 13,421 | 39% |
| 13 | Amazon | 37,628 | 37% |
| 14 | UPS | 35,737 | 35% |
| 15 | Cartier | 5,327 | 34% |
| 16 | Estée Lauder | 2,592 | 31% |
| 17 | MetLife | 2,270 | 31% |
| 18 | Siemens | 11,998 | 29% |
| 19 | IKEA | 7,293 | 28% |
| 20 | Canon | 7,588 | 27% |

Source: Millward Brown Optimor (including data from BrandZ, Kantar Worldpanel and Bloomberg)

MillwardBrown Optimor

The housing recovery drove IKEA’s 28 percent growth. Sector strength also helped brands in fast food, insurance and luxury. While the brand value of the luxury sector still lagged its pre-recession level, customers came back as evinced by Burberry’s 86 percent leap and the brand appreciation of Cartier, Estée Lauder and Hermès.

The fast-growing market dynamism that boosted China’s Baidu also pushed the brand values of Skol, Brazil’s largest beer brand, up 68 percent, and Petrobras, the country’s oil and gas giant, which advanced 39 percent. The 58 percent rise in the brand value of Pizza Hut was in part driven by its performance in China. Standard Chartered Bank of the UK, up 45 percent, also benefited from global business.

# Newcomers

## More Chinese brands debuted



**The Newcomers ranking featured brands from fast-growing markets and Canada.**

The ranking included six financial institutions and five telecom and technology brands. Almost half of the newcomers were Chinese brands. Russia's largest bank, Sberbank, and Itaú, one of Brazil's major banks also made the ranking for the first time. The increase in telecom providers in part reflects a change in the valuation method that now includes all a brand's businesses: landlines, cable, wireless mobile and Internet.

With almost 600 million members worldwide since its formation in 2004, Facebook was the most familiar newcomer name. Scotiabank, also known as Bank of Nova Scotia, a less well-known entry, benefited from Canada's strong housing market and increased consumer borrowing. In addition, the bank operated in 50 countries and was especially active in the fast-growing markets of Asia and Latin America.

**TOP BRANDS**

| | | Brand Value $M |
|---|---|---|
| 19 | Deutsche Telekom | 29,774 |
| 33 | China Life Insurance | 19,542 |
| 35 | Facebook | 19,102 |
| 43 | Agricultural Bank of China | 16,909 |
| 52 | Tencent/QQ | 15,131 |
| 75 | Telecom Italia | 11,609 |
| 83 | Ping An | 10,540 |
| 87 | Scotiabank | 10,076 |
| 90 | Itaú | 9,600 |
| 91 | China Telecom | 9,587 |
| 99 | Sberbank | 8,535 |

Source: Millward Brown Optimor (including data from BrandZ, Kantar Worldpanel and Bloomberg)

MillwardBrown Optimor

# Year-on-Year Change

## All sectors grew in brand value



**Each of the 13 product sectors measured in the BrandZ Top 100 ranking appreciated in overall brand value last year.**

The performance dramatically differed from results a year earlier when just four sectors appreciated only moderately in brand value. It signaled a shift in the global economy from recovery to real growth.

It also demonstrated the resilience of brands. Brand value in many sectors not only appreciated year-on-year, but also exceeded pre-recession levels. Fast food, which climbed a substantial 22 percent last year alone, was up 42 percent when compared with 2008.

Technology ascended too, 18 percent year-on-year compared with 32 percent over the three-year period. The story was similar for beer, which grew 7 percent last year but 32 percent since the recession. Soft drinks grew 5 percent last year and 26 percent since 2008.

Categories hardest hit during the recession posted gains in brand value last year, but the values remain below pre-recession levels. Luxury returned robustly. Even with a 19 percent increase in brand value, however, the category remained 13 percent lower than its 2008 level.

The car category grew by 7 percent last year on the rebound of the resilient Toyota brand, strong performances by Ford, GM and other major car makers, and the appetite for badge status in China and other fast-growing markets. Brand value for the car category, however, remained 27 percent under its 2008 level.

While apparel, personal care, oil and gas, retail and financial institutions moved at slower rates, they all moved up. The dramatic year-on-year rise for the insurance sector resulted from the inclusion of three large, fast-growing Chinese brands: China Life, Ping An and China Pacific.

## TOP BRANDS

| | Brand Value Growth (%) '11 vs. '10 | Brand Value Growth (%) '11 vs. '08 |
|---|---|---|
| Insurance* | 137% | 6% |
| Fast Food | 22% | 42% |
| Luxury | 19% | -13% |
| Technology | 18% | 32% |
| Apparel | 10% | -1% |
| Financial Institutions | 9% | 7% |
| Beer | 7% | 32% |
| Cars | 7% | -27% |
| Soft Drinks | 5% | 26% |
| Personal Care | 3% | 5% |
| Retail | 2% | 7% |
| Oil & Gas | 1% | N/A |
| Telecom Providers | N/A | N/A |

*Value growth in the Insurance category results from the inclusion of China Life Insurance, Ping An and China Pacific Insurance. Source: Millward Brown Optimor (including data from BrandZ, Kantar Worldpanel and Bloomberg)

MillwardBrown Optimor

# Brand Contribution

## Leaders benefited from fast-growing markets




**Most of the Top 15 brand contribution leaders were based in Europe and exported to Asia and Latin America. In the largest representation to date from fast-growing markets, three Brazilian brands and one brand from China also ranked.**

The ranking included seven luxury brands, three beer brands and two luxury car brands. This mix of categories generally ranks high in brand contribution, which measures the emotional bond between brand and customer.

That bond also accounted for the appearance of a personal care brand and a baby care brand in the Top 15. Brazil's Natura, a producer of cosmetics and skincare products, is known for cultivating close customer relationships using organic products and direct sales. Pampers consistently ranks high in brand contribution and trust.

More high-tech than high-touch, the presence of China's largest search engine, Baidu, seemed less predictable. Deeply integrated into the lives of Chinese young people, consumers respect the brand for its effectiveness as a search engine because of its understanding of China's cultural and language diversity.

Brazil's best-selling beer, Skol, promoted music events. Brahma beer also emphasized a youthful and energetic view of life. The Guinness brand remained iconic despite the economic pressure in Ireland, its home market.

In general, Moët & Chandon, Louis Vuitton, Hermès, and the other luxury brands ranked high in brand contribution emphasized heritage and craftsmanship and limited distribution in the "mass luxury" market.

| TOP BRANDS | | Brand Value $M | Brand Contribution* |
|---|---|---|---|
| 1 | Möet & Chandon | 4,570 | 5 |
| 2 | Baidu | 22,555 | 5 |
| 3 | Skol | 4,579 | 5 |
| 4 | Hennessy | 4,997 | 5 |
| 5 | Pampers | 19,350 | 5 |
| 6 | Louis Vuitton | 24,312 | 5 |
| 7 | Natura | 4,614 | 5 |
| 8 | Brahma | 1,996 | 5 |
| 9 | Hermès | 11,917 | 5 |
| 10 | Chanel | 6,823 | 5 |
| 11 | Rolex | 5,269 | 5 |
| 12 | Guinness | 3,446 | 5 |
| 13 | Porsche | 12,413 | 5 |
| 14 | BMW | 22,425 | 5 |
| 15 | Gucci | 7,449 | 5 |

*The Brand Contribution Index runs from 1 (low) up to 5 (high). Source: Millward Brown Optimor (including data from BrandZ)

MillwardBrown Optimor

# Regions

## More brands based in Asia and Latin America




**More than half of the 13 brands that appeared for the first time in the regional rankings were based in China or Brazil.**

The new Chinese brands included a combination of state-owned organizations (China Mobile, China Life Insurance and Bank of China) and entrepreneurial enterprises (search engine Baidu and social network Tencent/QQ). Two beers (Skol and Brahma) and a personal care brand (Natura) were newcomers from Brazil.

Brands based in North America still accounted for a disproportionate amount of brand value, however. The brand value of the leaders based in North America totaled about $830 billion or roughly 55 percent of the roughly $1.5 trillion in value for all brand leaders ranked in the regional charts.

But leadership depends on what's being measured. Only one of the North American brands, Coca-Cola, received a top rating of 5 in brand contribution, which means that a substantial part of its value as a brand was based on the strength of the bond between the brand and customers. In contrast, all three of the newcomer Brazilian brands rated 5.

The difference in brand contribution levels can be explained in part – but not entirely – by the product categories that made up the North American and Latin American rankings. Brands in the technology and telecom provider sectors, which dominated the North American ranking, evoke less positive emotion than beer and personal care. A rating of 5 is unusual in any category, however, other than luxury.

Indeed, Louis Vuitton, BMW and Mercedes earned a brand contribution of 5 in the European ranking. These brands, of course, have connected with consumers around the world. China's Baidu, the only other brand distinguished by a brand contribution of 5, remained like the Brazilian brands, a local phenomenon – at least for now.

Across the five regions, technology and telecom providers dominated, with a total of 18 brands: seven based in North America, four in Asia, four in Continental Europe, two in the UK and one in Latin America. Reflecting mostly revised valuation methodology, four telecom provider brands were new to the regional rankings this year: AT&T, Verizon (North America), Deutsche Telekom and Movistar (Europe).

### North America:

| TOP BRANDS | | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | Apple | 153,285 | 4 | 9 | 84% |
| 2 | Google | 111,498 | 4 | 4 | -2% |
| 3 | IBM | 100,849 | 3 | 5 | 17% |
| 4 | McDonald's | 81,016 | 4 | 7 | 23% |
| 5 | Microsoft | 78,243 | 4 | 8 | 2% |
| 6 | Coca-Cola | 73,752 | 5 | 9 | 8% |
| 7 | at&t | 69,916 | 3 | 4 | N/A |
| 8 | Marlboro | 67,522 | 4 | 4 | 18% |
| 9 | GE | 50,318 | 1 | 2 | 12% |
| 10 | Verizon | 42,828 | 3 | 4 | N/A |

Source: Millward Brown Optimor (including data from BrandZ and Bloomberg)

MillwardBrown Optimor

## Continental Europe:

| TOP BRANDS | | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | Deutsche Telekom | 29,774 | 2 | 4 | N/A |
| 2 | Movistar | 27,249 | 2 | 6 | N/A |
| 3 | SAP | 26,078 | 3 | 7 | 7% |
| 4 | Louis Vuitton | 24,312 | 5 | 7 | 23% |
| 5 | BMW | 22,425 | 5 | 8 | 3% |
| 6 | Orange | 17,597 | 1 | 4 | N/A |
| 7 | L'Oréal | 15,719 | 4 | 6 | 11% |
| 8 | Mercedes | 15,344 | 5 | 8 | 12% |
| 9 | Carrefour | 13,754 | 3 | 7 | -8% |
| 10 | H&M | 13,006 | 2 | 8 | 7% |

Source: Millward Brown Optimor (including data from BrandZ and Bloomberg)

MillwardBrown Optimor

## United Kingdom:

| TOP BRANDS | | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | Vodafone | 43,647 | 2 | 4 | -2% |
| 2 | HSBC | 22,587 | 2 | 2 | -4% |
| 3 | Tesco | 21,834 | 4 | 7 | -15% |
| 4 | Shell | 15,168 | 1 | 5 | 0% |
| 5 | BP | 12,542 | 1 | 5 | -27% |
| 6 | Standard Chartered Bank | 12,033 | 2 | 2 | 45% |
| 7 | O2 | 11,694 | 2 | 5 | N/A |
| 8 | Barclays | 8,760 | 1 | 2 | 4% |
| 9 | Marks & Spencer | 5,252 | 4 | 4 | -8% |
| 10 | Asda | 3,975 | 2 | 4 | -19% |

Source: Millward Brown Optimor (including data from BrandZ and Bloomberg)

MillwardBrown Optimor



## Asia:

| TOP BRANDS | | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | China Mobile | 57,326 | 4 | 9 | 9% |
| 2 | ICBC | 44,440 | 2 | 5 | 1% |
| 3 | China Construction Bank | 25,524 | 2 | 4 | 22% |
| 4 | Toyota | 24,198 | 4 | 7 | 11% |
| 5 | Baidu | 22,555 | 5 | 10 | 141% |
| 6 | China Life Insurance | 19,542 | 2 | 9 | N/A |
| 7 | Bank of China | 17,530 | 2 | 4 | -20% |
| 8 | Agricultural Bank of China | 16,909 | 1 | 6 | N/A |
| 9 | NTT DoCoMo | 15,449 | 2 | 8 | 19% |
| 10 | Tencent/QQ | 15,131 | 4 | 9 | N/A |

Source: Millward Brown Optimor (including data from BrandZ and Bloomberg)

MillwardBrown Optimor

## Latam:

| TOP BRANDS | | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | Petrobras | 13,421 | 1 | 7 | 39% |
| 2 | Telcel | 11,558 | 3 | 6 | 7% |
| 3 | Itaú | 9,600 | 2 | 3 | 29% |
| 4 | Bradesco | 8,600 | 2 | 3 | 15% |
| 5 | Corona | 5,458 | 4 | 6 | 5% |
| 6 | Natura | 4,612 | 5 | 9 | N/A |
| 7 | Skol | 4,579 | 5 | 6 | 68% |
| 8 | Brahma | 1,996 | 5 | 6 | N/A |

Source: Millward Brown Optimor (including data from BrandZ and Bloomberg)

MillwardBrown Optimor

# TrustR and Value-D

## Trust and value critical as economy shifts gears




### Consumers emerged from the recession changed.

Two of the key changes relate to eroded levels of trust in institutions and a shifting calculus of value. It's especially important for brands to understand these changes now, as the economy shifts from recovery into a period of real growth.

Two original metrics help provide insights – TrustR and Value-D. They are based on the same definitive BrandZ database that powers this report, a collection of more than 2 million consumer interviews in 30 countries developed over 13 years.

**TrustR**

TrustR is a composite measurement of the level of Trust and Recommendation a brand inspires. Trust is the consumer's belief, cultivated over time, in the efficacy of the brand. Trust is strongest when linked with Recommendation, the consumer's belief, grounded in recent experience, that the brand continues to fulfill its promise. The average TrustR score (Trust + Recommendation divided by two) is 100. A good score is 105 or more. A poor score is 95 or less.

**Value-D**

Value-D measures the gap between the consumer's Desire for a brand and the consumer's perception of the brand's Price. Greater Desire overcomes the barrier of Price. By quantifying this gap, ValueD helps brands optimize their sales, profit and market positioning potential. Generally, good scores are 105 or above in Value and 95 or below in Price. While there's no absolute best Value-D score, in general a high Value-D score is good because it indicates a strong level of consumer Desire for the brand.

Overall, the Top 100 Most Valuable Global Brands tend to perform well in both TrustR and Value-D. In other words, highly valued brands are trusted, recommended and strike the right balance between Desire and Price. These results from the Top 100 illustrate that finding:

– Top 100 average Trust score: 106

– Top 100 average Desire score: 111

– Top 100 average Value-D score: 106

Leaders in TrustR and Value-D emerge in every sector, of course. Here are just a few of the sector-by-sector highlights:

**Apparel**

Uniqlo, the Japanese creator of affordable fashion, has the highest global Value-D Score (128). It results from high Desire (109) and low Price (81). Zara is the most recommended brand (110).

**Beer**

Skol, Brazil's leading beer, (120) and Heineken (114) earn the highest Desire scores of the Top 10 beers. Guinness is the most recommended (109).

**Cars**

Mercedes is the most trusted of the Top 10 Car brands (114) and BMW the most recommended (111). Rebounding from its recall issues, Toyota ranks as offering the best value (107), a combination of high Desire and low Price.

**Fast Food**

McDonald's is the ultimate good value combination of high Desire (116) and low Price (91) with a Value-D score of (125). Although the fast food category as a whole scores low on Trust and Recommendation, there are exceptions. Tim Hortons scores high on Trust (112) and Starbucks scores high on Recommendation (108).

**Financial**

In general, the Top 20 bands are highly trusted, but not highly recommended, reflecting the tensions exacerbated by the financial crisis. Exceptions regarding Recommendation include TD (109) and these Chinese banks: China Merchants Bank (112), China Construction Bank (109), and ICBC (108). Russia's Sberbank led across all categories in Value-D.

**Insurance**

Insurance companies generally are trusted, particularly the brand leaders, but there are regional differences. In Trust, Chinese (112) and US companies (104) rate higher than European (99). The balance is similar in Value: China (114), US (111) and European (100).

**Luxury**

Not surprisingly, luxury brands are among the most desirable and the most highly priced. The leading luxury brands are considered expensive in the Value-D analysis, but one, Chanel (103), also is seen to justify its premium. Hermès emerged as the most trusted of the Top 10 luxury brands with a score of (115).

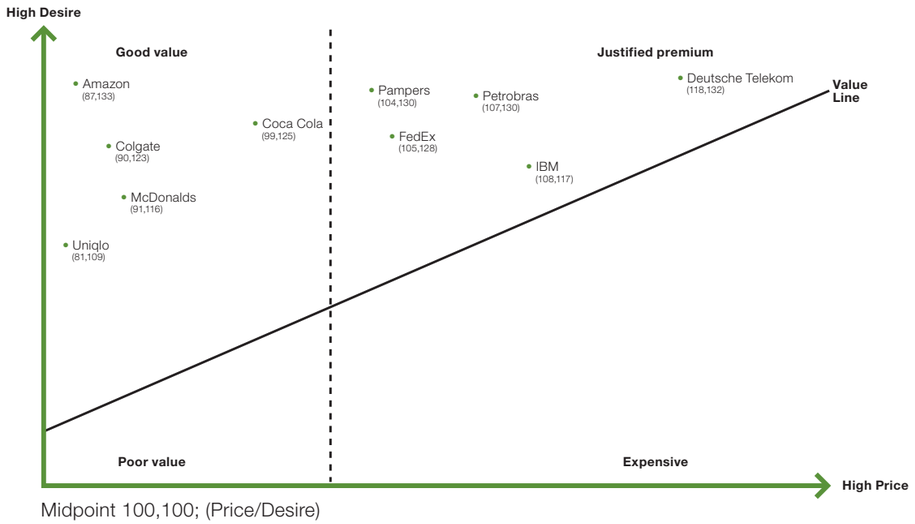
**Oil and Gas**

Petrobras, Brazil's leader in this sector, is significantly more trusted (129), recommended (111) and seen as better value (123) than the other oil and gas brands.

**Personal Care**

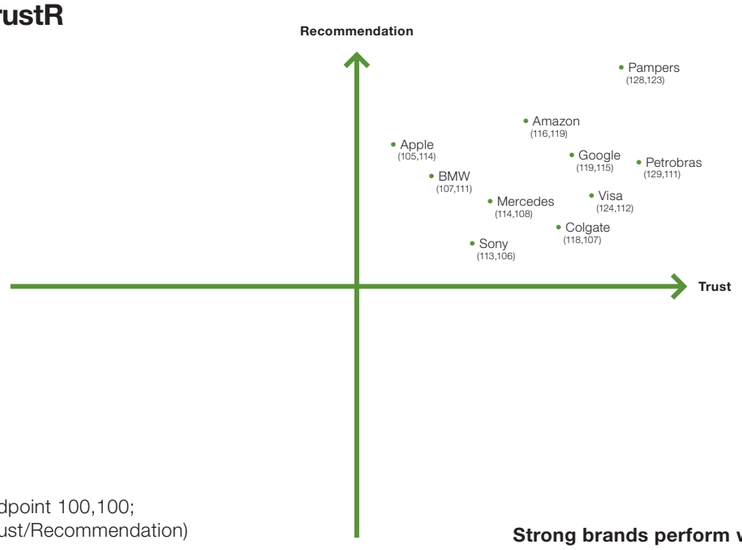
Among the Top 20 personal care brands, Colgate is the most trusted (118) and enjoys great value positioning. Its high Desire (123) and favorable Price score (90) yield a Value-D score of (133). Estée Lauder, the fastest-growing brand in the sector, and Natura, a new entrant from Brazil, are the most recommended. Estée Lauder received a Recommendation score of (125), Natura, (114).

## Value-D




Midpoint 100,100; (Price/Desire)

## TrustR




Midpoint 100,100; (Trust/Recommendation)

**Strong brands perform well in TrustR and Value-D**

These charts include a selected group of BrandZ leaders. The charts show how highly valued brands are trusted, recommended and strike the right balance between Desire and Price.



### Retail

Amazon received one of the highest Value-D scores of the leading global brands across all categories. With a Value-D score of (146), Amazon has the relationship between Desire and Price just about right. It's also the most recommended retail brand (119). But the heritage of Marks & Spencer makes it the most trusted (112). Aldi led in Price (83).

### Soft Drinks

Coca-Cola is the only positively trusted brand (103) in a category that generally scores low on Trust and Recommendation. One of the highest Desire scores (125) also makes the Coca-Cola among the best value brands worldwide with a Value-D score of (126).

### Technology

Google may have lost its number one valuation spot, but it is still the most desirable technology brand (134). Along with Microsoft and Nokia, Google also is top in Trust (119) and Recommendation (115). Baidu led in Trust (127).

### Telecommunication Providers

In fast-growing markets, consumers are much more likely to trust (110) and recommend (109) their local telecoms providers than are consumers in the mature economies where scores are lower for Trust (105) and Recommendation (99). However, in both fast-growing and mature economies the telecommunication providers sector ranks highest in Desire (114). Deutsche Telekom of Germany (132), Verizon in the US (122) and Mexico's Telcel (118) rank particularly high in Desire.

### The BrandZ Top 100 Leaders in TrustR and Value-D

The results in the table below confirm two fundamental findings of the BrandZ Top 100 Most Valuable Global Brands report:

- Brand leaders successfully inspire trust and project value; and
- Brand leaders increasingly appear in fast-growing markets.

Pampers and Amazon are listed three times in this table. While consumers expect products in the childcare category to be highly trustworthy, Pampers consistently exceeds those expectations. Effective use of social media has helped the brand connect with new parents and score high both in Trust (performance over time) and recommendation (recent experience). In the process of driving a revolution in retailing and e-commerce, Amazon has established itself as a highly desired brand with a price image sufficient to rank second in Value-D.

The Number 1 brand in Value-D, Sberbank, is the largest bank in Russia. Founded in 1841, the bank renewed the brand to make its long heritage relevant to contemporary customers. Two other brands from fast-growing markets also appear in this table: Petrobras, Brazil's oil and gas giant and Baidu, the Chinese search engine.

Interestingly, the three Price leaders all are in retail, either bricks and mortar or online. Colgate's appearance underscores the brand's global stature. The presence of FedEx as a TrustR leader suggests that the brand continues to consistently deliver on its promise of reliability.

## TrustR

| TrustR | | Trust | | Recommendation | |
|---|---|---|---|---|---|
| Pampers | 125 | Petrobras | 129 | Estée Lauder | 124 |
| Petrobras | 120 | Pampers | 128 | Pampers | 123 |
| FedEx | 118 | Baidu | 127 | Amazon | 119 |

## Value-D

| Value-D | | Desire | | Price | |
|---|---|---|---|---|---|
| Sberbank | 155 | Sberbank | 140 | Aldi | 83 |
| Amazon | 146 | Google | 134 | Target | 84 |
| Colgate | 133 | Amazon | 133 | eBay | 86 |




## Consumers bought apparel again, but not at every price point.

Low-priced brands with perceived quality enticed some consumers. Other consumers even edged back to premium brands, stirred from their recession hangovers by a desire for quality and value.

Lacking the appeal of low price or high fashion, brands in the middle suffered. And unemployment among young people – and many of their parents – moderated the critical purchasing power of teens and young adults.

The move back to higher-end apparel helped lift the Ralph Lauren brand value 18 percent. Ralph Lauren continued to offer its classic look in many sub-brands and a wide range of price points. The company renewed the aspirational nature of the brand with renovation of its flagship New York store located on Madison Avenue in a former mansion.

At the same time, fast fashion didn't slow. With stores in about 80 countries, Zara, up 15 percent in brand value, continued to thrive, particularly in Asia. H&M, which rose 7 percent, created excitement around the brand by collaborating with well-known designers and even co-created apparel with an H&M blogger.

The first Chinese apparel brand reached the BrandZ ranking Top 10. Shanghai-based Metersbonwe designs and retails apparel for young adults and benefited from its dominance in China where it operates over 4,000 stores. Uniqlo, a Japanese brand, also reached the Top 10 on the strength of its well-priced private-label fashion and simple but bold merchandising. Strong sales, particularly in the United States and China, and an 82 percent profit rise, pushed German fashion brand Hugo Boss into the ranking.

## TOP BRANDS

| | | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | Nike | 13,917 | 4 | 5 | 10% |
| 2 | H&M | 13,006 | 2 | 8 | 7% |
| 3 | Zara | 10,335 | 3 | 6 | 15% |
| 4 | Ralph Lauren | 3,378 | 4 | 5 | 18% |
| 5 | Esprit | 3,375 | 3 | 4 | -29% |
| 6 | Adidas | 3,088 | 3 | 6 | -5% |
| 7 | Uniqlo | 2,916 | 2 | 7 | N/A |
| 8 | Next | 2,567 | 2 | 5 | 0% |
| 9 | Hugo Boss | 2,445 | 5 | 7 | N/A |
| 10 | MetersBonwe | 1,446 | 3 | 9 | N/A |

Source: Millward Brown Optimor
(including data from BrandZ, Kantar Worldpanel, and Bloomberg)

MillwardBrown Optimor



**APPAREL UP 10%**

Nike used digital to infuse the brand into everyday life. Its True City app, for example, provided Nike product details along with travel information that could be updated into a customized travel guide. The “Write the Future” campaign associated the Nike brand with the prowess of World Cup athletes and the event’s driving excitement, competitiveness, spectacle and universal appeal.

The exposure helped Nike, up 10 percent in brand value, widen awareness in China and other fast-growing markets. Although Adidas received great visibility as the official sponsor of the World Cup, the brand achieved less of a lift.

Some brands struggled to find the right focus in a recovering economy that left many consumers still wary. Next stayed flat in brand value and Esprit declined, with profit down 21 percent during the last half of 2010.



# APPAREL HIGHLIGHTS

Consumers replenished wardrobes but spent carefully, mostly on brands with a clear proposition of fashion and value.

Consumer concern about labor practices and environmental impact focused brand attention on ethical production.

The first Chinese apparel brand, Metersbonwe, entered the BrandZ ranking, as China’s consumers drove sales of many international brands as well.

# APPAREL IN 2011



Ben Lukawski, Partner Mindshare Worldwide, MindShare

## Rise of co-creation

“One thing we’ve seen differently this year is the rise of the bloggers, above and beyond a standard fashion bible, especially with the youth audience. So much so that H&M have used a blogger and a journalist to actually design one of their collections.”

MINDSHARE

# SPOTLIGHT

A Japanese brand, Uniqlo operates more than 800 stores in Japan and about 140 internationally. It opened its first store in 1984, in Hiroshima, and expanded overseas with a London store in 2001. Uniqlo understood the public mood last year. Consumers viewed the brand’s apparel as fashionable but practical, in a range of colors, and of good quality at the right price. The brand plans aggressive expansion in Brazil, India and China during the next few years.



# Beer

## Brand mattered more

**In an industry traditionally driven by volume, several factors combined to increase the importance of brand.**

Consumers in mature markets considered beer as an alternative to wine to accompany food. Growing mealtime consumption created interest in ale, which is less gassy than lager and therefore less filling. In fast-growing markets, Western brands continued to signal quality and status.

The recession-related rise in off-premise drinking, particularly in the UK, drove beer competition at retail, forcing brands to guard against becoming interchangeable traffic drivers always sold on promotion. Brewers developed portfolios of good, better and best brands and improved packaging to better compete on retail shelves.

The shift to home consumption produced some innovation. In a World Cup tie-in, Molson Coors in the UK introduced its Carling Home Draught. The product featured cold activation technology that enabled beer to be served extremely chilled. This trend, which started in North America, has taken hold in Europe.

Budweiser and Bud Light remained at the top of the BrandZ ranking, although they switched places, with Budweiser, the "King of Beers," again crowned No. 1. Budweiser grew 12 percent in value. Because of distribution challenges and local taste preferences, only Budweiser and a few other beer brands, such as Stella Artois, enjoyed global recognition. Bud Light took over sponsorship of the NFL from Coors Light starting in 2011.

Reflecting the growing influence of fast-growing markets and the global marketing power of AB InBev, two leading Brazilian brands made the BrandZ Top 10. Skol had appeared before, but Brahma's presence was a debut. The value of both brands increased dramatically.

In a trend prevalent in other product sectors, when people bought less, they spent on what they liked. Corona and Miller Light remained popular. Heineken, up 26 percent in brand value, benefited as premium imports in North America. Guinness appreciated 9 percent in brand value, despite the difficult economy in Ireland, its home market.

Brewers expanded their offering of specialty brands accented with fruit and other flavors in response to an increase in female beer drinkers. Some introduced brands with lower alcohol content. They marketed these offerings with care so as not to impact the successful light beer brands favored by young men, the core customers. In a related trend, the desire for craft beer continued, refining consumer tastes and raising awareness of brand.

## TOP BRANDS

| | | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | Budweiser | 8,805 | 4 | 4 | 12% |
| 2 | Bud Light | 7,148 | 4 | 5 | -12% |
| 3 | Heineken | 6,577 | 5 | 7 | 26% |
| 4 | Corona | 5,458 | 4 | 6 | 5% |
| 5 | Skol | 4,579 | 5 | 6 | 68% |
| 6 | Stella Artois | 4,534 | 4 | 4 | -6% |
| 7 | Guinness | 3,446 | 5 | 4 | 9% |
| 8 | Miller Lite | 2,539 | 3 | 7 | 8% |
| 9 | Brahma | 1,996 | 5 | 6 | N/A |
| 10 | Beck's | 1,936 | 4 | 5 | N/A |

Source: Millward Brown Optimor
(including data from BrandZ and Bloomberg)

MillwardBrown Optimor

**BEER UP 7%**

1.

**Anticipate change**

Study the horizon for changes as they rise into view and be ready for changes that seem to materialize from thin air.

2.

**Understand change**

Especially in a chaotic world, insight is the basis for forming a coherent strategy. When the dots fly apart, ask why. As they float randomly, try to reconnect them.

3.

**Stand for something original**

Competitors are staring at the same dots and forming some of the same patterns. Make your response original and brand specific.






## BEER HIGHLIGHTS

The Millennial generation's discovery of spirits and cocktails challenged beer marketers.

As consumption moved off-premise, price pressure made it difficult to build brands at retail.

In the United States, Stella Artois created a smartphone app for locating bars where Stella was sold.

## BEER IN 2011



Nick Cooper, Managing Director
Millward Brown Optimor

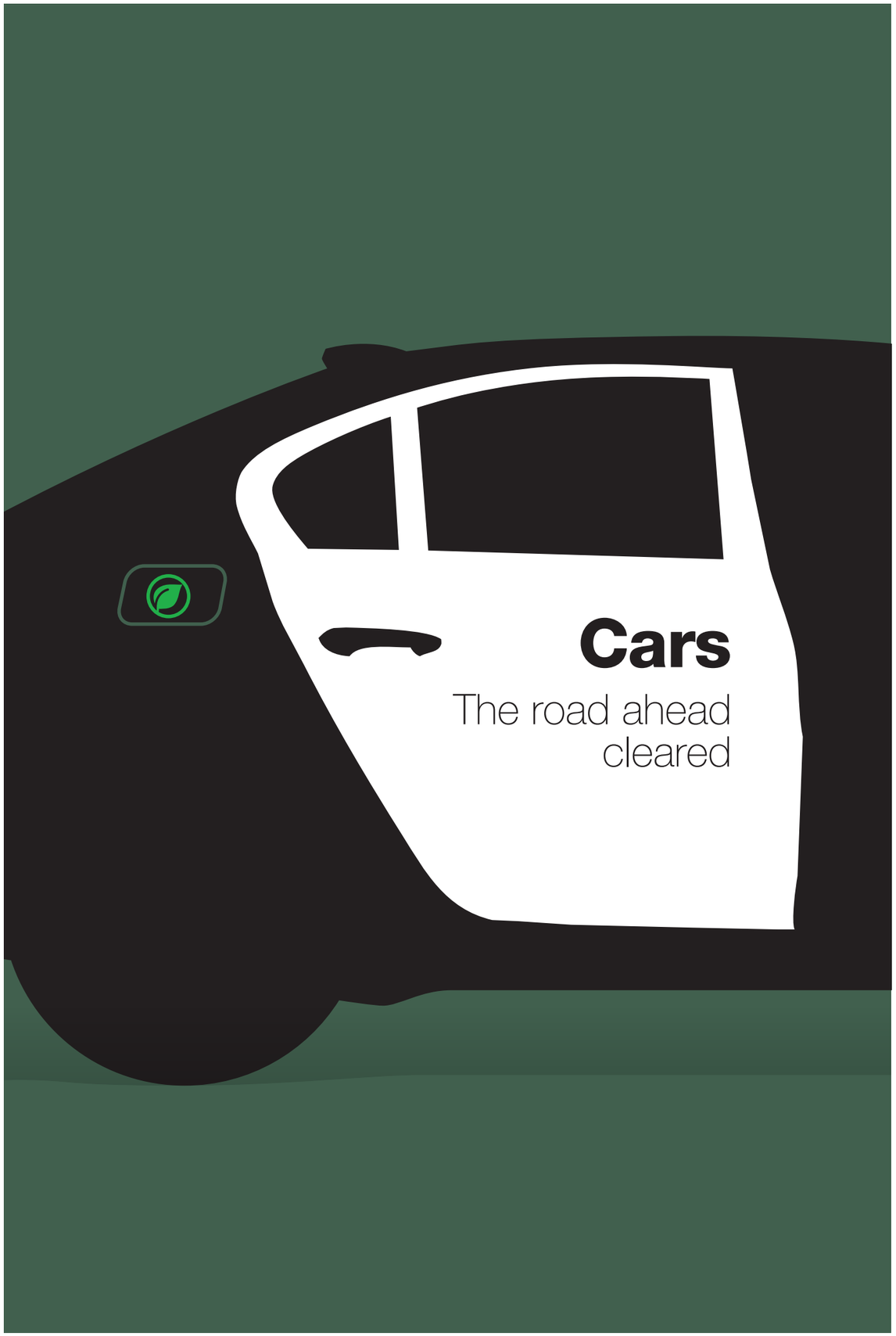
### Changing tastes in developing markets

"We saw a real recognition of the role of the developing markets in the beer industry, and what is fascinating is that they are growing through a combination of imported Western premium brands, but also some very vibrant local brands as well, and the most fascinating thing of all is that you see a development of a beer drinking habit in developing markets that wasn't there before."

MillwardBrown Optimor

## SPOTLIGHT

With a distinguished-looking middle-aged character called "the world's most interesting man," the Mexican beer Dos Equis, a Heineken brand, parodied how traditional notions of masculinity have been used to sell beer, demonstrating how clever media can lift a niche brand.




**Many car brands returned to robust health only a few years after disconnecting from the life support of government funding and auto purchasing schemes such as "cash for clunkers" or "scrappage."**

Consolidation left fewer brands in North America and Europe. But the survivors emerged more customer-responsive and innovative, serious about meeting environmental and safety concerns of citizens and regulators and aware that consumer values, including perceptions of prestige, have changed.

The surviving Western brands probably are here to stay, and competition is expected from China and other fast-growing markets. Most Western car producers looked to China for long-term growth as the country's sales are expected to reach 30 million units by 2015, or about twice the size of the US car market. Volkswagen remained China's most popular car brand, but others have set up joint ventures in the country and at least one European heritage brand, Volvo, is now Chinese-owned.

Toyota rebounded 11 percent in brand value, demonstrating the resilience of strong brands. Lexus remained America's top-selling luxury car. To reassure the public following the recall of almost 8 million cars with a potential uncontrolled acceleration problem, Toyota introduced an extended warranty. A panel of NASA experts exonerated Toyota in early 2011, finding that driver mistakes were responsible for most of the reported incidents. Toyota increased sales by 8 percent to 8.4 million cars worldwide in 2010.

Ford reported its highest profit in 10 years, $6.6 billion, and GM showed signs of a strong comeback. Ford enjoyed residual goodwill in the United States for rejecting the government bailout and funding product improvements with its own capital. Named "Marketer of the Year" by Advertising Age, Ford added a more contemporary feel to the brand with an effective use of social media, including a launch of its Explorer SUV on Facebook rather than at an auto show. Ford's brand value grew 5 percent.

Two electric cars received attention. The Nissan Leaf was named "European Car of the Year." Motor Trend magazine named Chevy Volt "Car of the Year" and Green Car Journal named it "Green Car of the Year." Even as smart consumption replaced conspicuous consumption in the calculus of value, the prestige brands, such as

## TOP BRANDS

| | | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | Toyota | 24,198 | 4 | 7 | 11% |
| 2 | BMW | 22,425 | 5 | 8 | 3% |
| 3 | Mercedes | 15,344 | 5 | 8 | 12% |
| 4 | Honda | 14,182 | 3 | 7 | -1% |
| 5 | Porsche | 12,413 | 5 | 6 | 3% |
| 6 | Nissan | 10,072 | 2 | 8 | 17% |
| 7 | VW | 7,408 | 3 | 8 | 6% |
| 8 | Ford | 7,394 | 2 | 3 | 5% |
| 9 | Audi | 3,808 | 4 | 8 | 5% |
| 10 | Lexus | 3,648 | 4 | 5 | N/A |

Source: Millward Brown Optimor
(including data from BrandZ, Bloomberg and KPMG Industry Reports)

MillwardBrown Optimor



**CARS UP 7%**

BMW, Mercedes and Porsche, sold well because their quality remained undisputed and enough shoppers could still afford them. Audi reached record sales of over 100,000 units in the United States. Demand in China also drove sales of the luxury brands.

Hyundai and Kia improved and promoted the style and reliability of their products, which they confidently backed up with long-term warranties. As their reputation improved, Korean brands became a post-recession consumer smart choice for buying quality and style without paying a premium for badge status. To some observers, the Korean car brands did a better job than Toyota and Honda of executing the well-respected Japanese car playbook.

4.

### Stand for something consistent

Every new trend is tempting and may even drive sales, at least at first. But not every trend fits the brand and the customer's expectations of the brand.

5.

### Stand for something more

CSR is nice but not enough. Make social action relevant to the brand and sincere. Consumers dismiss window dressing. Fix any supply chain problems that potentially harm people, and minimize impact on the environment.

6.

### Innovate: Easy to say hard to do

But consumers expect leading brands to deliver the future.



## Key take outs



# CARS HIGHLIGHTS

The car industry made cars people wanted – and the cars sold.

Shoppers spent more time researching online and relying on third-party comments as car marketing adjusted to the digital age.

Fuel efficiency became a hygiene factor, and Toyota's Prius continued its market leadership.

## CARS IN 2011



Chris Hunton, CEO Team Land Rover/ WPP Account Leader, Y&R

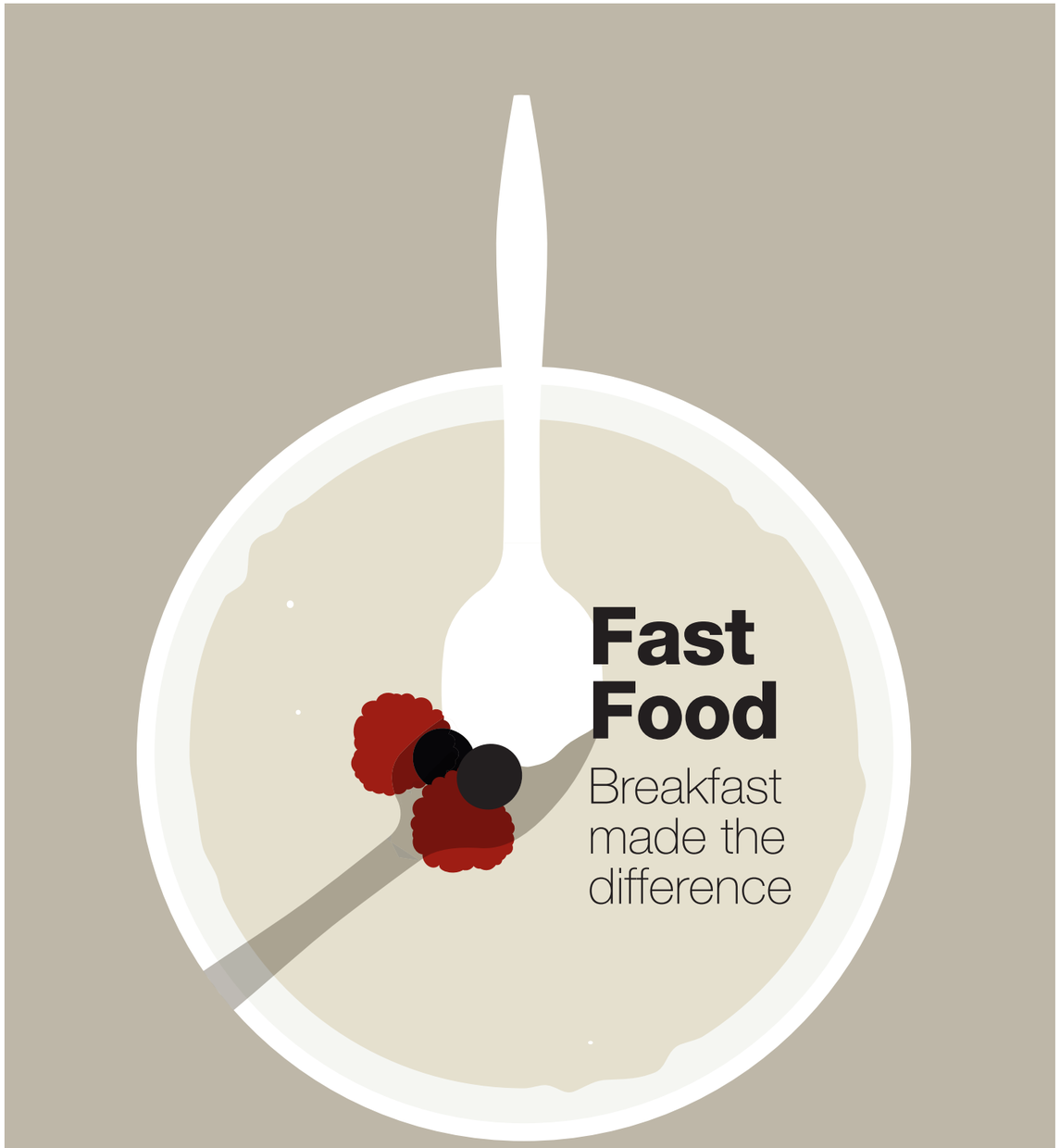
### Textbook on brand resilience

"Toyota has been a very interesting brand case study. When you see the depths to which Toyota had sunk, the concern that was being exhibited in the US about safety problems. And when you compare that with the way the brand performed in terms of sales at the end of the year, Toyota is a textbook example of brand resilience. In the sense that, if you invest in the brand over a number of years, actually it does ensure that you're able to withstand most things that happen to you in the marketplace."

Y&R

## SPOTLIGHT

Ford gained positive attention both for what it didn't do (take government bailout money) and for what it did (rationalize its brand offering and improve vehicle quality). It also spent 2010 preparing for the launch of its global car, Ford Focus, in March 2011. Ford intends to simplify production to build 10 different global models on a single platform. The company also invested heavily in China and renewed Lincoln as its luxury option.




**Snacks also contributed to sales growth as fast-food brands expanded into the off-hours of an industry built around lunch business.**

The focus on breakfast and between-meal snacks was an effort, primarily in North America, to add new profitable products and lift the productivity of the restaurants by driving customer traffic throughout the day. It especially helped fuel McDonald's, SUBWAY and Starbucks.

The pizza segment benefited from its perceived value as a dinner solution. In mature markets, the brands aimed at building business around sporting events and other occasions. Pizza Hut and Dominos also enjoyed strong sales in China, which Pizza Hut entered more than 20 years ago.

The addition of new meal options, along with an emphasis on value, lifted the fast-food category overall. In the third quarter of 2010, the fast-food industry reported positive traffic for the first time since mid-2008, according to the industry's Crest research results.

Breakfast was one of many factors that contributed to the dramatic renewal of Starbucks, which increased 40 percent in brand value. The coffeehouse also implemented efficiency improvements, revised pricing and enhanced its in-store experience.

McDonald's increased advertising spending, introduced a $1 breakfast menu and added oatmeal at $1.99. Available all day, oatmeal drove traffic, projected value and reinforced the chain's efforts to offer healthier options on a menu still weighted with burgers and fries. Brand value surged 23 percent.

Burger King and SUBWAY also introduced breakfast options. Consistent with SUBWAY's positioning as a healthier fast-food option, the breakfast consisted of a customized meal made from egg whites with a choice of meats, cheeses, vegetables and breads. The chain used breakfast to leverage its lunch business by suggesting that early-morning customers pick up a sandwich for later in the day. SUBWAY also benefited from its international reach with almost 34,000 outlets worldwide, surpassing McDonald's, in second place, by about 1,000. The SUBWAY brand rose 19 percent in value.

Breakfast and snacks created new occasions for some fast-food brands to increase coffee sales. The added caffeine jolted profit potential but also widened the competitive set to include operations such as Dunkin' Donuts and Starbucks. Starbucks successfully added an entry price point of $1.50 for coffee while maintaining prices for other drinks, and experienced growth in traffic, sales and profit. Wendy's and Taco Bell were expected to enter the breakfast space.

Wendy's and Burger King were among the fast-food

## TOP BRANDS

| | | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | McDonald's | 81,016 | 4 | 7 | 23% |
| 2 | SUBWAY | 14,306 | 4 | 5 | 19% |
| 3 | Starbucks | 11,901 | 5 | 5 | 40% |
| 4 | KFC | 8,216 | 3 | 5 | 15% |
| 5 | Pizza Hut | 5,305 | 3 | 3 | 58% |
| 6 | Tim Hortons | 2,678 | 4 | 7 | -17% |
| 7 | Wendy's | 1,994 | 4 | 3 | -20% |
| 8 | Burger King | 1,931 | 3 | 4 | 9% |
| 9 | Taco Bell | 1,873 | 3 | 2 | 2% |
| 10 | Domino's Pizza | 620 | 2 | 6 | N/A |

Source: Millward Brown Optimor
(including data from BrandZ and Bloomberg)

MillwardBrown Optimor



**FAST FOOD UP 22%**

brands that struggled with traffic levels because of the high unemployment among young men, the fast food sector's core customer. KFC also experienced traffic declines in developed markets, as consumers sought healthier options than fried chicken, the chain's signature offering. But KFC continued to enjoy success in China, where menus at its 3,200 outlets in 700 cities often include Chinese dishes, and where corporate parent Yum! also operates Pizza Hut and other brands.

7.

### Differentiate

Create a brand personality that's clear and resonates with the consumer emotionally. That connection generally is harder to copy than functional advantages and it builds more valuable brands.

8.

### Converse with customers

The customer is not always right. But in the world of social media customers always are heard and generally offer useful opinions.

9.

### Talk clearly

So that the brand is heard above all the noise, invest in the content that people talk about and share.






# FAST FOOD HIGHLIGHTS

Meal deals continued to drive the fast food business as consumers remained budget conscious.

The deals produced traffic gains but without growth in average ticket value for some chains.

The resilience of the fast food sector attracted new competition, as some mid-tier casual dining brands developed fast food sub-brands.

## FAST FOOD IN 2011



Larry Swyer, Managing Partner, MediaCom

### Good deals and healthy meals

"Along with the growth of breakfast, we saw other trends that will continue over the next few years. With the difficult economy, we see the fast food chains offering a lot of different deals to drive traffic into their restaurants. We also see health as a big issue. People are very interested to know what is going in their food. They worry about sodium. They worry about calorie count. Innovation is very important. Consumers are looking for things that are new and different."

MEDIACOM
People first, better results

## SPOTLIGHT

At the start of the recession, Starbucks seemed to symbolize the high prices and self-indulgence that consumers rejected in favor of frugality. Today, after the intervention of founder and CEO Howard Shultz, Starbucks has trimmed the number of stores, added a more attractive opening price point in Pike Place Roast, and improved the coffee-centric environment of its outlets. It turns out that people in mature markets still want to break up the day with an expensive latte. And Shultz is betting that people in the rising middle classes of the BRICs will feel the same way.

# The Digital Revolution:

## Shoppers and brands share the power in the new commercial democracy



### The numbers tell the story.

Apple is the world's most valuable brand, followed by Google. Facebook, just seven years old, appears in the BrandZ Top 100 Most Valuable Global Brands for the first time, at No. 35.

While the meteoric rise of these technology brands is compelling, equally important is their impact, as brands in every product sector respond to the fast-changing world of digitized and disintermediated information.

Last year, brands reached customers on brand and retailer Web sites, on Google and other search engines and on mobile apps that rewarded shoppers for interacting with brands. Some brands led the way. Others attempted to catch up.

Few ignored the tide. As recent events in the Middle East demonstrate, digitally connected people wield enormous power to express their desires and influence each other and events. The analogy to brands is imperfect, but respecting it is imperative.

As digital revolutionizes the relationship between brands and consumers, interactions that could be adversarial increasingly become collaborations aspiring to mutual benefit and reciprocal trust.

In these digitally enabled relationships, the role of marketer as brand builder, selling products to the public, is supplanted by the role of marketer as brand enabler, engaging the public's help to improve products and raise customer satisfaction.

In a digital creation story, the universe isn't completed on the sixth day. It's a work in progress, a partnership aimed at perpetual renewal and relevance. One element remains the same, however – the desire for an apple.

**Collaboration and co-creation**

At the start of last year, few people fretted that their lives felt bereft of a digital gadget smaller than their laptop but larger than their mobile phone. By the end of 2010, however, around 18 million of us owned iPads or other tablets.

Apple understood that its customers wanted access to data and images anywhere, anytime, in easy-to-view definition with an easy-to-use touch interface. In a span of a few months, the brand met these needs with the iPad and iPhone 4.

Apple trusted that its customers would discover uses for these products that would help organize, simplify or complicate, but mostly improve their lives. This co-creation approach resulted in roughly 350,000 Apple apps, and it added value to the product and the brand. Another perhaps 250,000 Android apps were created.

In a similar co-creation, brands improved products and marketing based on comments from customers in conversations on social networking sites. Co-creation also was the basis of collective shopping sites such as Groupon, which help merchants and brands increase sales and shoppers increase savings. Digital enables strangers to connect around something they share in common – the desire for a bargain.

**Shift in how we view customers**

When brands enjoyed sovereign control over the dissemination of information about themselves, marketers could choose a demographic – for example, 18-to-24-year-old women – and design an attention-grabbing, persuasive 30-second TV commercial.

That's changed. Some of our interests cut across the traditional demographic categories, often making our designation as a Millennial or Boomer less relevant than whether it's Monday morning or Saturday night and whether we're focused on planning for the week or for our next vacation.

Brand success requires recognizing this change and allowing customers to self identify, form groups, and access utilities and dynamic, well-built libraries of information. Last year, Pampers, No. 34 in brand value, launched an iPad app called "Welcome Baby." It illustrated the development of a fetus in the womb and helped expectant parents understand and track the stages of pregnancy.

This kind of information is the currency of the digital democracy. It changes brand-customer interaction from a series of isolated transactions into an ongoing relationship that becomes deeper and more interconnected. With each encounter, the customer gains more knowledge about the brand and brand-related topics and the brand learns more about the customer.

Sustaining these relationships depends on transparency and trust from both sides, brand and customer. Both sides lose when the relationship deteriorates because brands collect information using stealth tactics or customers respond with a subterfuge of false information.

**Quality products need quality content**

But being straightforward gets brands only part of the way. The quality of the brand-consumer interaction online is determined in part by the quality of the digital content. Brand manufacturers, retailers and their ad agencies traditionally have not been in the content-creation business.

Consumer product companies and their advertising agencies are sometimes more comfortable with the traditional research-driven, time-consuming process aimed at perfecting a campaign. Digital content, in contrast, is more iterative. Speed subordinates perfection. Ongoing presence and continuity supersedes the finite nature of a campaign.

Campaigns were designed for the path to purchase shaped as a funnel, for consumers who would move predictably and sequentially from awareness, engagement, discovery and investigation to selection. Campaigns alone are insufficient in the digital world of shopper marketing, where the path to purchase has exploded into random, non-linear points of influence when the shopper may be in front of a computer screen at home, making a shopping list or walking down the street about to enter a store.

Digital's impact on shopping soon will intensify further as 4G – with rapid transmission of rich data – becomes more widely available and mobile devices continue to offer greater sophistication for less money. The path to purchase will never look the same. Its appearance may be most radically shaped in fast-growing markets like Brazil, China or India, where mobile was the first telephone experience for many consumers. Brands face immense and unpredictable challenges in this highly connected, increasingly transparent and digitally transformed world.

## DIGITAL IN 2011



Scott Sorokin, Global Digital Leader, Mindshare

### Brands lose some control

"Brands, historically, have managed the assets they have made in places that they own, but the future will belong to brands that manage assets that they don't make, in places that they don't own, like Facebook, Twitter, social media."

MINDSHARE



10.

**Listen closely**

A customer who talks about a brand cares about it. And one good opinion quickly can yield insights to inform important brand improvements and lift sales.

11.

**Be honest**

To err is human.
To cover up is unforgivable.
Especially in a transparent, socially-networked world.

12.

**Be open**

Transparency is a buzzword, but that's because it covers everything from pricing to problems. It's essential and expected.






## Banks were at an inflection point.

Most banks stabilized their businesses. Balance sheets looked better. The major remaining deficit was customer trust in the brand.

It proved difficult to restore, particularly in the US, where the foreclosure rate remained high and small business loans scarce, while the banks inadequately explained how they'd not just survived but also contributed to economic growth.

In addition, the ubiquity of digital commerce and social networking challenged financial institutions to change how they market and serve customers. Post-recession government regulations limited certain fees. Banks responded by continuing to serve high net worth customers while improving service to the "mass affluent" by adopting small-bank approaches to service.

The banks in fast-growing markets, such as India's ICICI and Itaú of Brazil, appreciated in value. ICBC, the world's largest bank in market capitalization and profit, operated over 16,200 branches throughout China. China's second largest bank, China Construction Bank focused on telecommunications and other rapidly expanding industries. The brand appreciated 22 percent. As the nation's most global bank, with international operations in 29 countries, Bank of China may have been more impacted by global financial issues.

## TOP BRANDS

| | | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | ICBC | 44,440 | 2 | 5 | 1% |
| 2 | Wells Fargo | 36,876 | 3 | 2 | 97% |
| 3 | Visa | 28,553 | 4 | 9 | 15% |
| 4 | China Construction Bank | 25,524 | 2 | 4 | 22% |
| 5 | HSBC | 22,587 | 2 | 2 | -4% |
| 6 | Bank of China | 17,530 | 2 | 4 | -20% |
| 7 | RBC | 17,182 | 3 | 4 | 3% |
| 8 | American Express | 17,115 | 3 | 2 | 23% |
| 9 | TD* | 16,931 | 4 | 1 | 19% |
| 10 | Agricultural Bank of China | 16,909 | 1 | 6 | N/A |
| 11 | Citi | 15,674 | 2 | 1 | 17% |
| 12 | ICICI Bank | 14,900 | 3 | 3 | 3% |
| 13 | MasterCard | 13,543 | 4 | 7 | 16% |
| 14 | Chase | 12,083 | 3 | 3 | -3% |
| 15 | Standard Chartered Bank | 12,033 | 2 | 2 | 45% |
| 16 | Santander | 11,363 | 2 | 5 | -37% |
| 17 | US Bank | 10,525 | 3 | 2 | 26% |
| 18 | Scotiabank | 10,076 | 2 | 2 | N/A |
| 19 | Itaú | 9,600 | 2 | 3 | 29% |
| 20 | Bank of America | 9,358 | 1 | 3 | -43% |

*Correction to TD's 2010 value. Brand value in 2010 is $14,202, not $10,274
Source: Millward Brown Optimor (including data from BrandZ and Bloomberg)

MillwardBrown Optimor



**FINANCIAL INSTITUTIONS UP 9%**

Standard Chartered Bank, a UK-based institution, earned the majority of its profits from emerging markets and was minimally exposed in North America and Europe. It grew 45 percent in brand value. HSBC enjoyed the efficiencies and risk balance provided by its extensive global network. Benefits from the acquisition of Wachovia continued to accrue for Wells Fargo. Brand value almost doubled. Chase had a head start coming out of the recession because the bank went into it less exposed to debt.

Meanwhile, Citi and other banks moved beyond viewing their customers according to traditional demographic categories. Instead of focusing on income, the banks organized offerings around attitudes and interests. Citi marketed to a group it calls “generations forward,” young aspiring people defined by post-recession values that include taking responsibility for their personal welfare and the world’s.

Bank of America continued to recover from the global financial crisis and its acquisition of Merrill Lynch. Despite its strength in fast-growing Latin America markets, the Spanish bank Santander was hurt by results from its European operations.

American Express posted strong profits as consumers and businesses returned to spending and more cardholders paid balances in full each month. Brand value rose 23 percent. The post-recession consumer shift away from credit to cash and debit cards forced credit card companies to rethink their business models. Visa’s ‘Go’ campaign encourages consumers to think about Visa beyond its transactional benefits and empowers people to make the most out of everyday life. The brand increased 15 percent.



## FINANCIAL INSTITUTIONS HIGHLIGHTS

Banks excelled at using digital for transactional needs, such as online banking, but lagged in brand-building social media applications.

Investment banks especially struggled with post-crisis issues of reputation and trust.

While customers often engaged with small local institutions for checking and other transactional services, they generally kept their savings in the large institutions viewed as too big to fail.

## FINANCIAL INSTITUTIONS IN 2011



Mich Bergesen, Global Director, Financial Services, Landor

### Offering real value

“There’s an opportunity for banks now to put their money where their mouths are, in terms of focusing on responsible lending and offering real value on their products and services.”

Landor

## SPOTLIGHT

Russia’s Sberbank appeared for the first time in the BrandZ Top 100 Most Valuable Global Brands on the strength of a successful initiative to transform it into a friendly bank of choice rather an institution recalled for its dominating presence during the Soviet period and a heritage dating to 1841. A program called “Leading the Change in Russia,” updated the brand and emphasized its national reach with almost 20,000 branches. In 2010, Sberbank accounted for almost 40 percent of the banking sector’s profits in Russia, compared with 29 percent in 2007. Fees and commissions drove net income to increase by a factor of 7.4 to roughly $16 billion (181.6 billion rubles) in 2010, from $800 million (24.4 billion rubles) in 2009.




## Insurers focused on fundamentals last year.

They divested tangential businesses and introduced innovations that increasingly shifted control of purchasing to the consumer.

The moves came as part of an effort to rebuild the trust eroded when consumers conflated insurance companies with banks and other large institutions whose practices contributed to the global financial meltdown.

Some insurers divested or rebranded their asset management businesses, dissociating themselves from troubled high-risk investments. Allianz divested Dresdner and rebranded AGF as Allianz. Insurers concentrated on underwriting policies.

Leading the insurance sector in brand value, China Life and Ping An, along with China Pacific, benefited from the size of the Chinese market and the rapid growth of the insurance industry. Publicly traded China Life holds over 90 million policies. Along with its corporate business, Ping An serves about 56 million retail customers.

Property and casualty insurance companies continued to grapple with increasing consumer control over the process of purchasing insurance. The ability of consumers to bypass brokers and research and purchase insurance online, began with auto and home and expanded into life.

In the United States, MetLife, which grew in brand value by 31 percent, launched a Web site called “Straight Story on Life Insurance.” The site takes consumers through many contingencies and allows them to comparison shop. In the UK and Continental Europe, consumers continued to purchase through online aggregators. In contrast, US-based State Farm emphasized its sales force and its “Good Neighbor” positioning.

A clear demarcation seemed to emerge between full-service, agent-led brands, such as State Farm and Chubb, and brands, such as GEICO and Progressive, which invested in sophisticated virtual solutions to serve clients. GEICO, a subsidiary of Warren Buffett’s Berkshire Hathaway, increased 53 percent in brand value. Its edgy campaign, featuring a gecko speaking with an East End London accent, helped the company add auto insurance customers. It now seeks to expand its business into homeowners insurance.

Sale of UK holdings impacted the brand value of the French insurer AXA.

## TOP BRANDS

| | | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | China Life Insurance | 19,542 | 2 | 9 | N/A |
| 2 | Ping An | 10,540 | 3 | 7 | N/A |
| 3 | State Farm | 8,393 | 2 | 8 | 2% |
| 4 | Allianz | 5,223 | 2 | 7 | 17% |
| 5 | China Pacific Insurance | 3,660 | 2 | 3 | N/A |
| 6 | AXA | 3,505 | 1 | 4 | -11% |
| 7 | GEICO | 2,785 | 2 | 4 | 53% |
| 8 | MetLife | 2,270 | 1 | 6 | 31% |
| 9 | Zurich | 2,023 | 1 | 1 | 4% |
| 10 | Allstate | 1,863 | 2 | 4 | 18% |

*Value growth in the Insurance category results from the inclusion of China Life Insurance, Ping An and China Pacific Insurance.
Source: Millward Brown Optimor (including data from BrandZ and Bloomberg)

MillwardBrown Optimor



**INSURANCE UP 137%***

13.

### Build trust

Because mistrust may be the default consumer attitude coming out of the recession, trust can be difficult to build but powerful when it's established.

14.

### Deliver a great experience

Introducing and polishing shiny objects is fine, as long as they work reliably and don't cause customer frustration.

15.

### Deliver value

Post-recession consumers appreciate durability, quality and heritage, and they expect to purchase them at a fair price.






## INSURANCE HIGHLIGHTS

Allianz launched a campaign stressing its global reach and empathy with diverse people facing real life problems.

AIG sold its asset management business to a Hong Kong firm, part of an overall industry trend to focus on basics and restore consumer trust.

The uncertainty around healthcare reform in the United States affected a segment of the insurance industry and complicated planning.

## INSURANCE IN 2011



Nick Clark, Creative Consultant, The Partners

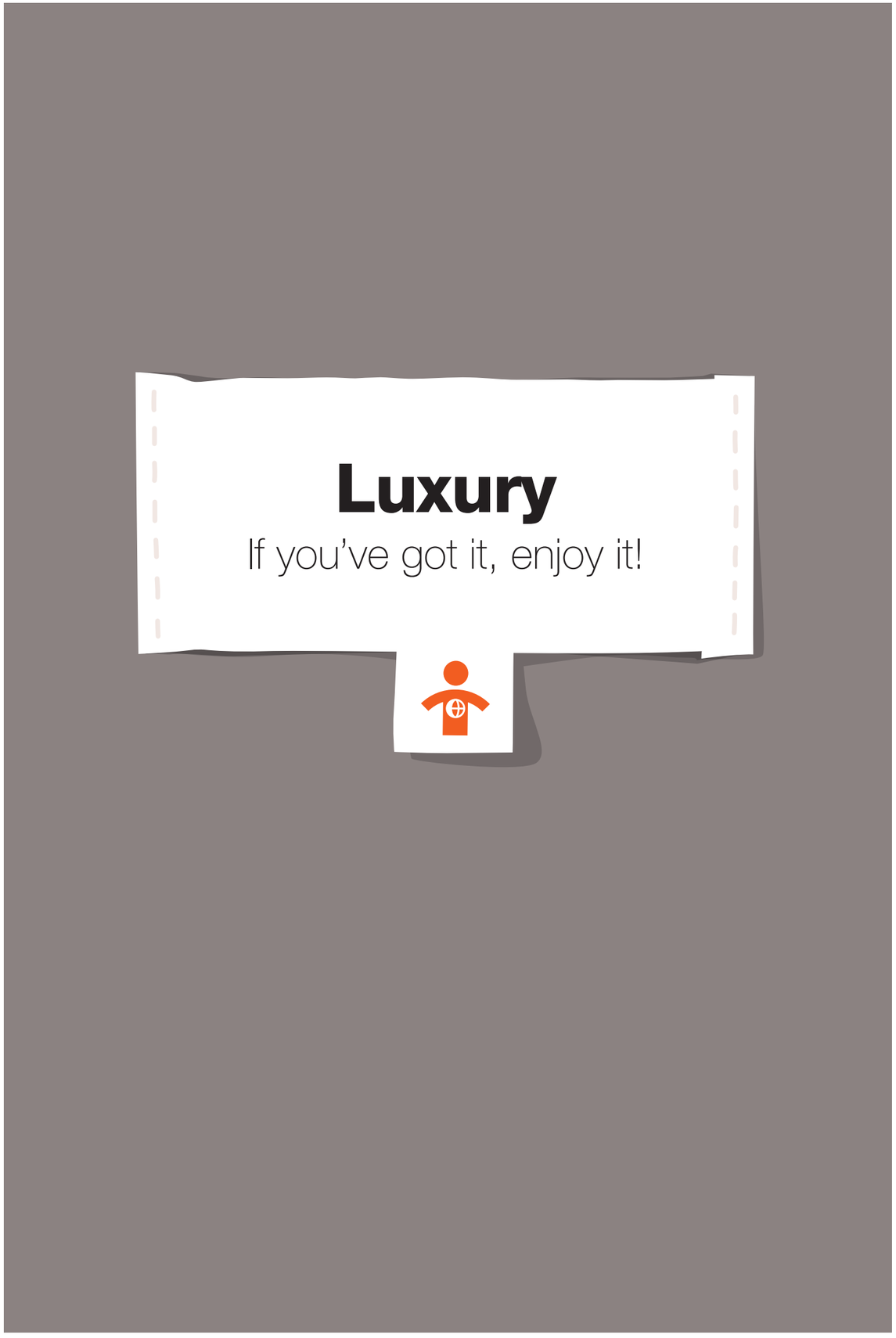
### Insurers develop personalities

"Insurance is a low interest category and is suffering from increased commoditization. The challenge for brands is really to create some kind of compelling personality that can allow people to engage emotionally with the brand, above and beyond. The other thing is to actually act on what you're saying. It's not enough these days just to advertise, you have to actually do as well as say."

THE PARTNERS

## SPOTLIGHT

The direct-to-consumer trend, which began in auto and home, moved dramatically into life insurance last year with MetLife's "Straight Story on Life Insurance." The award-winning online utility maps the consumer's journey and explores the appropriate life insurance options and financing plans. It enables consumers to comparison shop and puts them in control of a significant purchase that traditionally depended on an agent.




## Luxury came back, without apology.

Although consumers in North America and Europe continued to reject conspicuous consumption, those who could afford the most exclusive shops no longer eschewed the shopping bags that proclaimed their good fortune.

The new ethos frowned on flaunting and encouraged awareness of how one's purchases, whether diamonds from African mines or apparel stitched in Asian factories, impacted the environment and people all along the supply chain.

Connected to the concern with a product's origins was a deepened appreciation for the craftsmanship that went into its creation. In a world of mass-produced consumer goods, bespoke attention to individuality became the ultimate luxury. And it provided a rational reason – if needed – for justifying an emotional, expensive purchase.

Many brands raised prices. Those that genuinely could claim a history of design leadership and customization capitalized on their brand heritage in advertising and in online and in-store presentations. Gucci turned areas of some of its stores into small workshops where customers could view leatherworkers crafting handbags.

To attract a new generation of shoppers, Louis Vuitton launched a program to encourage young artists with publicity and financial support, while continuing to evoke its heritage in travel to preserve relationships with the brand's traditional following. Louis Vuitton remained the highest-valued luxury brand and increased in value by 23 percent.

Louis Vuitton broadcast its London fashion show on YouTube, an indication of the industry effort to be more contemporary in both product and communication. Burberry sent personalized messages to the mobile phones of customers, inviting them to view the brand's London fashion show streamed live to a Burberry store. Any item from the catwalk could be purchased for delivery within weeks. Burberry continued to successfully rejuvenate the 155-year-old British heritage brand and enjoyed year-on-year double-digit increases in all markets.

Chanel entered e-commerce for the first time, although more for the sale of accessories than couture, because extending luxury credentials to the mass market risked diluting the exclusivity of the brand. Brands that protected their exclusivity – such as Chanel, Hermès, or Cartier – were better insulated from the recession than more accessible luxury brands. The Hermès brand value grew 41 percent.

Hermès launched a Chinese brand that may herald the inception of luxury brands developed in fast-growing markets. Meanwhile, China and other BRIC countries remained important markets because badge status gratified a growing middle class and a band of affluent individuals who had wealth for the first time and were ready to spend it.

## TOP BRANDS

| | | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | Louis Vuitton | 24,312 | 5 | 7 | 23% |
| 2 | Hermès | 11,917 | 5 | 8 | 41% |
| 3 | Gucci | 7,449 | 5 | 4 | -2% |
| 4 | Chanel | 6,823 | 5 | 9 | 23% |
| 5 | Cartier | 5,327 | 5 | 6 | 34% |
| 6 | Rolex | 5,269 | 5 | 5 | 11% |
| 7 | Hennessy | 4,997 | 5 | 8 | -7% |
| 8 | Moët & Chandon | 4,570 | 5 | 8 | 7% |
| 9 | Fendi | 3,422 | 5 | 5 | 7% |
| 10 | Burberry | 3,379 | 4 | 7 | N/A |

Source: Millward Brown Optimor
(including data from BrandZ and Bloomberg)

MillwardBrown Optimor



**LUXURY UP 19%**

16.

**Grow brand value**

Brand value translates into sales, customer loyalty and – as shown by the performance of the BrandZ Top 100 – resilience even during the toughest economic times.

17.

**Protect brand value**

Every communication or interaction with a customer needs to fulfill the brand promise.

18.

**Be consistent but flexible**

Deliver the same coherent global message across cultures, but express it for local comprehension.






# LUXURY HIGHLIGHTS

Ultra-luxury returned, prices increased and aspirational brands did well.

Because their customers were online, luxury brands discovered ways to be there as well.

Fashion magazines competed with bloggers for influence.

## LUXURY IN 2011



Penny Logier, Managing Director, MediaCom

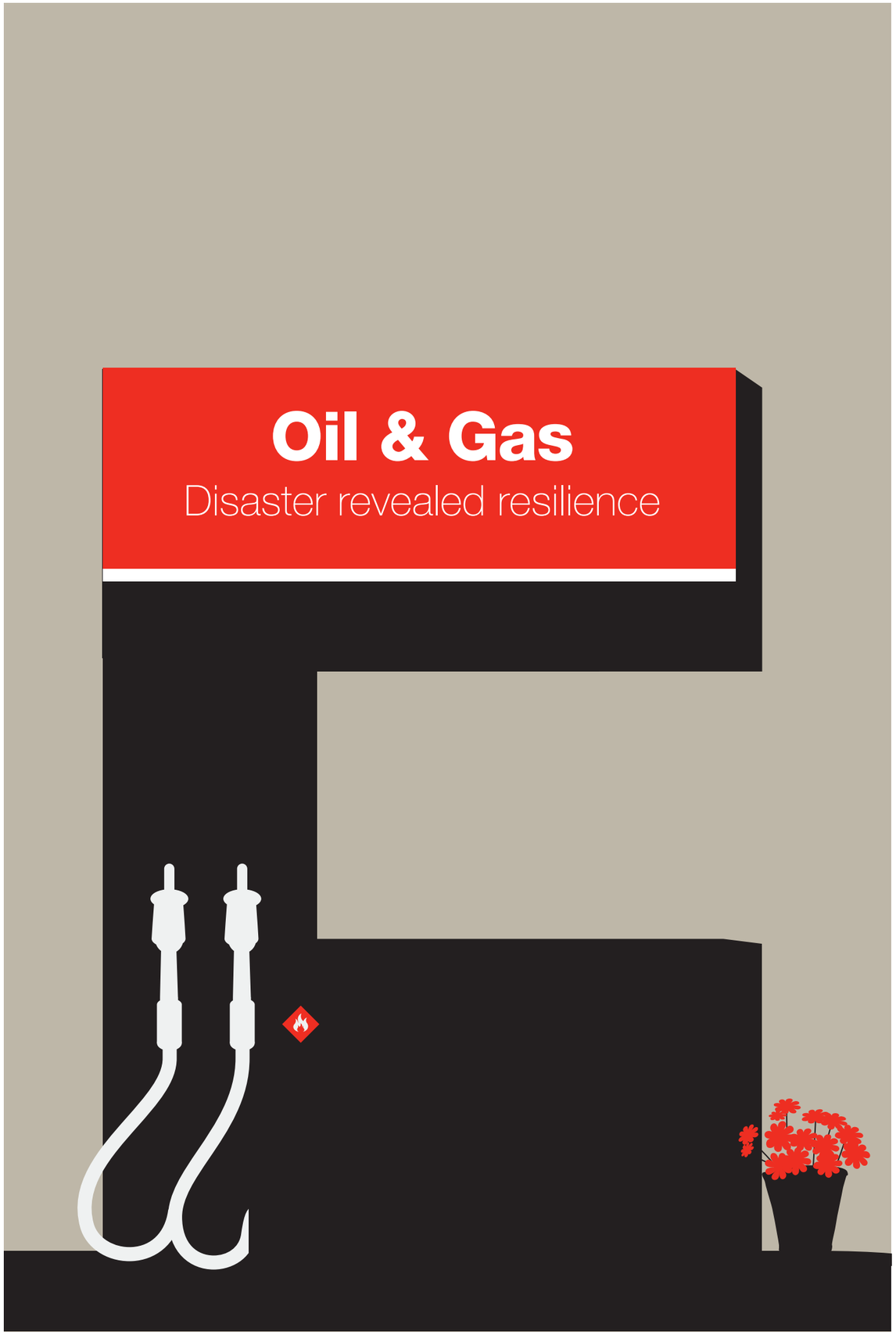
### Extending the reach of luxury

"We found that the consumer is more and more able to buy into the assets of the couture brands by simply purchasing things like a lipstick, or a handbag or even sunglasses."

MEDIACOM
People first, better results

## SPOTLIGHT

LVMH purchased a stake in Hermès, one of the few ultra-luxury brands with long and respected heritage still held privately.
The action raised speculation that LVMH eventually would bid for the entire company. Such a deal would further consolidate the luxury category and add efficiencies and prestige to the LVMH portfolio. The potential impact on the Hermès brand isn't as clear. The family owners of Hermès made clear their desire to retain control.




**The big story, of course, was the BP disaster – the tragic Deepwater Horizon accident and its impact on the environment, the local economy and the lives of individuals.**

The disaster highlighted the importance and the vulnerability of brands in a category where brand contribution to brand equity traditionally has been low.

Oil and gas companies explore the world's remaining oil reserves, often located in extreme environments miles below the ocean floor. Proven competence and brand stature is critical for convincing governments to grant exploration rights and for influencing regulators. The BP disaster undermined this agenda.

It also reminded oil companies to cultivate broader support by addressing the contradictory consumer messages: respect the environment, energize our lives without interruption, and keep fuel prices low. Each brand attempted to explain this energy paradox more openly, while making an argument for its particular approach to reconciling the seemingly irreconcilable.

Exxon's communications continued to focus on operational excellence. Shell launched a global corporate campaign with the strapline "Let's Go," emphasizing working collaboratively with partners and end users to find answers to the energy challenge.

Chevron's "We Agree" campaign suggested that company and consumer are on the same side of the multi-faceted energy issue. Ironically, BP may have been the most brand-conscious and differentiated brand because of its Helios logo and related emphasis on corporate responsibility.

Brand is especially critical for publically owned oil companies because they compete against state-owned organizations that operate in a different regulatory environment and control most of the world's oil business. Projects available to publically owned companies generally require deep water drilling or meeting other challenges that entail the most expense and risk.

## TOP BRANDS

| | | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | ExxonMobil | 16,973 | 1 | 8 | 10% |
| 2 | Shell | 15,168 | 1 | 5 | 0% |
| 3 | Petrobras | 13,421 | 1 | 7 | 39% |
| 4 | BP | 12,542 | 1 | 5 | -27% |
| 5 | PetroChina | 11,291 | 1 | 10 | -19% |
| 6 | Chevron | 8,120 | 1 | 8 | 12% |
| 7 | Gazprom | 6,849 | 1 | 7 | 24% |
| 8 | ConocoPhilips | 6,486 | 1 | 6 | 21% |
| 9 | Lukoil | 5,792 | 1 | 10 | N/A |
| 10 | Total | 5,262 | 1 | 7 | -25% |

Source: Millward Brown Optimor
(including data from BrandZ and Bloomberg)

MillwardBrown Optimor



**OIL & GAS UP 1%**

Relative to the state-owned companies, the public oil and gas providers will feel much more pressure to meet the world's need for energy in ways that are safe and environmentally responsible. In a possible deal with Russian oil giant Rosneft, BP would explore for reserves in Russia's Arctic.

Some well-capitalized companies in fast-growing economies sought undervalued assets in developed markets. PetroChina, for example, acquired a stake in a Scottish refinery. Brazil's Petrobras raised $67 billion from a public offering to help fund exploration in some of the world's largest and most difficult deep-water reserves. Based on expectations, the brand value of Petrobras rose 39 percent.

Gazprom, Russia's largest company, was well positioned during this period of diminished oil reserves and heightened environmental concern. As its brand name implies, Gazprom is the world's largest natural gas company. Its brand value increased 24 percent.

## SPOTLIGHT

By 2012, Shell for the first time will produce more gas than oil. Last year it established a biofuel partnership with Cosan, a Brazilian ethanol producer. Increasingly, companies are struggling to replace the oil reserves they deplete with newly discovered reserves. Leading brands continued shifting their attention to gas because oil reserves are limited and exploration is complex and expensive.



## OIL & GAS HIGHLIGHTS

Brand may become more important even for state-owned companies as they move out of their home markets.

Incentives for producing renewable energy became less likely as governments struggled to cut spending and balance post-recession budgets.

Demand from fast-growing economies drove oil prices to almost $100 per barrel, near pre-recession pricing, although the industry had not yet returned to pre-recession activity. Unrest in the oil-producing Middle East pushed prices higher early in 2011.

## OIL & GAS IN 2011



Geoff Beattie, Global Head, Corporate Affairs, Cohn Wolfe

### Brands need to explore and explain

"Oil and gas companies have a vital role to play in securing the world's energy future and providing enough energy for the nine billion people that it's estimated will be on the planet by 2050. The first challenge is to find a lot more oil and gas. The second challenge is to deliver it in an environmentally responsible and safe way. The communication challenge for the oil and gas companies is to demonstrate to the rest of us exactly how they are going to do that. What reserves are going to be important to securing the world's energy future? And how we are going to get those out, when some of the challenges of exploration and production in the oil and gas business are formidable? So I think the oil and gas companies have to explain to the world how this can be done in a safe and environmentally responsible way."

cohn&wolfe

# A Generational Shift

By J. Walker Smith,
Global Executive Chairman,
The Futures Company



**Much of what we believe about Millennials is wrong. But the one thing that matters most we get right.**

Millennials have been trumpeted by pundits and heralded by headlines as an optimistic, open, committed and socially conscious generation, itching to step up and rescue the world from the mistakes and excesses of generations past. Unfortunately, such pronouncements are little more than wish-fulfillment by older observers. A careful assessment of longitudinal cohort data by The Futures Company in its 2011 *Unmasking Millennials* report shows that Millennials are just like every other generation in their optimism and prosocial attitudes. As they age, these attitudes decline. By the time Millennials reach their late twenties and early thirties, their attitudes are better described as those of adults than as those of a distinct cohort. For many things, age is more important and a better predictor than generation. But not for everything, especially not technology.

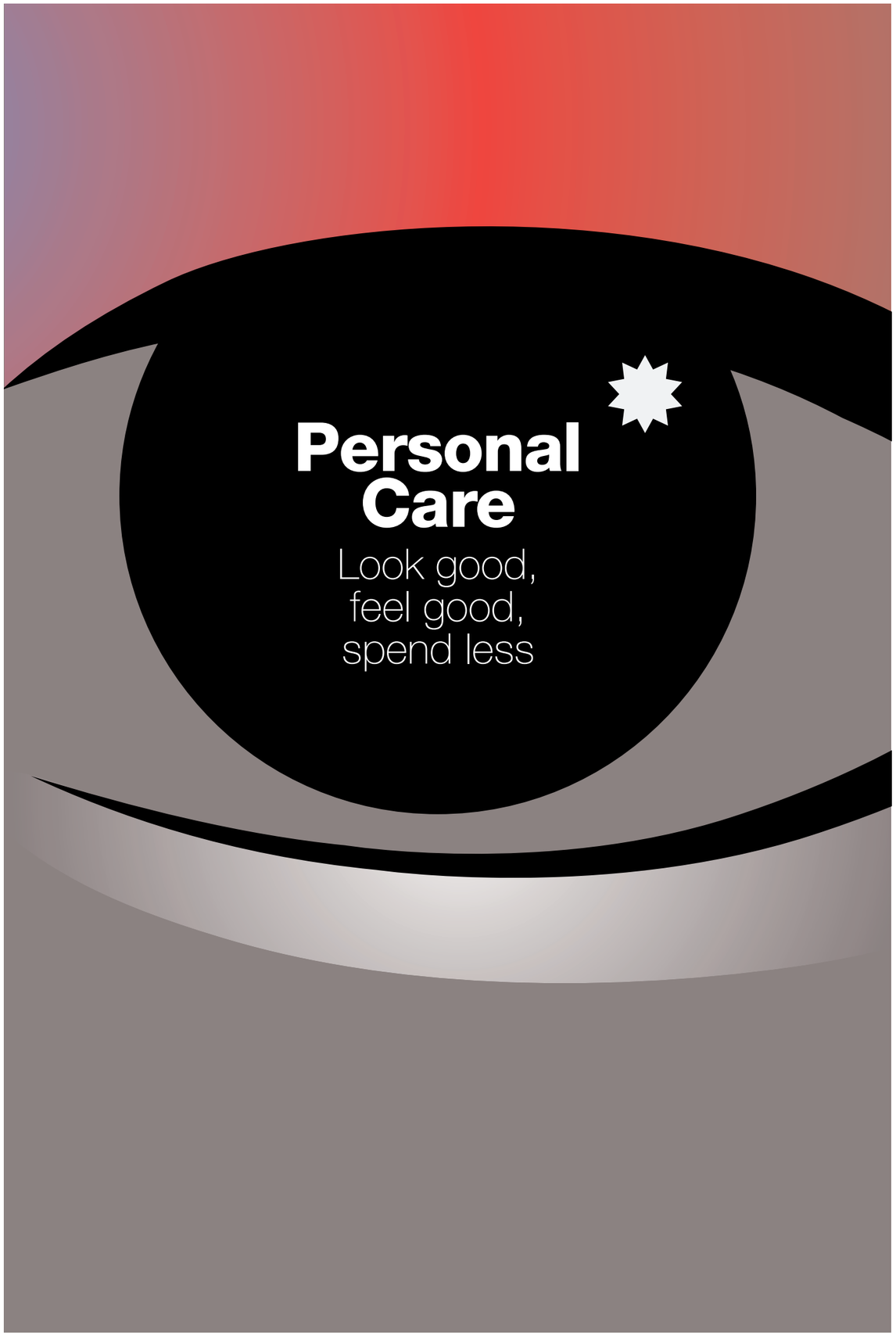
The generational divide that distinguishes Millennials is one of technology. The technology revolution of personalized computing that first blossomed in the 1970s has been an everyday reality for Millennials. The same is true for the Internet revolution that broke out in the mid-1990s. Millennials have come of age steeped in a deeply wired, technologically sophisticated world that moves at a continually accelerating pace. Only older generations remember something different and thus see today as something special. For Millennials, this is just the way things are.

It is the experience of technology not simply the density of technologies that makes Millennials different. By and large, older generations have approached technology from an information point-of-view. For them, technology is about processing data, for which productivity and efficiency are the key metrics. Not so Millennials. Certainly, information matters, but technology is more about connection. Technology is social. Information, in fact, is managed and modulated through connections.

For marketers, the technology divide across generations is profound. Older consumers want information and entertainment from media. Millennials see media as platforms for connection. Older generations have grown up directly interacting with marketing communications, processing ads and making decisions individually. Millennials encounter marketing as part of their on-going, never-ending, constantly-evolving conversations about brands, issues, celebrities, causes, sports, politics, music and more. Young consumers no longer encounter marketing in the ways embedded in traditional models of marketing, media, persuasion and attitude change.

The old objective of marketers was to be heard above the noise. In effect, it was about out-shouting the competition; hence, the relevant metric was share of voice. Today, and tomorrow, the objective must be one of getting talked about, for which the relevant metric will be share of conversation.

Millennials are an intensely social cohort for whom interconnection and engagement are fundamental. Though older generations will continue to hew to a more individualistic style, technology will force them to be more social. In this way, at least, the world as a whole is looking younger such that all generations will soon be able to claim that we are all Millennials.






**These imperatives characterized mid-market consumers, well informed by online social networks and more savvy from recent economic necessity.**

Luxury consumers also returned, driving the performance of brands like Lancôme and Estée Lauder, which gained across all of its global markets, with a boost from China, where year-end sales rose almost 30 percent.

Estée Lauder enjoyed a 31 percent rise in brand value. The brand value of Lancôme increased by 17 percent. The Estée Lauder brand Clinique, which remained consistent with its simple and elegant presentation of product, entered the BrandZ ranking for the first time.

Brands serving mid-market consumers continued "mass premiumization" of products, emphasizing affordability while promoting either glamour or wellness. L'Oréal, which increased 11 percent in brand value, introduced the brand to a younger audience. Olay added more products to the premium end of its line. Brand value grew 9 percent.

In a complementary trend, brands also introduced products customized to individual skin or hair type, as the notion of beauty continued to evolve from a single ideal to possibilities as diverse as humanity. Brazil's Natura, new to the BrandZ ranking, expressed this trend effectively with its sustainable ingredients and the healthy-looking people modeling its cosmetics and skin care products. Garnier described its vision as helping make everyone's natural beauty "shine through."

Many brands focused on enabling the beauty of Baby Boomers to shine through, since Boomers can afford their age defiance. To enhance male beauty, personal care brands expanded beyond the "metrosexual" to the mass audience of guys who also care about grooming but don't make it a lifestyle.

## TOP BRANDS

| | | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | Gillette | 19,782 | 4 | 4 | -4% |
| 2 | L'Oréal | 15,719 | 4 | 6 | 11% |
| 3 | Colgate | 14,258 | 4 | 6 | 0% |
| 4 | Avon | 5,849 | 4 | 6 | -20% |
| 5 | Nivea | 5,075 | 3 | 5 | -10% |
| 6 | Garnier | 4,669 | 4 | 5 | -6% |
| 7 | Lancôme | 4,617 | 4 | 5 | 17% |
| 8 | Natura | 4,614 | 5 | 9 | N/A |
| 9 | Dove | 3,827 | 3 | 7 | 7% |
| 10 | Olay | 2,825 | 4 | 3 | 9% |
| 11 | Crest | 2,814 | 4 | 5 | -8% |
| 12 | Oral-B | 2,797 | 3 | 4 | -20% |
| 13 | Estée Lauder | 2,592 | 4 | 5 | 31% |
| 14 | Shiseido | 2,422 | 4 | 7 | -7% |
| 15 | Clinique | 2,391 | 4 | 5 | N/A |

Source: Millward Brown Optimor
(including data from BrandZ, Kantar Worldpanel and Bloomberg)

MillwardBrown Optimor



**PERSONAL CARE UP 3%**

Gillette, which remained synonymous with male grooming, may have been affected by the impact of the economy on young men. In an interesting demonstration of brand reinvention, some brands relied on irony and self-deprecating humor to introduce Millennials to products, such as the skin-care brand Old Spice, which Boomers and their parents had forgotten.

To counter the incursion of private label accelerated by the recession, brands with basic functionality, like Colgate or Crest toothpaste or Dove, emphasized the product's positive impact on emotional well-being and introduced more benefits. Dove, for example, promoted a body wash that improved skin as it cleansed. Unimpressed by old-school marketing claims alone, consumers wanted to know not just what a product promised – whiter, brighter, better – but how the promises worked and whether the ingredients were natural or had a proven scientific basis.

Facebook and other social networking sites led to more informed consumer choice and a growing do-it-yourself trend in which consumers purchased salon-quality brands for use at home. In this value equation, the savings in professional care made up for a higher product price. Avon, a venerable global leader, encountered difficulties expanding in BRIC markets.



## PERSONAL CARE HIGHLIGHTS

Certain brands, like Dove, effectively extended the brand halo over many sub-categories.

The focus on individual wellness, an influence from fast-growing markets of Asia, continued to inspire product innovation.

Digital utilities enabled brands to customize products and services for a mass audience.

## PERSONAL CARE IN 2011



Catherine Coulson, Unilever
Global Account Director, TNS

### Consumers seek clear choices

"My advice to the personal care sector is to really avoid the temptation to just let your innovations proliferate. Consumers already face a huge challenge at the shelf. There are a lot of problems in terms of the number of choices that they have, and there's a lot of confusion at shelf. So I think, be disciplined in what you do, only put products out there that will make a difference and help consumers make those choices in that complicated environment."

tns retail and shopper

## SPOTLIGHT

Spenders were winners during the recession. Colgate introduced more new products during the recession than before the downturn. Along with noting the health benefits of toothpaste, Colgate and Crest emphasized whitening. People visited the dentist less frequently during the recession, at least in the United States.




**Amazon, which operates no stores, became the world's most valuable retail brand, ahead of Walmart, the world's largest retailer.**

The ascent of Amazon, which rose 37 percent in brand value, signaled the disruptive digital impact on the path to purchase, as retailers struggled to establish multi-channel presence, anywhere, anytime.

The growing use of mobile devices compounded the challenge, with utilities able to identify nearby locations, provide in-stock information, tempt shoppers with special deals and provide access to competitive pricing at the "moment of truth."

Although shoppers returned to bricks and mortar as the economy improved, they were fortified with knowledge from searching on Google, posting on Facebook and organizing around group purchasing sites like Groupon.

The confluence of an enlightened shopper with a recovering economy impacted retail brands in different ways. Hard discounters like Aldi and Lidl did well, but not as well as might be expected because of competition. Carrefour lowered prices and opened new, more convenient smaller stores in Europe.

## TOP BRANDS

| | | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | Amazon | 37,628 | 3 | 10 | 37% |
| 2 | Walmart | 37,277 | 2 | 5 | -5% |
| 3 | Tesco | 21,834 | 4 | 7 | -15% |
| 4 | Carrefour | 13,754 | 3 | 7 | -8% |
| 5 | Target | 12,471 | 3 | 3 | 3% |
| 6 | eBay | 10,731 | 2 | 8 | 15% |
| 7 | Home Depot | 9,877 | 2 | 3 | 10% |
| 8 | ALDI | 9,251 | 2 | 4 | 6% |
| 9 | Auchan | 7,796 | 3 | 7 | -1% |
| 10 | IKEA | 7,293 | 2 | 6 | 28% |
| 11 | Lowe's | 6,522 | 2 | 3 | -7% |
| 12 | Marks & Spencer | 5,252 | 3 | 4 | -8% |
| 13 | Best Buy | 5,104 | 3 | 3 | -12% |
| 14 | Costco | 4,544 | 1 | 4 | 17% |
| 15 | Lidl | 4,240 | 1 | 4 | 3% |
| 16 | Kohl's | 4,003 | 3 | 4 | -8% |
| 17 | Asda | 3,975 | 2 | 4 | -19% |
| 18 | Sam's Club | 2,935 | 2 | 2 | -10% |
| 19 | Sainsbury's | 2,685 | 3 | 5 | -2% |
| 20 | Safeway | 2,012 | 2 | 3 | -37% |

Source: Millward Brown Optimor
(including data from BrandZ, Kantar Retail and Bloomberg)

MillwardBrown Optimor



**RETAIL UP 2%**

In the UK, Tesco parried the low-price advance of Aldi. While the brand remained among the global leaders in value, currency fluctuations somewhat impacted the actual valuation. Hypermarkets struggled as consumers sought price and convenience over enormous product range.

Walmart executed a course correction to reassert price leadership after alienating some of its US customer base by reaching for affluent consumers with edited merchandise displays and less cluttered, more efficiently run stores. Meanwhile, dollar stores won shoppers by tinkering with range and promoting low prices. Target countered the high-price perception of its trendy approach to discount retailing, expanding food selection to drive shopping trips and increase basket size.

The combined strength of discount operators and Amazon impacted specialty retailers like Best Buy, which struggled even though it remained America's only national home electronics retailer following the close of Circuit City more than a year ago. Warehouse club Costco added sales. Ikea and Home Depot benefited from an improving housing market. Ikea's brand value increased 28 percent, Home Depot's, 10 percent. Lowe's seemed less prepared for the return to spending. Shifting away from its online auction roots, eBay simplified its site and enjoyed a brand value rise of 15 percent.

Department stores experienced mixed results. Marks & Spencer offered compelling deals in food, but tough competition made fashion a more difficult sell. Sales and margins increased for mid-priced Kohl's, which prepared for a stock buyback. Results for Safeway, a supermarket brand, improved with the economy, but rising food costs hindered profits.

The largest global brands continued their expansion into China and other fast-growing markets. Carrefour consolidated many of its banners under the Carrefour brand. Walmart's international division posted strong results and the company spent much of the year in negotiations to purchase the South African retailer Massmart, a development that eventually could change retailing and help elevate living standards throughout Africa.



## RETAIL HIGHLIGHTS

The price-driven end of the market thrived, including retailers like Poundland in the UK and Dollar Stores in the United States.

Luxury retailers prospered because their customers had money and felt free to spend it.

Channels continued to blur, especially as more retailers added food to drive traffic.

## SPOTLIGHT

Amazon surpassed Walmart as the most valuable retail brand in part because of the revolutionary shift to online shopping that Amazon itself instigated. Founded in 1995, Amazon has become a leading shopping destination with unparalleled selection, peer reviews and a discounted delivery scheme that builds loyalty. Generally recognized as the gold standard e-commerce company, Amazon continued to add merchandise categories including food.

## RETAIL IN 2011



Kim Hsieh, Director, Retail Strategy, G2 USA

### Redefining value

"Retailers want to offer value beyond price. They are looking to work together with brands that can bring analytics and help uncover more shopper insights and find opportunities to grow business together."

G2




## Diet Coke surpassed Pepsi as the No. 2 soft drink brand in market share.

The shift reflected an ongoing move to diet in the face of health and obesity concerns. Improving product healthiness remained a Pepsi core strategy.

It happened in a year when the ongoing slide in soda sales slowed, perhaps because consumers needed a pleasurable break from the barrage of headlines about unemployment and the need for sacrifice.

Coca-Cola was more aggressive in appealing to those consumers with traditional advertising, but both Coke and Pepsi relied on innovative social media that asserted the strength of their brands and the emotional bond with customers. Coke's brand value rose by 10 percent. Pepsi remained flat, but Diet Pepsi improved 8 percent.

In an updated appeal to the "Pepsi Generation," the brand launched "Pepsi Refresh," a social media site intended to create world-improving partnerships between the brand and its customers. Individuals nominated their favorite causes or charities to compete for $20 million in Pepsi grant money. More than 60 million votes were cast.

Along with sponsoring new digital programs and events, Coca-Cola continued the "My Coke Rewards" program on Facebook and other social media sites. More than 17 million people have participated in the four-year-old "Rewards" program, entering numeric codes found on Coke products to qualify for prizes such as movie tickets and retail gift cards.

In a separate online effort to drive interest in its citrus-flavored Sprite brand, Coke developed an online site where visitors who enter the code from a Sprite bottle cap could send a message to basketball star Lebron James and also nominate a basketball court near them for a grant, as "Sprite and LeBron are also refreshing the country's basketball courts."

Pepsi created social network programs for its youth-focused Mountain Dew brand, which increased 7 percent in brand value. Energy drinks generally remained strong as a sub-category. Red Bull, which improved 4 percent in brand value, sponsored Formula 1 racing. Interest in

## TOP BRANDS

| | | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | Coca-Cola | 59,866 | 5 | 9 | 10% |
| 2 | Diet Coke/Coca-Cola Lite/Coke Zero | 13,887 | 4 | 7 | 3% |
| 3 | Pepsi | 10,431 | 4 | 6 | 0% |
| 4 | Red Bull | 9,263 | 4 | 5 | 4% |
| 5 | Fanta | 4,368 | 2 | 7 | -6% |
| 6 | Sprite | 3,560 | 2 | 7 | -8% |
| 7 | Gatorade | 2,910 | 4 | 5 | -1% |
| 8 | Diet Pepsi | 2,500 | 3 | 6 | 8% |
| 9 | Mountain Dew | 2,478 | 4 | 6 | 7% |
| 10 | Dr Pepper | 2,212 | 4 | 3 | -13% |

Source: Millward Brown Optimor
(including data from BrandZ, Kantar Worldpanel and Bloomberg)

MillwardBrown Optimor



**SOFT DRINKS UP 5%**

other functional beverages, like vitamin water, also grew, especially among younger consumers.

Pepsi unified its logo across all international markets to add efficiencies and leverage the brand's power. Gatorade also rebranded, changing the name on its packaging to G, in an effort to signal brand progression and to reach a new generation.

Food service and vending continued to be important and profitable channels. Coke accelerated the introduction of its "Freestyle" vending machines, which use innovative technology to offer 104 different varieties of Coca-Cola drinks. The somewhat less-profitable grocery channel drove tremendous volume aided in part by new packaging that enabled bold and efficient stacking at food outlets and other mass merchants.

Both Coke and Pespi experienced strong sales in BRIC markets. Pepsi prepared to acquire a majority stake in Russia's largest food and beverage business, Wimm-Bill-Dann.



## SOFT DRINKS HIGHLIGHTS

Bottle size increased in certain markets, such as the UK.

Coke and Pepsi advanced corporate social responsibility initiatives as the soft-drinks category continued to face health and environmental issues.

Soft drink brands experimented with cross merchandising in supermarkets, presenting cola near the frozen pizza, for example, to emphasize a meal occasion.

## SOFT DRINKS IN 2011



David Seabrook, Client Director, Client Leadership, Mindshare

### Functional drinks growing

"The most interesting thing going on in the category at the moment is the growth of drinks that are there for specific needs or functions, so for example the launch of Gatorade products, the launch of the vitamin waters, the launch of more and more energy drinks."

MINDSHARE

## SPOTLIGHT

To maintain its connection to an older generation and to reinforce its brand essence as an energy and fitness drink, Gatorade launched its Replay initiative, inviting the veterans of two high school football teams back for a rematch, 16 years later, that reunited old rivals for a period of intense training followed by the big game.




## Apple grew 84 percent in brand value to become the world's most valuable brand.

And it surpassed Microsoft in market capitalization. With a 246 percent increase in brand value, Facebook entered the BrandZ Top 100 for the first time at No. 35. These developments reflected both the strength of the Apple and Facebook brands and the dramatic changes taking place in the always-dynamic technology sector.

Most significantly, the future of storing and accessing data, software and applications suddenly belonged to metaphorical "clouds," mega-computer warehouses in remote locations. Consumers shared public clouds while business established its own clouds, and government, at least in the UK, had its "G-cloud."

One of the largest clouds, Facebook, overtook Google as the most visited site in the US last year. Worldwide, more than 500 million members visited Facebook. Over 600 million people subscribed to China's Tencent/QQ. Google, meanwhile, continued development of its own cloud, Google Chrome OS.

## TOP BRANDS

| | | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | Apple | 153,285 | 4 | 9 | 84% |
| 2 | Google | 111,498 | 4 | 4 | -2% |
| 3 | IBM | 100,849 | 3 | 5 | 17% |
| 4 | Microsoft | 78,243 | 4 | 7 | 2% |
| 5 | HP | 35,404 | 3 | 4 | -11% |
| 6 | Oracle | 26,948 | 1 | 7 | 9% |
| 7 | SAP | 26,078 | 3 | 7 | 7% |
| 8 | BlackBerry | 24,623 | 4 | 9 | -20% |
| 9 | Baidu | 22,555 | 5 | 10 | 141% |
| 10 | Facebook | 19,102 | 3 | 5 | 246% |
| 11 | Cisco | 16,314 | 2 | 5 | -2% |
| 12 | Accenture | 15,427 | 4 | 3 | 5% |
| 13 | Tencent/QQ | 15,131 | 4 | 9 | N/A |
| 14 | Intel | 13,904 | 2 | 5 | -2% |
| 15 | Samsung | 12,160 | 3 | 9 | 7% |
| 16 | Siemens | 11,998 | 1 | 4 | 29% |
| 17 | Nokia | 10,735 | 3 | 6 | -28% |
| 18 | Sony* | 9,511 | 3 | 9 | 17% |
| 19 | Infosys | 8,172 | 2 | 6 | 27% |
| 20 | Canon | 7,588 | 1 | 6 | 27% |

*Value for Sony in the Technology category does not include Games Consoles and 2010 value has been corrected to $8,147
Source: Millward Brown Optimor (including data from BrandZ and Bloomberg)

MillwardBrown Optimor

**TECHNOLOGY UP 18%**

Apple continued quietly developing a cloud and loudly discovered an empty space in the computing category that it filled with a new device – the iPad. In the last quarter of 2010, Apple sold more iPads than Mac computers. The iPad, which quickly met competition from other tablet makers like Samsung, helped Apple pass Dell and HP in total portable computer sales. An Apple cloud would further strengthen the brand as a trinity of platform, content and device.

At the same time, the smartphone category expanded with the introduction of iPhone 4 and many versions of Google's Android platform. Android became the best-selling smartphone platform over Apple and Symbian by Nokia. BlackBerry worked to sustain appeal among two high-messaging groups: business people and teens.

The B2B brands also continued moving to the cloud. While the opportunities are great, so are the challenges. Privacy and confidentiality remain vulnerable, as WikiLeaks demonstrated. And the ability to manage databases that respond to unpredictable change falls more in the province of Twitter and Facebook than brands like Oracle, SAP and Siemens, which are renowned for structured databases. As applications and files move to clouds it potentially becomes less critical to have Intel inside.

In a strengthening economy, leading brands such as IBM, with its focused "Smarter Planet" strategy, benefited from increased business and government spending on technology and consultation. The value of the IBM brand increased 17 percent. Brands from fast-growing markets also became more of a global presence, including Tencent/QQ, China's social network site, which appeared in the BrandZ Top 100 ranking for the first time, and the Chinese search engine Baidu. Its 141 percent increase in brand value made it the fastest riser after Facebook. The brand value of India's IT leader, Infosys, appreciated significantly.



## TECHNOLOGY HIGHLIGHTS

Television and the Internet became increasingly linked, and brands, notably Samsung, introduced 3D TV.

Facebook and Twitter, cloud venues for the latest content, became the water coolers for conversation about last night's TV shows.

Technology brands deepened their bond with customers as activities like sharing photos and music insinuated the brands deeply into personal lives.

## TECHNOLOGY IN 2011



Stephen Yap, Group Director, TNS

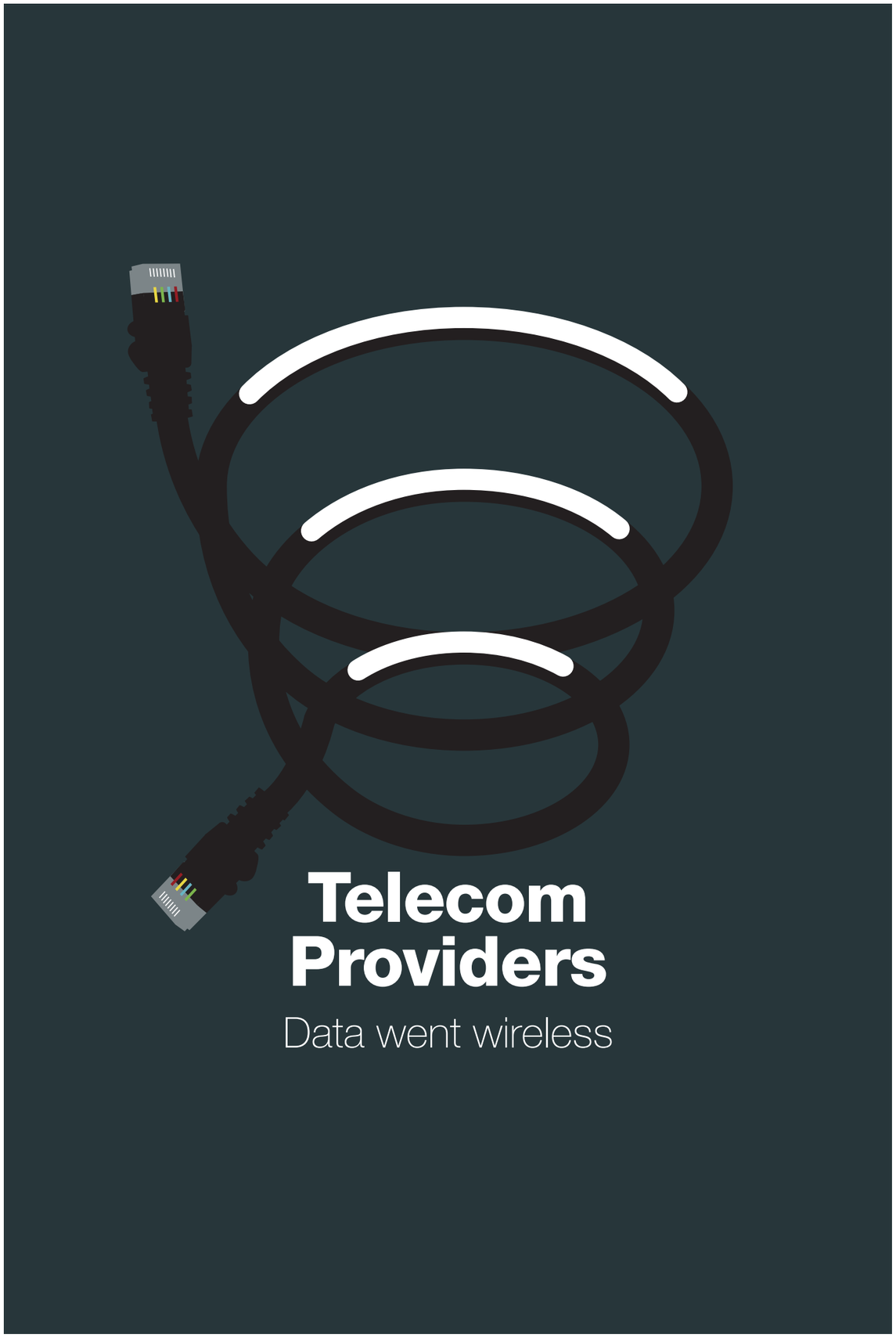
### Facebook transcends social networking

"Perhaps the most important trend we've seen over the last few months is the rise of Facebook. Transcending its roots as just a social network, a place where people send messages to and from their contact list, to become very much an aggregator of all kinds of communication and entertainment activities that people do on their computers and mobile devices. Whether it's playing games, sharing photos, videos or chatting, Facebook is increasingly becoming the dominant platform for all kinds of technology activities for consumers across the world."

tns retail and shopper

## SPOTLIGHT

The emergence of cloud computing portends heated competition over who will own the consumer – device or platform. When the battle was about winning the PC market, consumers were less concerned about the particular brand of PC or laptop as long it ran Microsoft Office. With the cloud, consumers may care less about the brand of their mobile device as long as it can access Facebook. Apple could be an exception because of the strong emotional and functional appeal of the brand.



# Telecom Providers

Data went wireless

## Wireless data transmission surpassed voice last year for the first time.

Telecoms struggled to keep up with this major shift, which was driven by the proliferation of smartphones and complicated by smarter consumers choosing their provider based on the desired operating system and device.

The companies became one-stop resources for most forms of electronic communication, including landlines, cable, wireless mobile and Internet, which they marketed in numerous combinations. This BrandZ report on brand value reflects this convergence and groups all the players under the heading of telecom providers.

Because the brand valuations now reflect the full extent of each enterprise, 11 of the brands appear in the BrandZ Top 100 Most Valuable Global Brands: AT&T (No. 7), China Mobile (No. 9), Vodafone (No. 12), Verizon (No. 13) Deutsche Telekom (No. 19) Spain's Movistar (No. 21), Orange (No. 36), NTT DoCoMo of Japan (No. 48), Telecom Italia (75), Telcel (76) and MTS (80).

In their attempts to differentiate, providers concentrated primarily on two areas, technology and content. The technology competition focused on expanding networks and introducing 4G, potentially a step-change advance in which wireless data transmission is faster than cable.

Along with functional advantages, the telecoms worked to connect emotionally with customers. They attempted to shift from being simply the "pipes" that delivered content to becoming content providers with entertainment packages aimed at maximizing their share of household media.

The increasing availability of mobile devices for sale at mass merchants raised pricing issues. Because assortments included a variety of devices from diverse telecom providers with complicated marketing programs, price comparison became frustrating for consumers hoping for price transparency.

European brand O2 attempted to make pricing more transparent. Price transparency perhaps was more difficult for Vodafone because of its greater reach as the world's second-largest telecoms provider with 341 million subscribers. The brand revised its Tetris logo to make it more iconic and transnational. NTT DoCoMo

## TOP BRANDS

| | | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | at&t | 69,916 | 3 | 4 | N/A |
| 2 | China Mobile | 57,326 | 4 | 9 | 9% |
| 3 | Vodafone | 43,647 | 2 | 4 | -2% |
| 4 | Verizon | 42,828 | 3 | 4 | N/A |
| 5 | Deutsche Telekom | 29,774 | 2 | 4 | N/A |
| 6 | Movistar | 27,249 | 2 | 6 | N/A |
| 7 | Orange | 17,597 | 1 | 4 | N/A |
| 8 | NTT DoCoMo | 15,449 | 2 | 8 | 19% |
| 9 | O2 | 11,694 | 2 | 5 | N/A |
| 10 | Telecom Italia | 11,609 | 4 | 5 | N/A |

*Because of the convergence of products and services offered, we redefined and renamed this category, formerly called Mobile Operators. Telecom Providers includes brands that market fixed line, cable, wireless, mobile, Internet and related products and services.

MillwardBrown Optimor

rated highest in a J.D. Power customer service survey of Japan's telecoms. The brand appreciated 19 percent.

Verizon, the largest US carrier, with an international link to Vodafone, emphasized the reliability of its network and prepared for the launch of iPhone early in 2011, after the expiration of AT&T's exclusive relationship with Apple. Few defectors to Verizon were expected immediately because the AT&T and Verizon iPhone versions are incompatible.

To control costs, consumers increasingly opted for prepayment plans, which have been popular for a while in Latin America, where carriers such as Movistar and Mexico's Telcel are strong. China Mobile, the world's largest telecom provider, with 590 million subscribers, faced heated competition at home from China Unicom and China Telecom in the rollout of 3G.

MTS, the largest Eastern European telecom company, which has one of the highest brand momentum scores and shows a 12% appreciation in brand value, is leveraging its equity through expansion into mobile payments and its own branded devices, as well as international expansion into India.



## TELECOM PROVIDERS HIGHLIGHTS

Consumers reacted to the cost of plans. In parts of Latin America, some wore belts with multiple phones from various carriers because buying handsets was cheaper than paying excessive toll charges.

The introduction of 4G offered telecoms an opportunity to differentiate by delivering quality video and other dense data.

4G also should unify the relatively young category, making it more global, less regional.

## TELECOM PROVIDERS IN 2011



Anthony Cox, Senior Planner, Chi & Partner

### Building on fundamentals

"Over the last 12 months, networks have emphasized coverage and the very fundamental things that consumers expect from their networks. And being dependable on that score is really important. However, I think the most successful brands have been those that have been doing something interesting, building on that with rewards, loyalty and extra things that make them more into entertainment brands."

CHI&Partners

## SPOTLIGHT

Consumers get emotional about their phones. Most of the positive feeling is directed at the brand of the mobile device, however, not at the telecom. Users continue to reserve negative emotions for the carrier – frustration over dropped calls, confusion over billing and pricing and complaints about coverage. To get onto the positive side of the emotional ledger, carriers looked for ways to differentiate.
In the UK, for example, $O_2$ offered subscribers priority access to event tickets at $O_2$ Arena and other venues it sponsors.

# Brand Brazil

## Optimism fuels economic growth



### Three Brazilian brands rank in the 2011 BrandZ Top 100 Most Valuable Global Brands.

They include the national oil company, Petrobras, ranked No. 61, and two banks, Itaú (No. 90) and Bradesco (No. 98). Petrobras is the highest-valued brand in Latin America at $13.4 billion. Itaú, valued at $9.6 billion, and Bradesco, $8.6 billion, are the third- and fourth-highest.

Three other Brazilian brands, while not large enough to be included in the BrandZ Global Top 100, still rank in the BrandZ list of the most valuable brands in Latin America. They are the personal care brand Natura, with a brand value of $4.6 billion, and two beer brands owned by AB InBev: Skol and Brahma.

The increasing representation of Brazilian brands in the BrandZ rankings of brand value reflects the robust expansion of Brazil's economy, with GDP growth of about 7 percent, and optimism that the new government elected last year will continue the country's commitment to controlling inflation and addressing the social problems and poverty that still afflict much of the population.

By some estimates, the expanding middle class now comprises more than half of Brazil's population of 201 million. Brazil's financial institutions understand that the country's economic advance depends on narrowing economic inequities. Recognizing the potential purchasing power of even Brazil's poorest citizens, many of the banks opened branches in the favelas.

In a related and urgent challenge, Brazil intends to accelerate the infrastructure improvement needed to host the World Cup in 2014 and the summer games of the 2016 Olympics. These projects potentially will create jobs and wealth. Meanwhile, brands contend with merger and acquisition activity across many sectors.

**Savvy consumers influence brands**

Brazil is among the world's largest social media markets. The number of mobile phones in use exceeds the size of the population. Rising incomes and the proliferation of low-priced unlimited data plans increased the penetration of smartphones. Using tactics learned during bad economic times, many Brazilians still use multiple SIM cards, interchanging them as necessary to obtain the best rates.

Similarly, collective buying, an informal coping strategy perfected to retain buying power in an inflation-plagued economy, surged during the past 12 months in categories such as hotels, restaurants and beauty services, as brands like Groupon and a Brazilian entry, Peixe Urbano, formalized the practice.

Rising incomes also influenced food shopping, with more people making larger, less-frequent purchases. In certain categories, such as soft drinks, brands recognized an opportunity to attract new customers away from budget offerings. Meanwhile, spending by the poorest citizens remained limited by low wages paid daily and lack of transportation.

**Both local and international brands**

The economic forces that helped the middle class expand also made the rich richer. Brazilians continued to prefer international luxury brands – Brazil is the second largest market for Louis Vuitton – but local luxury brands also prospered. Möet Hennessy Louis Vuitton (LVMH), the French luxury conglomerate, agreed to purchase a major stake in Sacks, Brazil's leading online retailer of cosmetics.

The preference for international brands over Brazilian brands remains a residual insecurity from Brazil's struggles as an emerging economy. In certain categories, however, imported brands hold minimal appeal compared with the well-established Brazilian leaders. It's not surprising that in the country of "samba, soccer and beer," Brazilian's prefer Skol, Brahma and other local beer brands.

Both Skol and Brahma scored high on brand contribution, the BrandZ measurement of bonding between brand and customers. Natura, the Brazilian cosmetics brand known for the purity of its ingredients, also rated high on brand contribution, suggesting that Brazilian consumers have affection for some of the nation's brand leaders.

**Rising brand values**

While Petrobras did not score high on brand contribution, it enjoyed a positive reputation based in part on a brand personality associated with the friendliness of the Brazilian people. The positive reputation of Petrobras in Brazil is also driven by the jobs it creates and its financial contribution to society.

The rising brand value of Petrobras, up 39 percent last year, is based also on future expectations of successful deepwater drilling and the record proceeds gained from the sale of Petrobras shares to help fund the exploration. As part of its plan to become a major oil exporter, Petrobras expects to introduce new technology to replace oil platforms with extensive underwater infrastructure.

The presence of two Brazilian banks in the BrandZ Top 100 Most Valuable Global Brands – Itaú for the first time, with a 29 percent rise in brand value, and Bradesco, up 15 percent – also signals opportunity in an economy where financial habits are rapidly changing. As individuals continue to rise into the middle class, some who traditionally paid for major purchases with monthly installments may now apply for bank credit to afford an improved quality of life.

# Brand Russia

## Brand loyalty and growing middle class



### Four Russian brands feature in the 2011 BrandZ rankings, with two of them appearing in the Top 100.

Russia's largest telecom company, MTS, appears for the fourth time in the BrandZ Top 100 ranking, this year at No. 80 valued at $10.9 billion, up 12 percent from last year. MTS is successfully expanding into adjacent spheres (devices, payments and triple play) as well as internationally, including the Indian market.

Entering the rankings for the first time this year is Russia's largest bank, Sberbank. Its appearance in the BrandZ Top 100 is testament to the impact a successful transformation program can have. "Leading the Change in Russia" program, initiated by Chairman German Gref, updated the brand and emphasized its national reach with almost 20,000 branches. It helped transform Sberbank into a friendly bank of choice rather than an institution known for its dominating presence during the Soviet period and a heritage dating back to 1841.

The presence of Russian telecom and financial brands in the BrandZ ranking, ahead of companies more traditionally associated with Russia, such as oil and gas brands, shows that Russian consumers are now making more informed choices about brands in a market where loyalty to brands is particularly strong.

Russian oil and gas companies, Gazprom at $6.8 billion and Lukoil at $5.8 billion, are No. 7 and No. 9 respectively in their category. Both brands have very strong Brand Momentum and we expect to see their brand value appreciating in the future.

**Economic recovery**

With the markets gaining confidence in the world economy and the return of capital flows to emerging markets, Russian brands are well placed to benefit from improved market sentiment.

The recovery from the recent economic crisis is under way, underpinned by the slow recovery of commodities markets. In terms of GDP per capita (PPP) Russia leads the BRICs at $15,900, followed by Brazil ($10,900), China ($7,400) and India ($3,400).

In 2010, the number of Russian billionaires increased from 49 to 77 and then rose again to 114, according to this year's Forbes survey. There is also a growing middle class with rising disposable income, particularly in cosmopolitan areas. With Russian consumers spending nearly $4,000 per capita, they also outspend other BRIC nationals.

**The Innovation charge**

Innovation is a hot word in Russia and high on the Russian president's agenda. The future innovation city Skolkovo, near Moscow, embodies President Medvedev's dream of Russia becoming less dependent on its raw material exports and evolving into a modern high-tech and IT-driven superpower. The project has already attracted investment and the participation of leading technology brands, including Microsoft and Nokia.

The Russian government's technology strategy will potentially create new Russian brands to follow in the footsteps of the portal Mail.ru, Kaspersky — the fourth-largest global antivirus vendor — and Yandex — Russia's No. 1 search engine. Yandex has over 60 percent share of searches in Russia, some three times bigger than its global archrival Google.

The 2014 Winter Olympic Games and the 2018 World Cup, both to be hosted by Russia, are a great opportunity not only for advertising and sponsorships, but also for the country to embrace innovation and to modernize.

**"Buy Russian" challenge**

Overall, Russian consumers still trust imported brands more than local ones. This is especially true in the luxury sector where Russia is a major market for brands such as Louis Vuitton and Gucci.

The challenge for Russian brands is to persuade consumers to buy Russian and trust the quality of local products. There are already some great examples of brands that stave off foreign competition. The challenge for Russia will be to develop export markets. Baltika, the leading beer brand is a prime example of succeeding at both.

### Waiting in the aisles

**Banking**

There are two leading brands among Russia's banks. VTB is a state-owned but very active player using retail expansion to help build the image of a trustworthy and reliable partner. Alfa-Bank is the largest privately owned bank, which is noted as a leader in innovation.

**Telecoms**

It seems that Beeline may well return to the rankings following its expansion into Vietnam, Laos and Cambodia, and VimpelCom (Beeline's parent company) deal with Wind Telecom in Italy, Canada and Northern Africa. Over the last two years Beeline has temporarily reduced its marketing activities and its absence in the ranking this year is a testament to the importance of brand building on a continuous basis.

**Beer**

Baltika is the Russian flagship beer brand. It is owned by Carlsberg and is now marketed across 40 countries.

# Brand China

## From cutting costs to adding value




**Twelve Chinese brands appear in the 2011 BrandZ Top 100 Most Valuable Global Brands, an increase from seven brands last year and only two brands in 2006.**

Together, the Chinese companies in the BrandZ 100 total $259 billion in brand value; this represents 11 percent of the total brand value of the Top 100. They include China Mobile, the country's largest brand, which ranks No. 9 in the BrandZ Top 100, and Baidu, a search engine that grew 141 percent in brand value last year and ranks No. 29.

The five Chinese brands that joined the BrandZ Top 100 this year are: China Life Insurance (No. 33), Agricultural Bank of China (No. 43), Tencent/QQ, a social network (No. 52), Ping An, an insurance company (No. 83) and China Telecom (No. 91). Along with China Mobile and Baidu, Chinese brands that continued in the BrandZ Top 100 include PetroChina (No. 78) and four banks.

The expanding presence of Chinese brands in the BrandZ Top 100 reflects the transformation of China from a center for low-cost production to a nation capable of product innovation and marketing originality. The success of the Beijing Olympics accelerated this change. It reinforced China's self-confidence and captured the world's attention and admiration with memorable infrastructure and spectacle.

Size matters. In a country with a population of 1.3 billion people, many of the most valuable brands are state-owned enterprises concentrated in the financial service, telecom, technology, and oil and gas sectors. But it's not about size alone. New Chinese brands are emerging in diverse sectors, from cars to luxury, while existing Chinese brands in food, beer, traditional medicines and other sectors gain recognition abroad.

Years of manufacturing consumer goods for Western markets endowed Chinese businesses with the knowledge, capital and insights necessary for creating their own products and brands. That endowment becomes more critical now. As Western factories move to lower-wage markets, the redefinition of "Brand China" becomes not just an evolutionary step, but also an economic imperative.

Fortunately, the redefinition of "Brand China" is well advanced, shifting from cutting costs to adding value.

### Developing potential abroad

The potential of Chinese brands perhaps is best symbolized by the rapid growth of two technology leaders, Baidu and Tencent/QQ. Baidu, China's largest search engine, with a market share over 80 percent, was formed in 2000 and listed on the NASDAQ 100 index in 2007. The social network Tencent/QQ has over 600 million users in China, more than Facebook has worldwide.

Entrepreneurs are introducing this kind of brand power to audiences outside China, as captured in the most memorable image of the Beijing Olympics. Li Ning, an Olympic gymnast who won six medals in the 1984 Summer Games, drew attention to himself and his eponymous apparel brand as, suspended by cables, he circled the Beijing stadium and lit the Olympic torch.

With similar audacity, Li Ning opened flagship stores for his sportswear brand in a few key North American cities, including New York and Portland, Oregon, which is located just a few miles from Beaverton, the headquarters city of major competitor Nike. It's likely that other Chinese apparel brands with youth appeal, such as Metersbonwe, with 4,000 outlets in China, will gain an overseas following.

International ambition also drives Lenovo, which acquired IBM's personal computing division in 2005. The state-owned Chinese financial brands are increasing their global presence, too. ICBC (Industrial and Commercial Bank of China), China's largest bank, operates 23 subsidiaries in 20 countries along with more than 16,200 branches in China.

Haier, one of the first Chinese companies to build its brand overseas, is the world's No. 1 supplier of major household appliances. Haier focused its expansion on North America and Europe. BYD, which began as a supplier of batteries to mobile device manufacturers, developed the first mass-produced plug-in hybrid car just over two years ago, a development that drew the interest of Warren Buffet along with his investment of over $200 million. The company intends to export to the United States.

But Chinese manufacturers often find the most appreciative audiences for their value-for-money proposition in developing markets. Many brands have succeeded in India. Carmaker JAC Motors entered Brazil, and Haier is setting up production in Thailand. Brand leaders in traditional Chinese medicine, such as Bawang and Tong Ren Tang, are experiencing success in Southeast Asia, particularly in country markets with large populations of Chinese nationals. Tong Ren Tang, founded in 1669, operates 800 drug stores in China.

### Marketing at home

Despite these successes, Chinese consumers at home continue to prefer Western brands. They presume that Western products have been developed to please more discerning consumers and they remain wary of Chinese products because of lingering quality and safety concerns.

Western brands are well established in the large cities, while local brands have a strong presence in smaller ones. Regional differences also remain important. KFC, with 3,500 outlets in China, modifies its menu for local tastes. By including rice and other Chinese foods, the chain appeals both to parents preferring a traditional dish and children seeking the chain's signature fried chicken.

As in many other country markets, the "green-ness" of products is growing as a purchase consideration in China, but it's not the driving determinant. While the government advances green policies, Chinese consumers are practical and make purchase decisions that deliver immediate personal advantage.

They generally view the financial services sector as green because of growth in online and mobile banking. ICBC emphasized this point in a campaign promoting its electronic banking services. The country's sixth-largest commercial bank, China Merchants Bank, ran an environmentally focused corporate-responsibility campaign during the Shanghai World Expo, an international fair held in 2010.

Consumer durable manufacturers and electronic retailers offered allowances to motivate consumers to trade in their old household appliances and purchase new, more efficient models. Consumers also expected environmental awareness from mobile phone suppliers.

**Shift in media approach**

Chinese brands traditionally advertise on television as the ability to afford the high cost of airtime confers credibility. Brands are beginning to allocate more of their media budgets to digital, where the message is less controlled and exposed to comment on social networks. The shift is driven in part by the extent to which the Chinese have adopted new technology and media, as indicated by the rise of Baidu, Tencent/QQ and the country's three telecommunications companies led by China Mobile, the world's largest mobile operator, with almost 600 million subscribers.

Several Western brands recently used digital to build awareness in China. Nike signaled people in close proximity to its Beijing store that they could qualify for a free pair of shoes if they were among the first to respond to the mobile phone message by visiting the store. The race to the store reinforced Nike's association with athletic competition and its "Just Do It" attitude toward life. To connect its brand with the idea of exploration, North Face created a gaming utility that awarded points when users traveled a virtual map of China and visited various locations.

In reaction to the rapid pace of change and the growth of consumerism, some Chinese sense that they've lost part of the past and the values it represented. To connect with these consumers emotionally, Bright, China's third-largest dairy brand, built a campaign around the theme of "Old Shanghai." It's one facet of the dynamic mixture of tradition and modernity that constitute "Brand China."



19.

**Measure**

In the digital world measuring is easy. But look beyond the number of clicks. Old-school ROI still is important.

20.

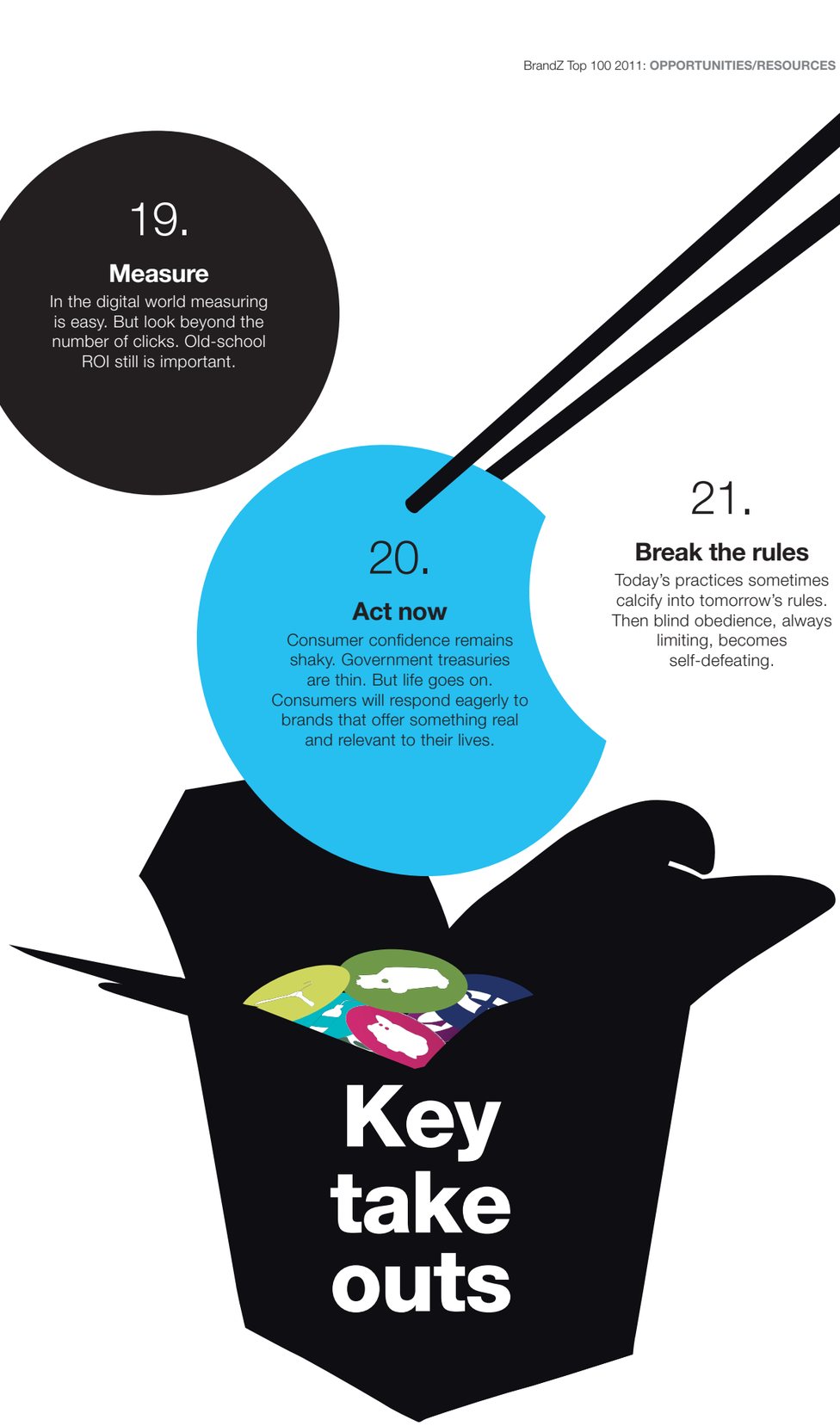
**Act now**

Consumer confidence remains shaky. Government treasuries are thin. But life goes on. Consumers will respond eagerly to brands that offer something real and relevant to their lives.

21.

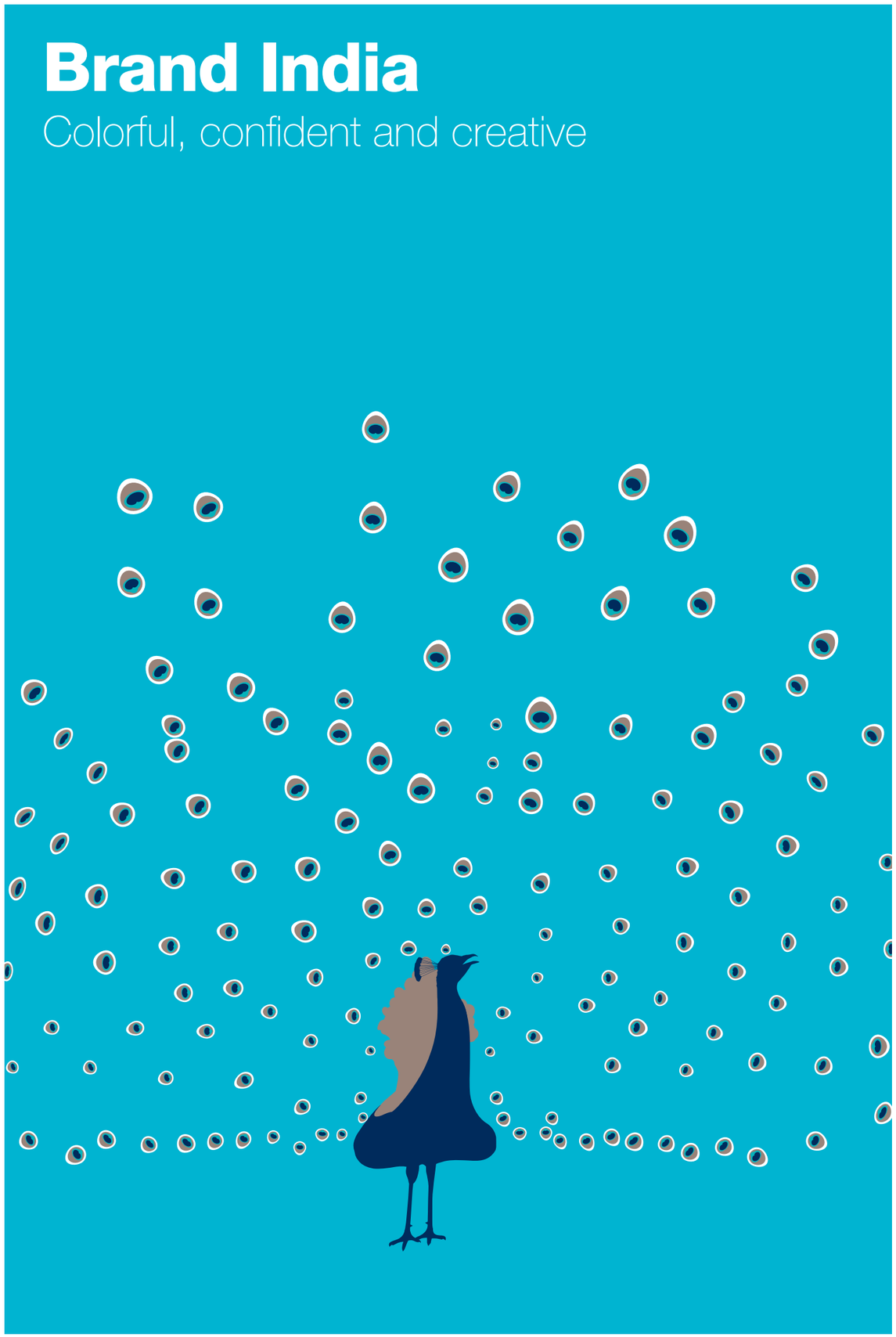
**Break the rules**

Today's practices sometimes calcify into tomorrow's rules. Then blind obedience, always limiting, becomes self-defeating.



# Brand India

## Colorful, confident and creative



## Economic growth is driving brand presence in India.

India's largest private bank, ICICI, appeared for a second consecutive year in the BrandZ Top 100 ranking, at No. 53, with a brand value of $14.9 billion.

With a rise of 27 percent in brand value to $8.2 billion, Infosys was one of the most valuable technology brands in the world and is expected to soon rank among the Top 100 Most Valuable Global Brands across all sectors. The IT services and consulting brand operates in 33 countries.

The appearance of Indian banking and technology brands in the BrandZ ranking reflects both the prominence of these sectors in fast-growing markets and an expansion in brand literacy particular to India.

Brands that many Indians until recently saw only in the suitcases of relatives returning from North America or Europe are now encountered every day in local shop windows. Indians appreciate the opportunity to own brands as living circumstances in India steadily improve. Perhaps drawn by the novelty of the brand explosion, Indian consumers even enjoy advertising.

In a multiplier effect, the more that Indian consumers are exposed to brands, the more they desire them. The expanding middle class of educated young people, often employed in technology, especially exercises its purchasing power. And economic progress, particularly leadership in information technology, has altered India's image of itself as well as the world's postcard view of India as simply colorful and exotic.

That view also has changed because of the international reach of ICICI, Infosys and large Indian conglomerates, such as Tata, which operates in more than 80 countries and gains annual revenue of almost $68 billion from businesses including steel, chemicals, hospitality and communications. The recent acquisition of Jaguar Land Rover made Tata a player in the luxury end of the international car business.

Energy, confidence, creativity and purpose characterize "Brand India" today and point to its potential. The growth of "Brand India" could be restrained by an Indian inclination to look to the past or to the West for inspiration. But more likely, Indian brands will surge ahead, powered by a combination of positive fundamentals – economic vitality, a diverse and enterprising population and a cohesive, stable, muddled, democracy.

### Choice brings challenges

The increase in brand choice, with many international options, challenges Indian brands. While desired, Indian brands come weighted with both the advantages and disadvantages of being familiar. Sometimes, they're seen as too available and insufficiently aspirational.

The Indian conglomerate brand Godrej exemplifies this trend. Well respected across many product categories, the brand faces international competition from LG, Samsung and Whirlpool, just in its appliance business. In cars, Maruti (the Indian brand of Suzuki) faces increased competition from international contenders including Honda, Toyota and BMW.

Some of the Unilever and P&G brands, long established in India and seen as local, now are emphasizing their global credentials. Advertising for Dove, for example, features not only Indians, but also women from many backgrounds. Consumers view brands like L'Oréal or Garnier as international and delivering the quality that implies.

Large Indian conglomerates, such as Bharti, Godrej, Reliance and Tata, occupy an influential and secure place in the minds of consumers. Trusted, even revered, these conglomerate brands regularly introduce consumers to new product categories. Although a conglomerate may itself be new to a category, its brand guarantees competence and compensates for any lack of experience.

### Major brands evoke trust

Indians rely on these conglomerate brands for relatively risk-free introductions to new products and experiences. For example, a new retail format unusual for India opened in Mumbai in 2005. The up-market gourmet store offered delicacies from around the world. Consumers immediately accepted the new format because it came with a reassuring brand. The store, called Godrej Nature's Basket now operates in 13 locations in Delhi, Pune and Mumbai.

The conglomerate brand becomes especially important in high-risk, high-investment ventures. Tata moved into real estate – from high-rises in Bangalore to housing developments in Delhi. In a similar way, India's ITC Ltd. began diversifying its portfolio during the past decade because of the health issues and regulatory challenges faced in its core business, cigarettes. ITC now markets food, hotels, personal care and cosmetics and other fashion-focused products and services.

In a country known for traditional mom-and-pop stores, the conglomerates are introducing modern retailing. Reliance, India's largest private-sector enterprise, operates in many retail channels, including food, apparel, footwear, home improvement and consumer electronics.

Tata also serves many retail channels and has a joint venture arrangement with Tesco, the global hypermarket chain based in the UK. Bharti last year opened retail and cash-and-carry outlets as part of its joint venture with Walmart.

**Culture and values**

These Indian megabrands, which successfully transcend many unrelated product categories, may owe their elasticity in part to India's cultural particularities. In making some of life's major decisions – whom to marry or whom to vote for – Indians are especially aware of the "power behind the throne."

In marriages, that notion means knowing the background of the in-law family. In voting, it means understanding the influencers in the political parties. This understanding in part drives the growth of brands like ICICI and Infosys.

ICICI (formerly Industrial Credit and Investment Corporation of India) projects trustworthiness and comfort in its banking business. In insurance, ICICI emphasizes the joy of life in a category often associated with the possibility of death. ICICI operates in 18 countries. It has increased visibility in India with over 2,000 branches and 5,200 ATMs. The brand projects warmth. Its use of the color red in branding evokes the red band that an Indian bride wears in her hair to signify lifelong bonding.

The Infosys culture is egalitarian in its approach to the workforce. Infosys is known for its generous employee stock-sharing program, and it is closely associated with government programs to improve the national welfare. Wipro, a competitor, has a similar story, with a major presence in education and social welfare. Both Infosys and Wipro are values-driven, knowledge-based companies. Both companies are entrepreneurially led.

Indian brands derive strength from these deep-rooted values as they build commercial success while at the same time attempting to transform a nation of 1.1 billion people.


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**WPP offers an ever-expanding library of in-depth but practical studies to help grow brand strength and value in today's rapidly changing global marketplace.**

Available exclusively to WPP clients through their WPP agencies, the studies examine the performance of individual brands and categories by country and over time.

The studies are powered by BrandZ, the world's largest, most reliable and comprehensive brand analytics and equity database. Conducted by Millward Brown for exclusive use by WPP group companies, the study has been running for thirteen years and includes more than 1 million in-depth consumer interviews about over 7,000 brands in 30 countries. The commentary on this page focuses on two key studies that rely on the BrandZ database to examine salient trends impacting brand value today.

**Beyond Trust: Engaging Consumers in the Post-Recession World**

Trust is no longer enough. Strong brands inspire both Trust (belief in the brand's promise developed over time) with Recommendation (current confirmation of that promise). This combination of Trust plus Recommendation results in a WPP metric called TrustR. There's a high correlation between high TrustR and bonding, which drives sales.

Trust-R



**ValueD: Balancing Desire and Price for Brand Success**

Desire is primary. High Desire enables Price flexibility. A WPP metric, Value-D, measures the gap between the consumer's Desire for a brand and the consumer's perception of the brand's Price. By quantifying this gap, Value-D helps brands optimize their sales, profit and market positioning potential. Value-D can indicate if a brand is taking too much margin—or not enough.

Value-D




To learn more about BrandZ, TrustR, Value-D, or the other special studies powerd by BrandZ data being launched in 2011 on reputation and social media, please contact any WPP group company or Peter Walshe, Global BrandZ™ Director, +44 (0) 1926 826 213, peter.walshe@millwardbrown.com.




## 1. Anticipate change

Study the horizon for changes as they rise into view and be ready for changes that seem to materialize from thin air.

## 2. Understand change

Especially in a chaotic world, insight is the basis for forming a coherent strategy. When the dots fly apart, ask why. As they float randomly, try to reconnect them.

## 3. Stand for something original

Competitors are staring at the same dots and forming some of the same patterns. Make your response original and brand specific.

## 4. Stand for something consistent

Every new trend is tempting and may even drive sales, at least at first. But not every trend fits the brand and the customer's expectations of the brand.

## 5. Stand for something more

CSR is nice but not enough. Make social action relevant to the brand and sincere. Consumers dismiss window dressing. Fix any supply chain problems that potentially harm people, and minimize impact on the environment.

## 6. Innovate: Easy to say, hard to do

But consumers expect leading brands to deliver the future.

## 7. Differentiate

Create a brand personality that's clear and resonates with the consumer emotionally. That connection generally is harder to copy than functional advantages and it builds more valuable brands.

## 8. Converse with customers

The customer is not always right. But in the world of social media customers always are heard and generally offer useful opinions.

## 9. Talk clearly

So that the brand is heard above all the noise, invest in the content that people talk about and share.

## 10. Listen closely

A customer who talks about a brand cares about it. And one good opinion quickly can yield insights to inform important brand improvements and lift sales.

## 11. Be honest

To err is human. To cover up is unforgivable. Especially in a transparent, socially-networked world.

## 12. Be open

Transparency is a buzzword, but that's because it covers everything from pricing to problems. It's essential and expected.

## 13. Build trust

Because mistrust may be the default consumer attitude coming out of the recession, trust can be difficult to build but powerful when it's established.

## 14. Deliver a great experience

Introducing and polishing shiny objects is fine, as long as they work reliably and don't cause customer frustration.

## 15. Deliver value

Post-recession consumers appreciate durability, quality and heritage, and they expect to purchase them at a fair price.

## 16. Grow brand value

Brand value translates into sales, customer loyalty and – as shown by the performance of the BrandZ Top 100 – resilience even during the toughest economic times.

## 17. Protect brand value

Every communication or interaction with a customer needs to fulfill the brand promise.

## 18. Be consistent but flexible

Deliver the same coherent global message across cultures, but express it for local comprehension.

## 19. Measure

In the digital world measuring is easy. But look beyond the number of clicks. Old-school ROI still is important.

## 20. Act now

Consumer confidence remains shaky. Government treasuries are thin. But life goes on. Consumers will respond eagerly to brands that offer something real and relevant to their lives.

## 21. Break the rules

Today's practices sometimes calcify into tomorrow's rules. Then blind obedience, always limiting, becomes self-defeating.

# Methodology

## How brand value is calculated




Millward Brown Optimor applies an economic use approach to brand valuation, using a methodology similar to that employed by analysts and accountants. The brand value published is based on the intrinsic value of the brand – derived from its ability to generate demand. The dollar value of each brand in the ranking is the sum of all future earnings that brand is forecast to generate, discounted to a present-day value.

## The Data Sources

**Brand Equity**

Insights into customer behavior and brand perceptions come from WPP's BrandZ, an annual quantitative brand equity study in which consumers and business customers familiar with a category evaluate brands. Since the inception of BrandZ 13 years ago, over two million consumers and business-to-business customers across more than 30 countries have shared their opinions about thousands of brands. It is the most comprehensive, global, and consistent study of brand equity.

**Financial Performance**

Financial data is sourced from Bloomberg, analyst and industry reports, as well as company filings with regulatory bodies. Additionally, we use Kantar Worldpanel for sales data for certain categories. A team of Millward Brown Optimor analysts then prepares financial models for each brand that link brand perceptions to company earnings and valuation, and ultimately shareholder and brand value.

## The Valuation Process

The brand value is calculated in three steps:

**1. Branded Earnings**

What proportion of a company's earnings is generated "under the banner of the brand"?

First, we identify the portion of total company earnings generated by each business that carries the brand. For example, in the case of Coca-Cola, some earnings are not branded Coca-Cola, but come from Fanta, Sprite, or Minute Maid. From these branded earnings, we subtract capital charges. This ensures that we only capture value above and beyond what investors would require any investment in the brand to earn – the value the brand adds to the business. This provides a bottom-up view of the earnings of the branded business.

**2. Brand Contribution**

How much of these branded earnings are generated due to the brand's close bond with its customers?

Only a portion of these earnings can be considered as driven by brand equity. This is the "Brand Contribution," the measure that describes the degree to which brand plays a role in generating earnings. This is established through analysis of country-, market-, and brand-specific customer research from the BrandZ database.

This guarantees that the Brand Contribution is rooted in real-life customer perceptions and behavior, not spurious "expert opinion." The Brand Contribution allows us to capture differences in the importance of brands by category and by country, the role of brand versus other factors such as price and location, and changing customer priorities. In some categories, such as luxury goods, cars, or beer, brand is very important. Over the past five years, the importance of brand has risen. Brand Contribution is calculated as a percentage, but displayed as an index from 1 to 5 (5 is the highest).

**3. Brand Multiple**

What is the growth potential of the brand-driven earnings?

In the final step, the growth potential of these branded earnings is taken into account. Both financial projections and consumer data is used . This provides an earnings multiple aligned with the methods used by the analyst community. It also takes into account brand-specific growth opportunities and barriers.

# With Thanks

The BrandZ Top 100 Most Valuable Global Brands is created using data from BrandZ, Bloomberg and Kantar Worldpanel.

## Bloomberg

The Bloomberg Professional service is the source of real-time and historical financial news and information for central banks, investment institutions, commercial banks, government offices and agencies, law firms, corporations and news organizations in over150 countries.

**www.bloomberg.com**

## BRANDZ™

The BrandZ study, commissioned by WPP and conducted annually by Millward Brown, measures the brand equity of thousands of global “consumer facing” and business-to-business brands, and has interviewed over 2 million consumers globally. Consumer perception of a brand is a key input in determining brand value because brands are a combination of business performance, product delivery, clarity of positioning, and leadership.

**www.brandz.com**

KANTAR WORLDPANEL

**About Kantar Worldpanel**

Kantar Worldpanel is the world leader in consumer knowledge and insights based on continuous consumer panels. Its High Definition Inspiration™ approach combines market monitoring, advanced analytics and tailored market research solutions to deliver both the big picture and the fine detail that inspire successful actions by its clients. Kantar Worldpanel’s expertise about what people buy or use – and why – has become the market currency for brand owners, retailers, market analysts and government organizations globally.

**www.kantarworldpanel.com**

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Data powered by

BRANDZ™

# BrandZ™ Top 100 Most Valuable Global Brands 2012

| # | Category | Brand | Brand Value 2012 ($M) | Brand Contribution Index | Brand Momentum Index | % Brand Value Change 2012 vs 2011 | Rank Change |
|---|---|---|---|---|---|---|---|
| 1 | Technology | | 182,951 | 4 | 10 | 19% | 0 |
| 2 | Technology | IBM | 115,985 | 4 | 5 | 15% | 1 |
| 3 | Technology | Google | 107,857 | 4 | 5 | -3% | -1 |
| 4 | Fast Food | | 95,188 | 4 | 8 | 17% | 0 |
| 5 | Technology | Microsoft | 76,651 | 4 | 8 | -2% | 0 |
| 6 | Soft Drinks | Coca-Cola * | 74,286 | 5 | 7 | 1% | 0 |
| 7 | Tobacco | Marlboro | 73,612 | 3 | 7 | 9% | 1 |
| 8 | Telecoms | at&t | 68,870 | 3 | 5 | -1% | -1 |
| 9 | Telecoms | verizon | 49,151 | 3 | 7 | 15% | 4 |
| 10 | Telecoms | 中国移动通信 CHINA MOBILE | 47,041 | 4 | 9 | -18% | -1 |
| 11 | Conglomerate | | 45,810 | 2 | 5 | -9% | -1 |
| 12 | Telecoms | vodafone | 43,033 | 3 | 6 | -1% | 0 |
| 13 | Financial | ICBC | 41,518 | 2 | 9 | -7% | -2 |
| 14 | Financial | WELLS FARGO | 39,754 | 3 | 3 | 8% | 2 |
| 15 | Financial | VISA | 38,284 | 4 | 9 | 34% | 5 |
| 16 | Logistics | ups | 37,129 | 5 | 8 | 4% | 1 |
| 17 | Retail | Walmart | 34,436 | 2 | 5 | -8% | -2 |
| 18 | Retail | amazon.com | 34,077 | 3 | 10 | -9% | -4 |
| 19 | Technology | | 33,233 | 3 | 10 | 74% | 16 |
| 20 | Telecoms | Deutsche Telekom | 26,837 | 3 | 2 | -10% | -1 |
| 21 | Luxury | | 25,920 | 5 | 8 | 7% | 5 |
| 22 | Technology | SAP | 25,715 | 3 | 5 | -1% | 1 |
| 23 | Cars | | 24,623 | 4 | 5 | 10% | 7 |
| 24 | Financial | 中国建设银行 China Construction Bank | 24,517 | 2 | 4 | -4% | 0 |
| 25 | Technology | Baidu 百度 | 24,326 | 5 | 10 | 8% | 4 |
| 26 | Technology | hp | 22,898 | 3 | 3 | -35% | -8 |
| 27 | Technology | ORACLE | 22,529 | 2 | 5 | -16% | -5 |
| 28 | Cars | TOYOTA | 21,779 | 3 | 5 | -10% | -1 |
| 29 | Financial | MasterCard | 20,759 | 4 | 8 | 53% | 31 |
| 30 | Financial | | 20,198 | 4 | 3 | 18% | 10 |
| 31 | Financial | HSBC | 19,313 | 3 | 3 | -14% | -3 |
| 32 | Luxury | HERMÈS PARIS | 19,161 | 5 | 8 | 61% | 39 |
| 33 | Personal Care | Gillette | 19,055 | 5 | 7 | -4% | -1 |
| 34 | Oil & Gas | ExxonMobil | 18,315 | 1 | 7 | 8% | 7 |
| 35 | Baby Care | Pampers | 18,299 | 5 | 7 | -5% | -1 |
| 36 | Retail | TESCO | 18,007 | 4 | 9 | -18% | -5 |
| 37 | Technology | Tencent 腾讯 | 17,992 | 4 | 8 | 19% | 15 |
| 38 | Financial | 中国农业银行 AGRICULTURAL BANK OF CHINA | 17,867 | 2 | 4 | 6% | 5 |
| 39 | Oil & Gas | | 17,781 | 1 | 3 | 17% | 12 |
| 40 | Financial | RBC | 17,225 | 4 | 3 | 0% | -1 |
| 41 | Telecoms | movistar | 17,113 | 2 | 4 | -37% | -20 |
| 42 | Fast Food | | 17,072 | 4 | 9 | 43% | 30 |
| 43 | Entertainment | Disney | 17,056 | 3 | 8 | -1% | -5 |
| 44 | Apparel | NIKE | 16,255 | 4 | 9 | 17% | 13 |
| 45 | Technology | accenture | 16,118 | 3 | 5 | 4% | 4 |
| 46 | Cars | | 16,111 | 4 | 4 | 5% | 4 |
| 47 | Telecoms | NTT docomo | 15,981 | 3 | 6 | 3% | 1 |
| 48 | Beer | Budweiser ** | 15,882 | 4 | 6 | 0% | -3 |
| 49 | Technology | intel | 15,633 | 2 | 5 | 12% | 9 |
| 50 | Telecoms | orange™ | 15,351 | 2 | 3 | -13% | -14 |

Brand Contribution measures the role brand plays in driving earnings on a scale of 1 to 5 (highest).
Brand Momentum measures the prospects for future earnings on a scale of 1 to 10 (10 highest).
* The Brand Value of Coca-Cola includes Lights, Diets and Zero
** The Brand Value of Budweiser includes Bud Light

**Source:** MillwardBrown Optimor
(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

# BrandZ™ Top 100 Most Valuable Global Brands 2012

| # | Category | Brand | Brand Value 2012 ($M) | Brand Contribution Index | Brand Momentum Index | % Brand Value Change 2012 vs 2011 | Rank Change |
|---|---|---|---|---|---|---|---|
| 51 | Personal Care | Colgate | 14,948 | 4 | 7 | 5% | 4 |
| 52 | Fast Food | SUBWAY | 14,843 | 4 | 8 | 4% | 2 |
| 53 | Insurance | 中国人寿 CHINA LIFE | 14,587 | 3 | 9 | -25% | -20 |
| 54 | Financial | TD | 14,561 | 4 | 3 | -14% | -12 |
| 55 | Technology | SAMSUNG | 14,164 | 3 | 9 | 16% | 12 |
| 56 | Oil & Gas | Schlumberger | 13,940 | 1 | 10 | N/A | New |
| 57 | Personal Care | L'ORÉAL | 13,773 | 4 | 5 | -12% | -11 |
| 58 | Apparel | H&M | 13,485 | 2 | 7 | 4% | 4 |
| 59 | Technology | cisco | 13,317 | 2 | 7 | -18% | -15 |
| 60 | Financial | CommonwealthBank | 13,083 | 3 | 7 | N/A | New |
| 61 | Financial | 中国银行 BANK OF CHINA | 12,982 | 2 | 6 | -26% | -24 |
| 62 | Retail | The Home Depot | 12,968 | 2 | 5 | 31% | 27 |
| 63 | Financial | ICICI Bank | 12,665 | 2 | 2 | -15% | -10 |
| 64 | Retail | ebay | 12,662 | 3 | 8 | 18% | 18 |
| 65 | Cars | Honda | 12,647 | 3 | 3 | -11% | -9 |
| 66 | Apparel | ZARA | 12,616 | 3 | 3 | 22% | 20 |
| 67 | Soft Drinks | pepsi *** | 12,598 | 4 | 4 | -3% | -4 |
| 68 | Oil & Gas | PetroChina | 12,105 | 1 | 10 | 7% | 10 |
| 69 | Alcohol | Budweiser | 11,838 | 3 | 8 | N/A | New |
| 70 | Logistics | FedEx | 11,723 | 4 | 9 | 0% | 3 |
| 71 | Telecoms | airtel | 11,531 | 3 | 8 | N/A | New |
| 72 | Financial | usbank | 11,488 | 3 | 2 | 9% | 12 |
| 73 | Technology | SIEMENS | 10,676 | 2 | 3 | -11% | -3 |
| 74 | Financial | SBERBANK By your side | 10,649 | 3 | 5 | 25% | 25 |
| 75 | Oil & Gas | PETROBRAS | 10,560 | 1 | 5 | -21% | -14 |
| 76 | Retail | TARGET | 10,506 | 3 | 4 | -16% | -11 |
| 77 | Oil & Gas | bp | 10,424 | 1 | 3 | -17% | -13 |
| 78 | Insurance | 中国平安 PINGAN | 10,174 | 3 | 9 | -3% | 5 |
| 79 | Financial | Standard Chartered | 10,064 | 2 | 1 | -16% | -10 |
| 80 | Soft Drinks | Red Bull **** | 9,984 | 3 | 6 | 8% | 13 |
| 81 | Cars | NISSAN | 9,853 | 2 | 6 | -2% | 7 |
| 82 | Financial | citi | 9,760 | 2 | 1 | -38% | -35 |
| 83 | Financial | Scotiabank | 9,627 | 2 | 3 | -4% | 4 |
| 84 | Telecoms | TELECOM ITALIA | 9,572 | 3 | 8 | -18% | -9 |
| 85 | Telecoms | MTS | 9,553 | 3 | 5 | -12% | -5 |
| 86 | Technology | SONY ***** | 9,444 | 4 | 4 | -10% | -1 |
| 87 | Retail | ALDI | 9,310 | 2 | 6 | 1% | 7 |
| 88 | Telecoms | MTN | 9,273 | 3 | 8 | N/A | New |
| 89 | Retail | IKEA | 9,206 | 3 | 9 | 26% | New |
| 90 | Telecoms | 中国电信 CHINA TELECOM | 9,191 | 3 | 9 | -4% | 1 |
| 91 | Fast Food | KFC | 8,852 | 3 | 8 | 8% | New |
| 92 | Financial | CHASE | 8,644 | 3 | 3 | -28% | -24 |
| 93 | Oil & Gas | Chevron | 8,599 | 1 | 8 | 6% | New |
| 94 | Telecoms | O2 | 8,562 | 2 | 3 | -27% | -20 |
| 95 | Financial | Santander | 8,546 | 3 | 2 | -25% | -18 |
| 96 | Cars | Volkswagen | 8,519 | 3 | 6 | 15% | New |
| 97 | Telecoms | telcel | 8,449 | 3 | 6 | -27% | -21 |
| 98 | Retail | Carrefour | 7,836 | 3 | 5 | -43% | -39 |
| 99 | Insurance | State Farm | 7,813 | 2 | 5 | -7% | New |
| 100 | Logistics | DHL | 7,601 | 3 | 5 | N/A | New |

*** The Brand Value of Pepsi includes Diets
**** The Brand Value of Red Bull includes sugar-free and Cola
***** The Brand Value of Sony includes Playstation 3

Source: MillwardBrown Optimor
(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

# BRANDZ™ TOP 100 MOST VALUABLE GLOBAL BRANDS 2012

**Brands pursue relevance in digital**
Creative strategies generate added impact and buzz

**Brand contribution protects value**
It differentiates in a challenging global economy

**Fast growing markets beckon**
Brands rise in BRICS and elsewhere



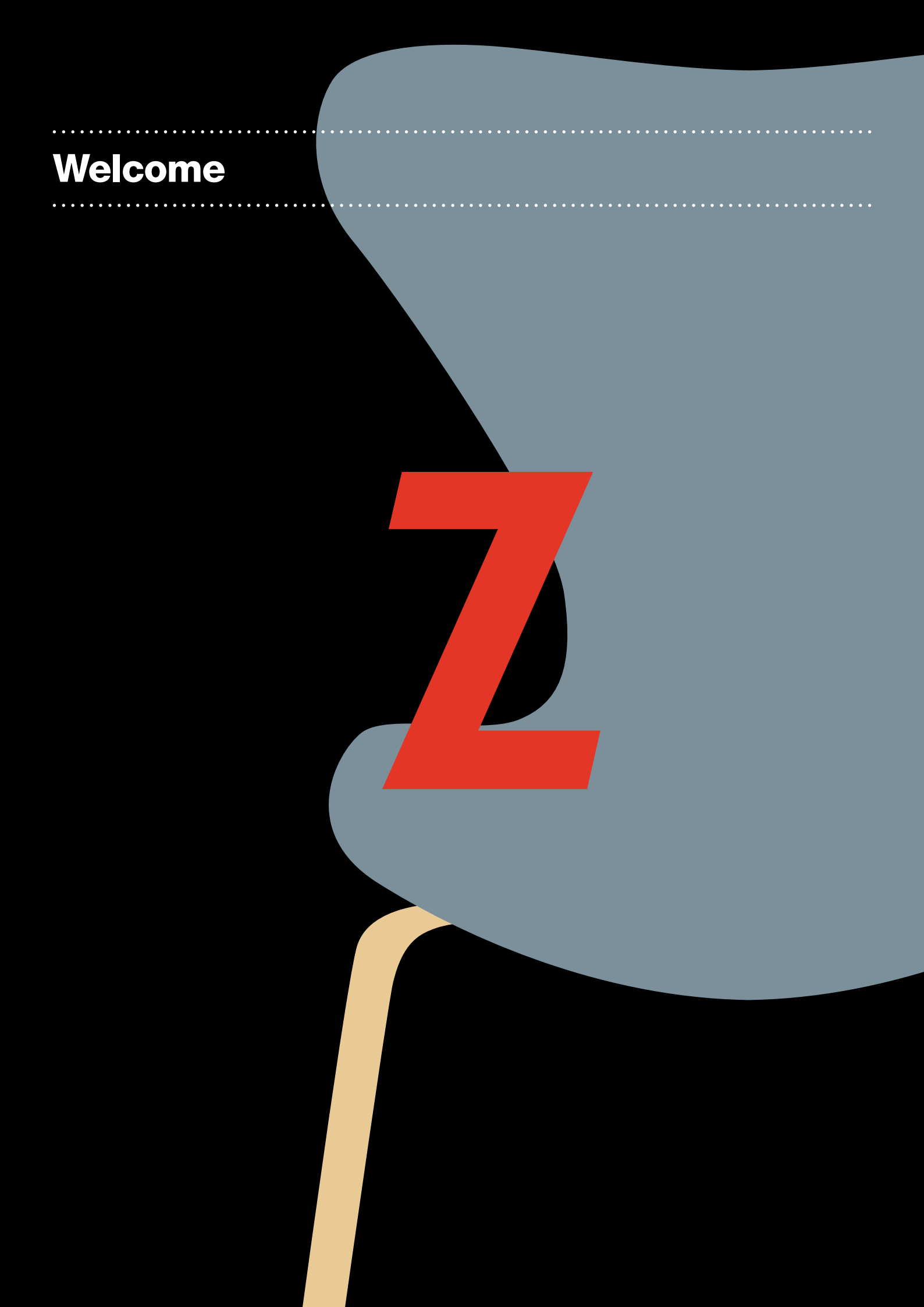


Valuation and Methodology by

MillwardBrown Optimor

WPP

# Welcome



## Seven-year Itch?

We have been monitoring the value of the great brands around the globe for a full seven years now. But this year, we saw a first—the value of the world's best brands barely inched up! In this edition of the BrandZ™ Top 100 Most Valuable Global Brands report, you'll see that the aggregate value of the world's most powerful brands grew a mere 0.4%. This compares to 17% growth last year and 4% growth even on the heels of 2009's Great Recession.

So what gives? Is the era of brand power coming to an end? Hardly. There were some spectacular growth stories in 2011. By the time this report is off the presses, our fastest growing brand, Facebook will have completed its IPO and likely our valuation will need to be adjusted upward. We expect a stratospheric valuation as individuals and institutions clamour to own a little piece of the social media titan. Luxury goods with the likes of Hermès and Rolex saw spectacular double digit growth in spite of anaemic market conditions. And our rankings celebrate a number of "comeback kids," including Starbucks and Home Depot, who surged forward after regaining their footing. Exciting new brands emerged on the scene, including our first African brand, the teleco giant MTN.

Emerging markets—a term that feels increasingly inaccurate and clichéd—remained a cause for enthusiasm, but also made us pause and think about where growth will come from when these red-hot markets cool. 2011 saw a possible harbinger of things to come, as softer stock markets in China and Brazil resulted in lower growth of enterprise value. In spite of this, our sentiment is that brands become even more important in periods of low growth. Competition will inevitably heat up as companies seek share growth in lieu of overall market growth. The great thing about powerful brands is the ability to play defence and offence. In tough times, a powerful brand protects us from competitive incursions and in good times, it provides a meaningful platform on which to grow.

This year, we saw the growing importance of meaning. For years we've known that consumers seek more from brands than just functional benefits. They've long formed emotional bonds with the brands they choose. But increasingly, we're seeing those connections reserved for brands that consumers can be proud to call their "friends"—brands with ideals and those that operate to a higher moral and social standard. It's at the heart of brand trust and even brand love. Those who betray this trust will inevitably lose the love.

We hope you'll enjoy this report with our compliments. We continue on our journey of brand learning and we hope you'll benefit from what we're discovering. Do let us know how our teams at Millward Brown and Millward Brown Optimor can put our culture of curiosity to work for you!

With warmest regards,



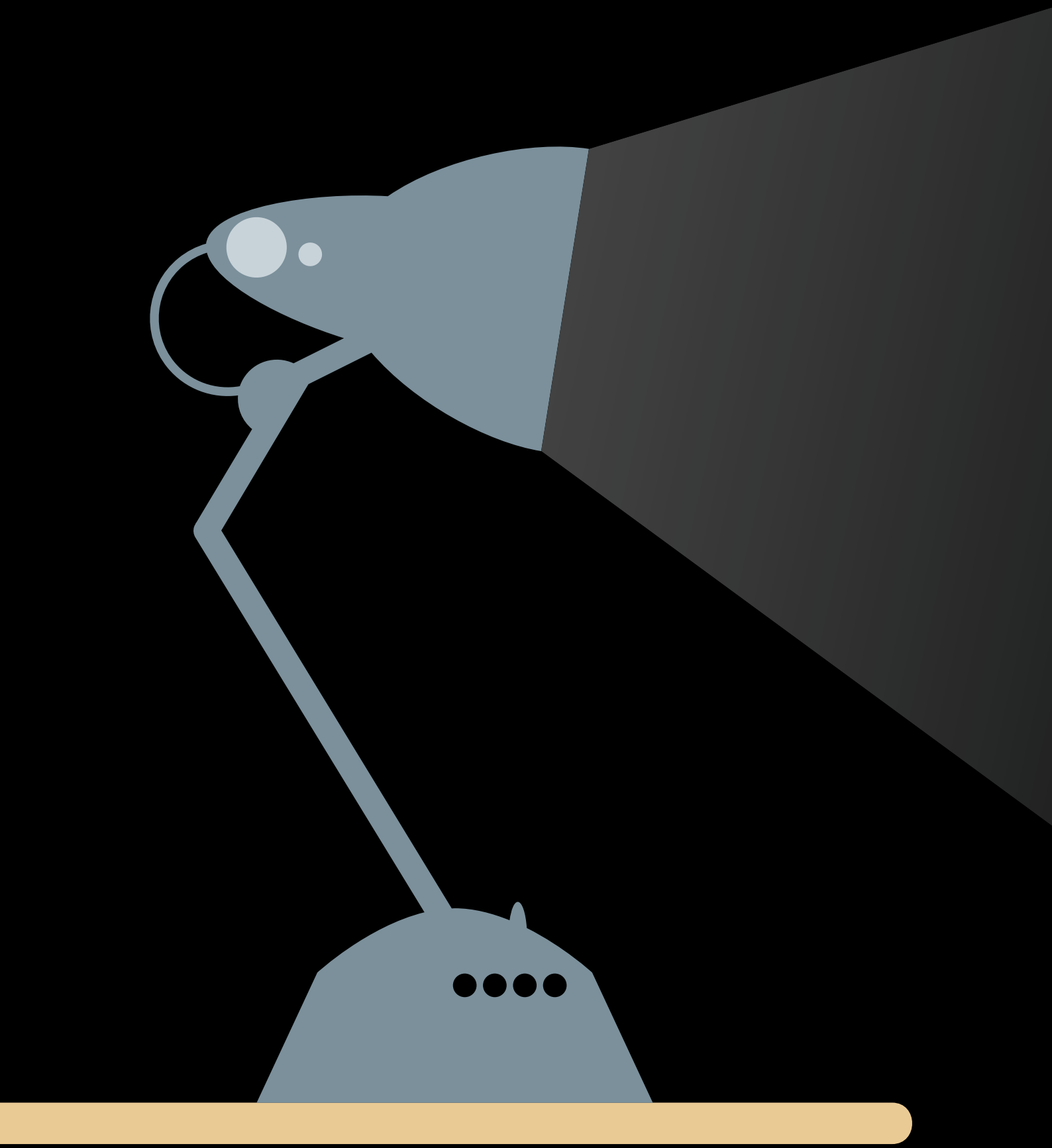
**Eileen Campbell**

MillwardBrown

This report would not be possible without the hard work and commitment of a dedicated team of professionals. We wish to end our thanks and appreciation to:

Our WPP sponsor—David Roth, Managing Director, Millward Brown Optimor—Nick Cooper, BrandZ™ Valuation Team Leader—Cristiana Pearson, BrandZ™ Valuation Analyst—Elspeth Cheung, Global BrandZ™ Director—Peter Walshe, BrandZ™ Marketing Director—Delyth Hughes, BrandZ™ Marketing Project Manager—Karen Jones

# Contents



**Highlights** 6

**Take Aways** 8

**Strategic Essays** 10

Reputation, Purpose and Profits: Bridging the Gap 11

Sustaining brand relevance: The impact of new devices on the path to purchase 12

Buzz means money: Social and digital media, vital to the health of successful brands 14

More than a megaphone: Interactive digital engages people 15

Metail is the new retail: Brand owners and retailers face a new world 16

**Fast Growing Markets**

Overview 18

Brazil 22

Russia 24

India 26

China 28

**Top 100 Overview**

BrandZ™ Top 100 Most Valuable Global Brands 2012 30

Top Risers 38

Newcomers 39

Category Changes 40

Brand Contribution 41

Regions 42

Top 10 North America 42

Top 10 Continental Europe 43

Top 10 Asia 43

Top 10 Latin America 44

Top 10 UK 44

Brand Personality: Unlocking key traits for success and value 45

**Product Categories**

Apparel 48

Beer 52

Cars 55

Fast Food 59

Financial Institutions 62

Insurance 67

Luxury 70

Oil & Gas 73

Personal Care 76

Retail 80

Soft Drinks 84

Technology 87

Telecom Providers 92

**Resources**

Methodology 97

WPP Contributors 100

BrandZ™ Apps 103

# Highlights

Z

The total brand value of the 2012 BrandZ™ Top 100 Most Valuable Global Brands reached $2.4 trillion.

Brand value grew overall, but only marginally, because of myriad economic and political issues that eroded consumer confidence in the developed economies and because the BRICs slowed somewhat.

Brand itself remained strong. And the portion of brand value attributed directly to brand, rather than financials or other factors, helped sustain brands through a challenging year.

The value of the BrandZ™ Top 100 Most Valuable Global Brands grew 66 percent between the first valuation in 2006 and 2012.

During that six year period, the BrandZ™ portfolio of highly valued brands outperformed the S&P 500—by 103 percent.



On a category-by-category basis, six categories were up, six were down and financial was flat in the 2012 report.



Luxury and fast food rose most sharply, 15 percent, followed by apparel at 13 percent.



Technology and telecom brands together comprised about 44 percent of the value of the 2012 BrandZ™ Top 100 Most Valuable Global Brands. They accounted for about one-third of the value in 2006.



Four of the Top 5 brands were in technology. Number 4, McDonald's, was the exception.

Apple stayed Number 1, with a 19 percent gain in brand value to $183 billion for the technology leader.

With a brand value of $116 billion, B2B giant IBM moved up one slot to Number 2, ahead of Google.



One in five brands in the BrandZ™ Top 100 Most Valuable Global Brands was from a fast growing economy.

The first brands from Chile, retailers Falabella and Sodimac, entered the BrandZ™ category rankings.



MTN, a South African telecom, became the first brand from Africa to rank in the BrandZ™ Top 100 Most Valuable Global Brands.



Another telecom, Airtel became the second Indian brand in the BrandZ™ Top 100 Most Valuable Global Brands.



Sinopec, the oil and gas giant and the traditional Chinese clear liquor Moutai brought the number of Chinese brands to 13 in the 2012 BrandZ™ Top 100.



The first Australian brand also entered the BrandZ™ Top 100 Most Valuable Global Brands. Commonwealth Bank appreciated in value in part because of its investments in the heated Asian economies.



With an increase of 74 percent, Facebook appreciated the most in brand value, moving up 16 places to Number 19 in the BrandZ™ Top 100 Most Valuable Global Brands, just behind Walmart and Amazon.



Hermès grew 61percent in brand value, and moved up 39 places in the BrandZ™ Top 100, based on the strong luxury market and the brand's desirability.

# Take Aways

## 1 Value

Consumers are shopping. But they've adopted a new attitude toward consumption—considered rather than conspicuous. Many brands that appreciated in value, such as Zara, Uniqlo and Home Depot, combined quality with price into an appealing value proposition.

## 2 Renewal

Brand strength isn't an inoculation that prevents problems. Stuff happens. The economy tanks. Consumer tastes change. Corrections are inevitable. Brand strength enabled renewal to happen. And happen quickly. Think Starbucks or Toyota.

## 3 Relevance

Brand heritage is important and hard earned. Heritage can gain consumer trust. But to be recommended today requires being relevant. In its contemporary product range and clever communications Burberry offered an excellent example.

## 4 Reputation

Consumers have little patience with brands—and corporations—that violate trust. They publicize transgressions immediately and widely on social media. When PR is facing damage control, it's too late for the reputation conversation. Reputation is a core strategic concern. No brand gets a free pass. Consumers continued to distrust banks, no surprise. But they also scrutinized more revered brands like Apple, Facebook and Google.

## 5 Reimagine

Not long ago, a huge warehouse filled with racks stacked high with merchandise defined successful power retailing. Consumers in those aisles now shop with mobile device in hand, conducting price comparisons. Brands expecting to succeed in this landscape are reimagining themselves, looking for ways to be present in a compelling way in every possible physical and virtual reality. Tesco even has an interactive video wall in the Seoul, South Korea subway.

## 6 Brand Contribution

It's the BrandZ™ measurement of how much of a brand's value can be attributed to the brand itself, exclusive of financials and other factors. High Brand Contribution is an enduring competitive strength most often found among luxury brands. But not exclusively. Coca-Cola and two Chilean retailers—Falabella and Sodimac—ranked high in the 2012 BrandZ™ Brand Contribution ranking, suggesting that this advantage is available to brands in any category.

## 7 Personality

No single brand personality guarantees success. There's no formula. Brands in the same product category, but with radically different personalities, can both succeed. The key is to understand a brand's personality and then to incorporate those traits into a consistent brand message. Brazil's Brahma beer is among the highest brands in Brand Contribution. Consumers think of the beer as friendly and happy and Brahma reinforces this perception in its advertising.

## 8 Harder BRICs

Western brands are no longer a novelty in many of the BRIC markets. Local brands are improving in functional and emotional appeal. Years ago, perhaps, brand success was about just showing up. Not any more. Aggressively improving its approach to consumers, the Russian financial institution Sberbank was among the Top Risers in brand value in the BrandZ™ Top 100 Most Valuable Global Brands.

## 9 Disruption

An entrepreneur with a good idea and minimal investment can rapidly impact any category. Today's telecom or a retailer can be tomorrow's bank. Digital makes it possible. Category disruption is a looming threat that brands can best handle by perpetually innovating and experimenting, adopting what works and eliminating what doesn't. Even Amazon, which perfected the world of online shopping, experimented with a distribution presence in the physical world.

## 10 Technology

In almost any category, technology seems to be at the center of the conversation. Retail is about being omni-channel, present everywhere all the time, which is only possible in your dreams or through technology. The competitive battle in cars is not about horsepower, itself a retro word, but about technical enhancements like voice-activated communication for driving and controlling entertainment systems. BMWs came loaded with technology; so did Fords.

## 11 Digital

There's never a magic wand. But digital comes close. Its power seems limited only by the creativity of thinkers and dreamers. Digital enables brands to be ever-present in ways that inform and delight people when they're at home on a computer, engaged on a mobile device, passing a compelling outdoor display or standing in a store aisle. And digital works across categories, as exemplified by the feature "Digital Discoveries" on the website of luxury brand Louis Vuitton.

## 12 Health & Wellness

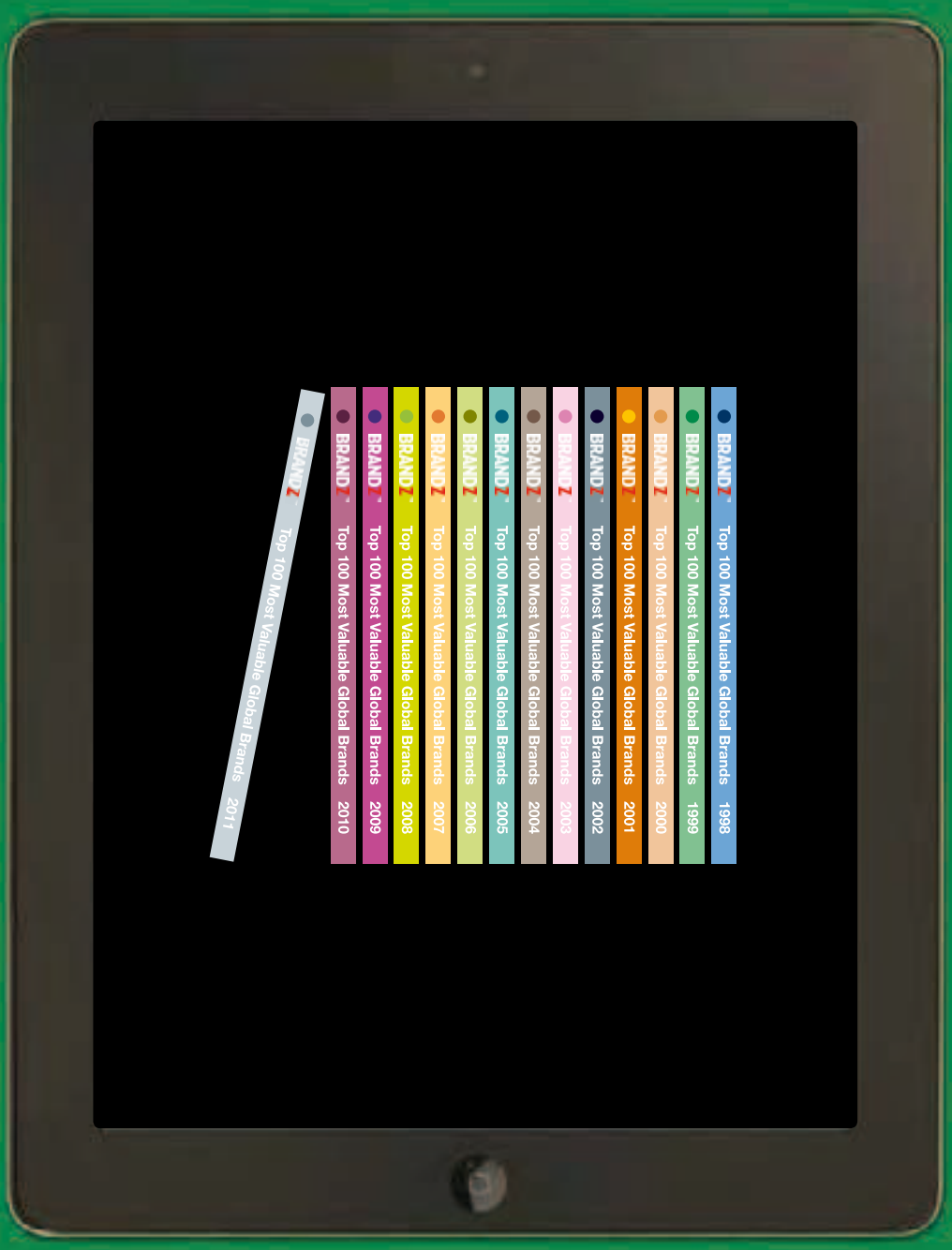
The impact of consumer concern with health is most apparent in the decline of cola sales and the addition of salad and apple slices to fast food menus. But the trend is deeper and wider than two categories. Because we're only human, we'll continue to consume food and drinks that are bad for us. But we'll do it less. We won't feel good about it. And we won't feel good about the brands that enable this behavior. Coke and Pepsi emphasized healthier options. And they were not alone.

## 13 Entitlement

Consumers feel entitled again. Having tightened their belts for so long, they need to exhale. In categories such as luxury and personal care, individuals spent money at all price points, more to feel good about themselves than to impress others, whether purchasing an expensive fragrance from Hermès or a more affordable one from Clinique.

# Strategic Essays

Digital opportunities, anchored by trustworthy reputation, sustain brand relevance today.



# Reputation, Purpose and Profits: Bridging the gap



By John Gerzema
Executive Chairman
BAV Consulting

David Roth
WPP



"A business that makes nothing but money is a poor business."

**– Henry Ford**

Corporate responsibility activities have existed for nearly as long as corporations themselves. And great companies backed by names like Carnegie and Rockefeller returned profits to the populace through trusts, foundations, charities and public works. Great companies were part of the culture and consumers rewarded them with their business.

But as corporations modernized and consolidated, the focus for "doing good" shifted away from the consumer marketplace to narrow elite audiences that shaped policy. The vision of the enterprises diffused, while their values became less clear in the marketplace. Today we are entering a new era where corporate reputation and brand management are one in the same.

New collaborative research from WPP's BrandAsset Valuator™ and BrandZ™—the two largest surveys of brands in the world—reveals that customers seek out and support companies that share their values. And they reward these companies with stronger brands and more loyal customer bases. Here are five key insights for understanding the power of corporate reputation and a framework for harnessing that power to positively impact brand performance and market share.

### 1. Trust is the "New Black."

**As fewer people trust brands, corporate reputation can drive brand differentiation.**

Trust previously did little to differentiate a brand. But today, a trustworthy company has a 35 percent greater chance to drive brand differentiation. Trust should be a central tenant of a manager's strategy for growth.

### 2. Corporate Responsibility has evolved.

**It's moved from communications to conversations.**

As society demands transparency and participation, corporations must become "truly public." On Patagonia's Foot Print Chronicles website, people can click on any garment and virtually track the company's supply chain, understanding path to purchase, worker conditions and carbon foot print. And they can comment.

### 3. Corporate reputation builds brand equity.

**It helps by retaining loyalty among existing customers.**

Corporate reputation helps convince customers that a company is personally appropriate and relevant to them, which directly affects purchase behaviors. Corporate reputation is not just about creating a warm glow around a brand. It's an impactful customer retention mechanism.

### 4. The effects of corporate reputation can surprise.

**They are pronounced among older, more affluent and female consumers.**

Conventional wisdom holds that corporate responsibility is more important to younger people. However, older people "walk the walk." As people age, their perceptions of social responsibility become a stronger driver of brand choice.

### 5. Corporate reputation can help distressed categories.

**It can infuse life into negatively perceived categories, such as energy.**

Corporate reputation provides a new pathway to improve brand identity, consideration and usage by building positive differentiation in categories that struggle with reputation and tend to be more defined by negative differentiation.

## A framework for change

Successfully acting on these findings requires first understanding and measuring corporate reputation. We divided corporate reputation into these four components:

Success: Innovative, associated with quality products and financially strong

Fairness: Well priced, offering good value for money, honest and decent in relationships with customers, suppliers and other companies

Responsibility: Respectful of employees, scrupulous about supply chain practices and protective of the environment

Trust: Consistently delivers on promises about products and services

These four components move along a continuum from characteristics seen as "hard" and practical business considerations (Success and Fairness) to other important issues seen as less core to business achievement and therefore "soft" (Responsibility and Trust). Until now these four components were not well integrated. The hard issues drove the business. Too often the soft issues formed the "moat" around the business, an afterthought done for pragmatic reasons and lacking conviction.

Success today requires integrating these components into all levels of the business. This approach produces brand integrity, a tensile internal strength that's much more durable than the "moat." It is vitally important for companies to understand that that they have two types of shareholders, those who hold stocks and those who buy products and services.

In fast growing markets and in startup activity many managers already take this more holistic view. Because they don't distinguish between corporation and brand, they're better able to translate vision, principles and values into brand experiences for customers. **Z**

# Sustaining brand relevance: The impact of new devices on the path to purchase



By Joseph Webb
UK Head of Digital & Technology

TNS

Fiona Buchanan
Development Manager



## The digital revolution can be likened to a runaway train for some brands.

It's very hard to board now that it's on its way and, even if you have a seat already, it's a far from comfortable ride with the emergence of new devices—and the ways in which consumers interact with them—acting like yet more unpredictable junctions in the track ahead.

Constant connectivity has made consumers more vocal than ever before, and this word of mouth influences decision-making everywhere. It has never been easier for the connected consumer to report on a bad experience, in real time, while feelings are still raw. And these comments, reviews and criticisms have an effect—with 52 percent of people surveyed globally saying that a single negative review will have an impact on how they feel towards a brand.

Many brands have learned that this shift in the balance of power towards the consumer requires an overhaul of marketing approaches, with the flexibility to respond to opportunities—and threats—in real-time a significant driving factor in maintaining a positive reputation.

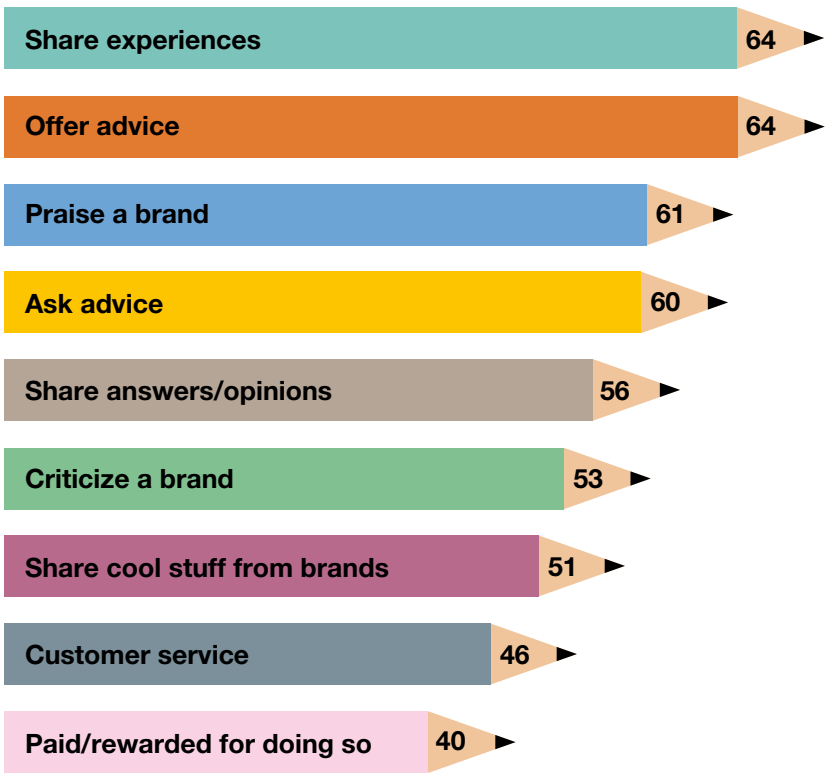
The biggest enabler of this power shift over the past few years has been the smartphone explosion. With approximately 30 percent of the world now constantly connected—researching purchases, comparing prices, shopping via mobile and sharing comments with their network and beyond—the implications for brands continue to be huge.

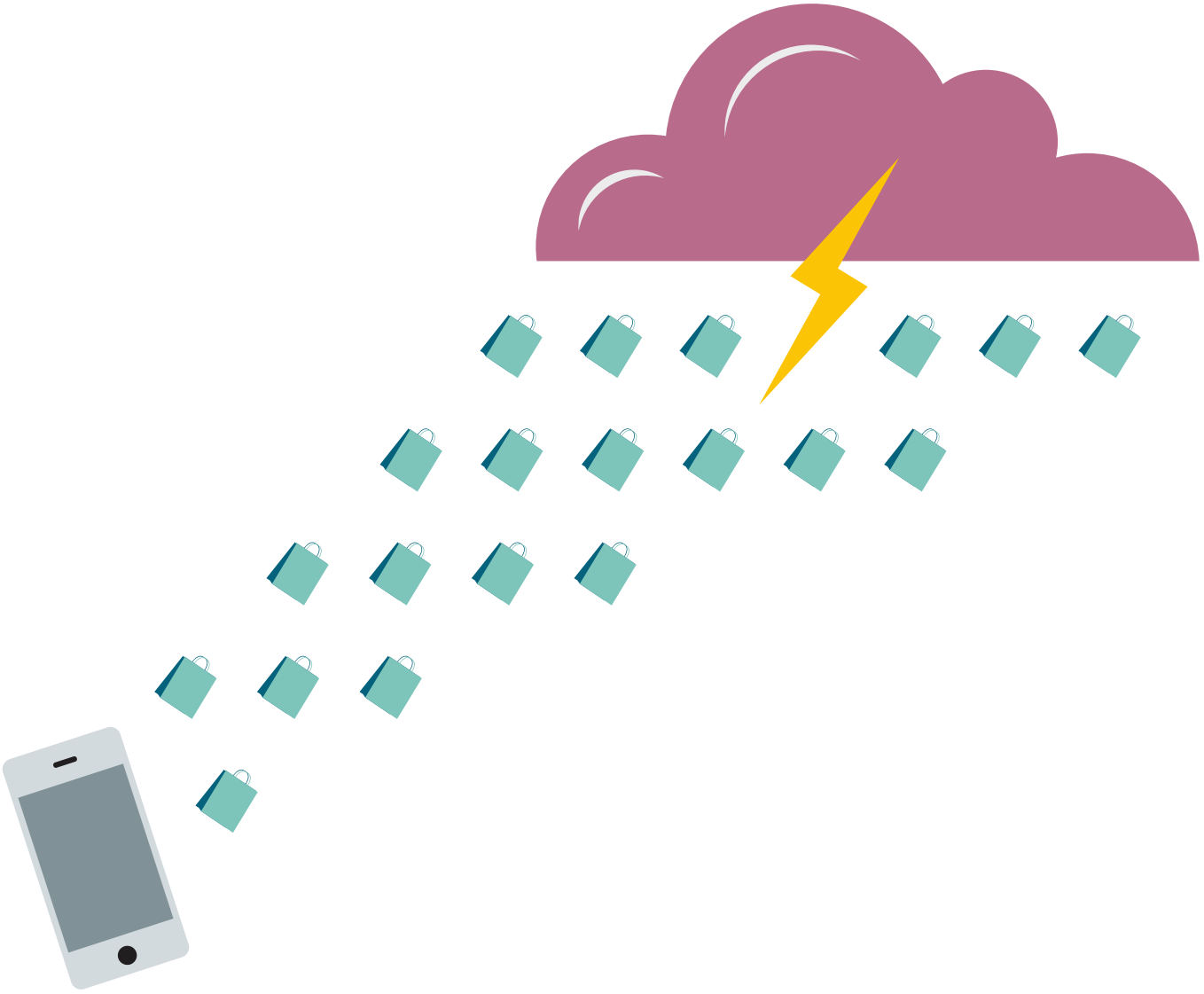
## Mobile intensifies disruption

We have seen the Internet and e-commerce make a major impact on shopping; mobile Internet has taken this disruption to a new level and poses diverse challenges. Many brands are experimenting with different approaches to the retail environment, using their physical locations as showrooms, laid out for strong design appeal, rather than showcasing piles of products. Showing consumers the product in a highly compelling setting, but giving them access to the size, model, or color that they want via a kiosk in-store is proving a good way to evolve the in-store experience to keep pace with technology for some brands.

The 28 percent of consumers who are using a mobile device to research in-store also create a new dynamic. Brands need to take action to ensure that they can hold their own in an environment where consumers can be more knowledgeable than sales staff. Empowering shop-floor teams with their own handheld devices that provide access to the latest prices, stockroom situation and consumer reviews will help retailers stay relevant.

**I write about brands to...**
% who agree





## Meeting shoppers on the path to purchase

Brands need to make mobile a key part of the in-store experience, ultimately creating another POS channel. Approaches for integrated mobile into the store include providing free Wi-Fi and having QR codes that link to product information or expert reviews. Mobile wallet is also slowly gaining traction and already more than a third of consumers globally are interested in using this service, which may take us towards a world without check-out queues, or even check-outs at all, solving a major annoyance of the grocery shopper.

Increased tablet ownership will produce more new behavior and attitudes. We're already seeing tablets impact where and how we shop, with highly compelling, engaging interfaces driving out-of-store purchases. As tablet penetration grows, the opportunities to develop new ways for consumers to shop online will also grow exponentially.

Consumers are increasingly paving their own path to purchase, with a growing, device-driven autonomy from traditional channels. Brand successes requires harnessing these new behaviors to enable and enhance the consumer experience and deliver the brand message with consistency across all media and purchase channels.

## Internet penetration influences message and media

The message and media approach, influenced by Internet penetration, varies by country market. In a market like Sweden, where more than nine out of 10 people have access to the Internet, only 31 percent of people regard TV ads as influential, while almost three-quarters (74 percent) will go online to find out information about a product seen elsewhere.

Compare this to Indonesia, where Internet penetration has only reached 16 percent and the majority of Internet access is via a mobile device. Here, TV plays a far larger role, with 96 percent of Indonesian Internet users regarding TV as influential—even if they are surfing the Internet on their phone as they watch it.

An opportunity exists for brand owners in both of these markets to deliver impactful, integrated campaigns, but that requires a sound understanding of which devices consumers use, when, why and how. These possibilities seemed far-fetched just a few years ago. Yet with devices putting consumers in the driver's seat, the choice for retailers and brands may be less of a question of whether they can keep up, but rather whether they can afford not to. Z

# Buzz means money: Social and digital media, vital to the health of successful brands



By David Barrowcliff

Specialist: Social Media Measurement

MillwardBrown

The 2012 BrandZ™ Top 100 Most Valuable Global Brands comprises many of the great and the good, the different and the special, and the most talked about.

WPP social media monitoring company, Visible Technologies, carried out an audit of the digital social and traditional buzz for each of the Top 100 brands over the last year. From this we have created an "Earned Buzz Index", weighted by positive mentions, together with the Millward Brown BrandZ™ measure of online fans (FanZ Index).

As might be expected, the brands with more fans created more "Earned Buzz."

But the crucial finding is that brands with more fans and "Earned Buzz" levels are much more valuable.

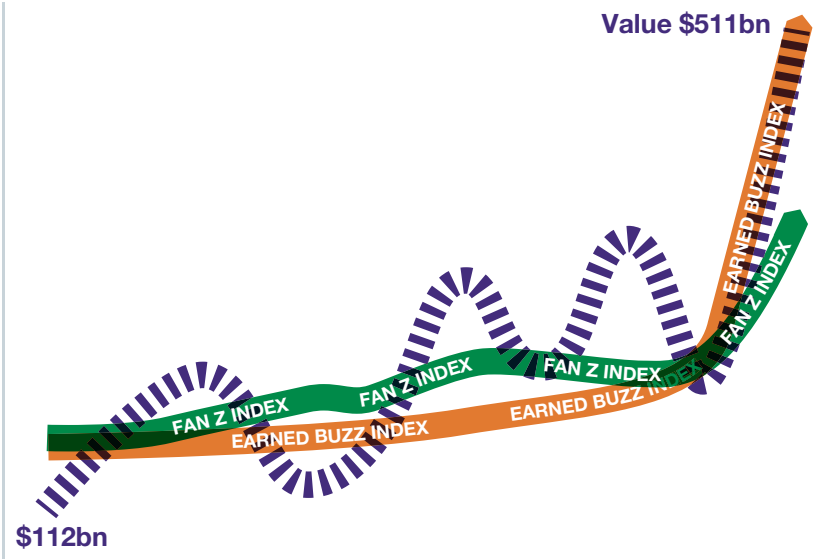
And brand value growth is significantly better if buzz is better. The Top 10 "Earned Buzz" brands grew on average by 5 percent in value last year, while the bottom 10 declined 8 percent.

The future also is brighter. The Brand Momentum Index measures the prospects of future earnings on a scale of 1 to 10, 10 being the most positive score. The Top 10 "Earned Buzz" brands averaged a score of 8 in Brand Momentum compared with a score of 6 for the bottom 10.

## So what are the "Earned Buzz" Top 10 brands?

They are completely dominated by US technology brands, and even the one retailer, Amazon, is fundamentally a technology brand. The entertainment brand Disney is also becoming heavily dependent on the digital space. Z

### More buzz and fans means more value




**2012 BrandZ™ Top 100 in groups of 10 by level of "buzz." Brands with higher value have more fans and more "Earned Buzz."**

### The "Earned Buzz" Top 10

| Rank | Category | Buzz Index (average 100) |
|---|---|---|
| 1 | Facebook | 1,331 |
| 2 | Google | 1,229 |
| 3 | Apple | 1,093 |
| 4 | eBay | 475 |
| 5 | Microsoft | 442 |
| 6 | Sony | 437 |
| 7 | Amazon | 425 |
| 8 | Samsung | 301 |
| 9 | HP | 282 |
| 10 | Disney | 280 |

**Earning the privilege of being talked about is one of the assets of an interesting, meaningfully different brand.**

# More than a megaphone: Interactive digital engages people



By Eric Mauriello
Senior Vice President
POSSIBLE WORLDWIDE

## It's not just what brands say that matters, it's what they do.

And yet, even as Digital Out of Home (DOOH) becomes more and more a part of our physical and imaginative landscape, brands are still using the platform mainly as a megaphone—to shout at people as they race past in their cars or mosey through the mall.

Sometimes there's a twist, such as the intelligent billboards in the Tokyo railway system that change up their ads depending on the perceived age/gender of the person looking. But at least for the moment, DOOH concentrates on advertising to consumers without offering them any new benefit specific to the locational, interactive potential of the platform. Except making it easier for advertisers to sell and publish content.

In fact, I would go so far as to venture that, currently, DOOH benefits media companies more than it does either brands or consumers; with the ability to change digital signage every hour via computer, advertisers can sell more inventory, with much less effort. Brands should be encouraged to rethink DOOH as "Interactive Out of Home"—that is, as an opportunity to do something with the audience: engage them, entertain them, above all, get them to participate.

## Some brands get it right

There are definitely brands out there that are getting it right and working interactivity into their DOOH environments. Twentieth Century Fox's Avatar Na'vi campaign promoting "Avatar," for example, incorporated both augmented reality and a large-format video wall, both of which enticed passersby into "morphing stations" to transform themselves into a Na'vi, the blue skinned species from the movie. Yahoo's Bus Stop Derby let participants engage with other people at other bus stops, in real time, through competitive social games.

As another example of effective interactive out of home, we at Possible Worldwide recently unveiled the Macy's "Beauty Spot," a multi-branded in-store area, anchored by a large-format touchscreen, that provides cross-brand information, inspiration, and recommendation to customers. We could have installed a digital billboard in exactly the same place, but by making the Beauty Spot interactive and linking it to the user's mobile device and social networks, we delivered shoppers a satisfying multi-channel experience, bringing aspects of the website, the customer's digital identity, and the mobile experience together in a way that bolsters the Macy's brand by making people feel both excited to explore their favorite brands while being in control of their time and level of commitment. Try doing that with a digital billboard, even if the glossy ads change up every minute.

## Innovation needs some standardization

Part of the problem with innovating in the out of home market, of course, is that it's in its nascent stages and thus most deployments are bespoke, for particular clients and situations. Standardized backends, platforms, and ecosystems have resulted in an explosion of growth and innovation for the Web and mobile; think only of the opportunities that the iTunes or Google models have provided the creative industry. In contrast, right now, when we build an interactive out of home app, we often also have to build the platform on which it will reside.

Once interactive out of home platforms become permanent fixtures in our landscapes, and "all" developers have to do is create exceptional immersive experiences for people, we'll see a huge surge in transformational work that will not only surprise and delight people—and turn them into brand-loyal consumers—but can actually improve the quality of life. The work that Possible recently did for the Bill and Melinda Gates Foundation's Visitor Center demonstrates pretty dramatically what can happen when people are able to interact intelligently in DOOH environments. Fourteen interactive exhibits educate people about important global issues and enable them to contribute ideas for improving the world. As the proverb says: "Tell me and I'll forget; show me and I may remember; involve me and I'll understand." Z



# Metail is the new retail: Brand owners and retailers face a new world



By Michael Ross

Co-founder and Director

eCommera

HIGH PERFORMANCE COMMERCE

## The Internet has catalyzed fundamental changes across the entire retail system.

At the heart of the changes is a dramatic shift in retailing priorities. Location, location, location is giving way to customer, customer, customer.

This transformation is so pervasive that any business that merely tries to adapt piecemeal will struggle. For both retailers and brand owners to succeed in this new world, they need to learn from each other and become more like each other. The shift is creating in a completely new type of merchant, a blend of retailer and brand owner—the metailer.

The notion of metailer evolves naturally from how the Internet has changed retail for consumers, brand owners and retailers themselves. The Internet has left no part of the retail system untouched. The old rules don't work and the old labels no longer describe the current reality. For the most part, this new world is good for consumers and brand owners. But it's mixed for retailers.

## The Internet benefits consumers and brand owners

For consumers, the purchasing process is completely different than what it once was. Today consumers have much more information, choice and control over what and how they buy. The Internet has endowed consumers with two important and related characteristics that directly impact their purchasing behavior.

– **Freedom** The unshackling of customers from location has broken the traditional retail model. Other than products for immediate consumption, consumers now have access to an almost unlimited set of brands and products, and to retailers across the globe. For most categories,consumers are voting with their mouse. Online is now a large and growing part of the retail mix.

– **Empowerment** Information about products, prices, availability and performance is instantly available via PCs, mobile phones and tablets.

For brand owners, the Internet enables direct access to a global pool of customers. That means brand owners no longer need to rely on retailers and can adopt a radically different distribution strategy based on online, flagship stores and very selective wholesale distribution. And brands benefit from the resulting improved margins and deepened customer understanding.

## Retailer benefits come with problems

For retailers, the Internet brings a mix of benefits and problems. The ledger is tilted slightly to the positive, which is fortunate since the Internet is impossible to ignore. The good news for retailers includes these developments:

– **Greater access to more customers** Traditional retailers gain access to customers outside the catchment area of their physical stores.

## Skills of a metailer: Merchant prince meets mathmetician

We have moved from a world of anonymous and captive customers, to a world where they are known and unshackled; from a world where retailers were distinct from brand owners to a world where each is morphing into the other.

In a world centered on stores, retailers simply need to be good at stores. It's relatively easy to identify good and poor performing stores and to understand what is working and not working.

But in a world of hundreds of thousands, if not millions, of customers, a retailer needs to be good at statistics to make sense of large quantities of transactional data. This requires a different skill set, new types of thinking, new models and new equations. The key elements include:

- A culture of metrics and data, with data scientists at the heart of the business
- Strategy driven by consumer insight
- Business planning driven by customer acquisition and retention dynamics
- An organization centred around coherent customer groups
- Measurement of all the things that matter to customers

The successful metailers will be the ones who embrace this new world by adopting this cultural shift. The battle for customers is just beginning.

– **More touch points** Cross-channel interaction deepens relationships with existing customers and makes it easier to acquire new customers.

– **More customer data** Many retailers struggle to gain customer insight. Much more insight is available and the Internet makes it easier to obtain it.

And here's some of the bad news for retailers:

– **More competition** More retailers and brand owners are moving online, opening up internationally or creating niche boutiques, which all heightens competition.

– **Restricted access to some products** As brand owners increase direct engagement, retailers will find that some of their bestselling brands abandon them.

To succeed in this universe, retailers need to manage their businesses differently.

## Introducing metailers

The old model was linear. The commercial activity moved from the brand owner through the retailer to the customer. Today, the customer is the center of the universe, the "me" in metail, communicating directly with both the brand owner and the retailer.

The terms retailer and brand owner become misleading and obsolete. In a world where successfully selling products and services depends primarily on profoundly understanding the customer, the brand owner and retailer are in the same business.

Both try to understand the customer and to customize the offering to meet customer needs. Both engage with customers in multiple channels to provide a brand, or many brands. Both are metailers, especially when they exhibit a customer-centric outlook and expertise in data analysis.

## Succeeding at metail

In the past, retailers depended on key metrics, such as profit-per-store, to determine the health of the enterprise and to insolate any problems, which they would remediate with store-level fixes: open, close or refit a store and fire or hire a manager.

In today's world, metailers have much more sensitive diagnostic information derived both from the physical and virtual store activity. They can determine, for example, not simply that a particular physical store is underperforming, but also how customers are shopping, which skus they may be browsing but not purchasing.

Metailers can have insight and can take action at the individual customer level. This is not necessarily just about personalization or loyalty, though it could be. It is simply about recognizing these two key related points:

– Customers drive retail growth.

– Cost effective acquisition and retention of customers drives profitable growth.

So understanding individuals—their purchasing patterns, their behaviors, their wants and needs—is critical to optimizing any commerce business. Failing to understand is a recipe for sub-optimization. In a competitive market, sub-optimization is a recipe for failure. **Z**



# Fast Growing Markets

The 2012 BrandZ™ Top 100 Most Valuable Global Brands reveals a new phase in the development of brands in fast growing markets.



# As BRICs slow, new markets and brands emerge

During the past decade, these markets, especially the BRICs—Brazil, Russia, India and China—served as the mostly dependable engines of global economic growth. And even during the economic crisis of 2008 and 2009, the total value of the brands from fast growing markets continued their steady climb.

In 2006, the BrandZ™ Top 100 included only two fast growing market brands, from China. Less than a decade later, fast growing markets account for one-in-five brands in the 2012 Top 100. During this period, the value of brands from fast growing markets in the Top 100 increased in value by 663 percent.

But in the 2012 BrandZ™ Top 100 Most Valuable Global Brands the rate of brand value appreciation in the fast growing markets slowed. Some factors were country specific. The attempt to moderate inflation contributed to the economic slowdown in India and Brazil, for example. But, overall, the BRIC deceleration illustrated the interdependence of nations in a global economy. China reduced demand for commodities from Brazil. And all the BRIC countries felt the decline in demand from financially troubled countries in the Eurozone.

## Value declines for some brands, but new brands appear

As the spotlight dimmed on some brands, at least temporarily, other brands emerged from the shadows. China Mobile, the country's most valuable brand, and China's most valuable bank brand, ICBC, declined. At the same time, the Chinese oil and gas giant Sinopec appeared in the Top 100 for the first time, as did Moutai, a leading brand of baijiu, China's traditional clear alcohol.

Similarly, Petrobras, Brazil's oil and gas company, declined and two Brazilian bank brands, Itaú and Bradesco, fell below the Top 100 in value. But three Brazilian brands—the beers Skol and Brahma, and the cosmetic producer Natura—ranked among the Top 15 brands in Brand Contribution, the measure of how brand itself, rather than financials or other factors, contributes to earnings.

Russia's telecom MTS declined. But following a major effort to refresh the brand, the financial institution Sberbank increased in value 25 percent, which placed it among the BrandZ™ Top 20 fastest risers. While the Indian bank ICICI declined, the Indian telecom Airtel appeared in the BrandZ™ Top 100 ranking for the first time. The first African brand, MTN, a South African telecom, debuted in the ranking.

Two Chilean brands appeared for the first time in the BrandZ™ ranking of brands in the retail category. An operator of department stores and specialty outlets, Falabella is one of South America's largest retailers. Sodimac, a Falabella company, is a consumer home improvement and B2B construction materials retailer.

**Value of brands since 2006**




**Fast growing market brands experienced sharper growth than either the non-fast growing market brands or the Top 100 over all. Brand value growth in fast growing markets helped compensate for the difficulty in banking and certain other categories during the financial crisis of 2008 and 2009.**

Source: BrandZ™ data

## Current results suggest future direction

This maturation of fast growing market brands reveals several trends that point to likely future developments.

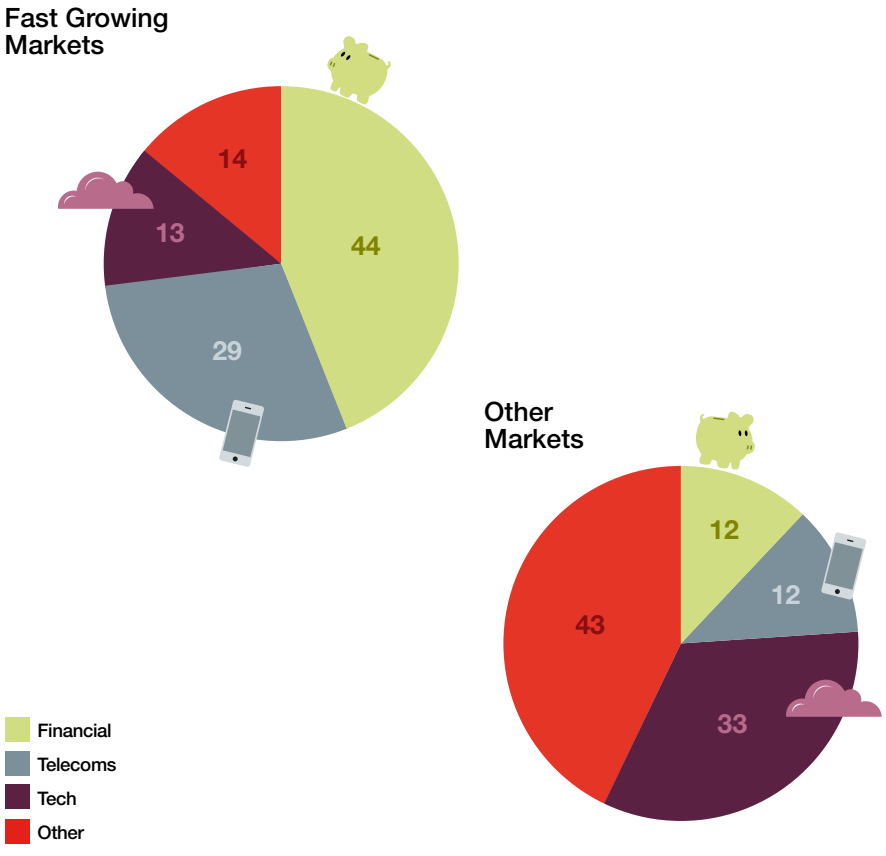
1. The representation of fast growing market brands in the BrandZ™ Top 100 will increasingly include brands from both the BRICs and other nations from Asia, Africa and Latin America.

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|
| **China** | 2 | 5 | 5 | 6 | 7 | 12 | 13 |
| **Russia** | | | 1 | 2 | 2 | 2 | 2 |
| **Brazil** | | | | 1 | 2 | 3 | 1 |
| **India** | | | | | 1 | 1 | 2 |
| **Mexico** | | | | | 1 | 1 | 1 |
| **Africa** | | | | | | | 1 |
| **TOTAL** | 2 | 5 | 6 | 9 | 13 | 19 | 20 |

**Although the presence of fast growing market brands in the BrandZ™ Top 100 ranking slowed last year it continued and expanded to include Africa for the first time.**

Source: BrandZ™ data

2. Brands from the fast growing markets are predominately in infrastructure and financial categories, reflecting their status as state-owned or state-controlled enterprises. But technology brands also appear because of the ubiquity of technology and expanding entrepreneurship. Over time, the fast growing market brands will be present in many more categories, cultivating consumer allegiance at home and increasingly seeking new opportunities abroad.

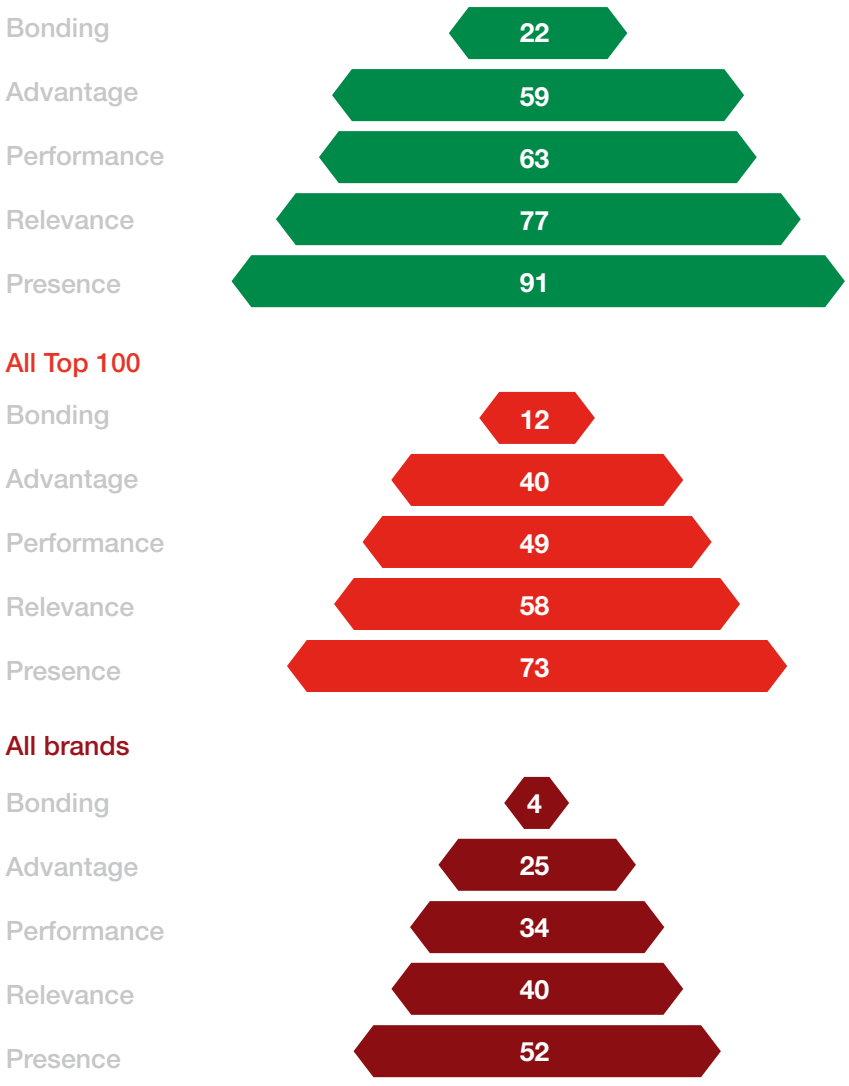



**Fast growing market brands are especially represented in financial, telecoms and other categories typically dominated by state-owned or state-controlled organizations. The categories in which brands from fast growing markets are present will become more diverse over time.**

Source: BrandZ™ data

3. Compared with brands generally, the BrandZ™ Top 100 score higher in the BrandZ™ metrics about Trust, Recommendation and Desire. Brands from fast growing markets score even higher in these metrics than the Top 100 overall. And while the Top 100 also exhibit a much more robust BrandZ™ Pyramid than brands generally, the fast growing market brands again outperform the Top 100 overall.

The BrandZ™ Pyramid illustrates the building blocks of a brand's connection with its customers. The Pyramid is built on a foundation of "presence," or awareness of the brand, and culminates at "bonding," which measures the emotional attachment when a customer believes that a brand offers more advantages than its competition. Z




**The BrandZ™ Top 100 outperform brands in general at all levels of the BrandZ™ Pyramid. Brands from fast growing markets perform even better, indicating that they have achieved a close connection with customers.**

Source: BrandZ™ data

## BRIC FOUNDATIONS

## POPULATION AND GDP

The four BRIC countries include 42 percent of the world's population but account for only 17 percent of its GDP.

| | 2010 population | 2010 GDP ($B) |
|---|---|---|
| Brazil | 191 million | 2,024 |
| Russia | 142 million | 1,477 |
| India | 1,192 million | 1,430 |
| China | 1,342 million | 5,745 |
| BRICs | 2,867 million | 10,676 |

**BRICs**
% of world




**Sources: Global TGI, National census authorities; International Monetary Fund**

TGI™



# Brazil

# Expanding middle class drives brand growth

## Brazilians feel optimistic about the future relative to most of the world's population.

Around 70 percent of Brazilians believe that the country's financial situation is going "well" or "fairly well," compared with a global average of 39 percent, according to the Global Monitor study of The Futures Company. Because the economy slowed last year, however, the positive attitude of most Brazilians is moderated by some doubt about both the country's economy and their personal finances, The Futures Company found.

The underlying optimism is based on several factors that transformed the Brazilian economy and accelerated the growth of brands during the past decade including: consistent government focus on improving social and economic equality; a thriving economy, despite the current slowdown; increased availability of credit; and national cohesiveness and pride with growing excitement in anticipation of the 2016 Olympics and World Cup in 2014.

Perhaps indicative of the wide income disparity that has divided Brazilians in the past, the government organizes the population into hierarchical economic classes, A to D, wealthiest to poorest. As in many societies, the wealthiest individuals remain well off or even become wealthier. The distinction in Brazil, over the past decade, is the broadening of the middle class, or in Brazilian categories, the ascendency of people from D to C and from C to B.

Since 2003, roughly 40 million Brazilians—out of a population of 200 million—have entered the middle class. The C class now includes about half of Brazil's population according to TGI. This demonstration of national conscience and self-sufficiency has burnished the nation's self-image and unleashed spending that impacts brands across all categories, with credit widely available from credit cards, government programs and through employers.

Many Brazilian and multi-national brands had largely ignored or underserved much of the low-income population with poorer quality products provided in big economical and unattractive packaging. They now accord these consumers increased attention and respect.

## Consumers adopt spending strategies

Over time, Brazilian consumers perfected strategies to bridge the gap between what they aspired to buy and what they could afford. In the past, low-income consumers might pay one or two reais for a bottle of private label cola, for example. Today, they often spend a few more reais to buy Coke because it's affordable, if more expensive.

But they may alternate their purchase of Coke with a private label, reserving Coke for special occasions and a weekend treat, while drinking private label on weekdays. Similarly, consumers increasingly mix brand and private label in the personal care category where many products offer both functional and emotional benefits. A female shopper might purchase a relatively low priced shampoo for general family use, but the Brazilian brand Natura for herself.

Natura, Brazil's leading manufacturer and marketer of cosmetics, emphasizes natural and socially responsible products. It's among the category leaders in the BrandZ™ ranking of personal care brands and earns a high score for Brand Contribution, which measures the portion of brand value attributable directly to the brand rather than to financial performance or other factors.

## Fundamentals for brand building in Brazil

### 1. Reach out digitally
Brazilians are among the most wired people on the planet. This interconnectivity helps cross the social and economic divides, which are narrowing but sill exist.

### 2. Be prepared for competition
International brands entering or expanding in Brazil are likely to encounter both eager and welcoming consumers and increasingly tough local competitors.

### 3. Recognize distinctive cultures
Because Brazil is a geographically large and demographically diverse country, successful brands recognize that making an impact on consumers requires adapting to many local cultures.

### 4. Be emotional
Brazilians respond positively to brands that create an emotional bond. While rational reasons for purchasing products and services remain important to Brazilian consumers, they are especially loyal to brands that earn their affection.

### 5. Help build Brazil
Becoming a genuine and active participant in the effort to raise living standards and reduce inequities will ultimately benefit the brand.

## Spending touches most categories

Retail brands are organizing their businesses to serve the new middle class consumers. Grupo Pão de Açúcar, the nation's largest retailer with a portfolio of 1,800 stores, operates three supermarket brands, each targeted to a particular demographic group. The international hypermarket brands, such as Carrefour and Walmart, are opening smaller stores closer to the economically transforming urban neighborhoods.

TAM, the largest airline of Brazil and Latin America, and the carrier GOL are among the travel brands benefitting as consumers spend their growing disposable income on travel. Leading bank brands, such as Bradesco and Itaú, are adding branches, especially in the favelas and other poorer neighborhoods.

Cielo and Redecard, brands that develop credit card networks and process payments, also are expanding to serve the rising middle class, as is Multiplus, which develops loyalty programs. Ownership of credit cards increased from 46 percent of C class individuals in 2005 to 53 percent in 2009, according to TGI. Store brand cards increased from 15 percent of the C population to 25 percent over the same period.

## Brazilians like local brands

The positive way Brazilians feel about their country extends to Brazil's brands, such as Natura or Havaianas, producer of the world's most recognizable flip-flop sandal. Even Petrobras, the national oil and gas giant and the nation's most valuable brand, is held in high esteem.

In contrast to developed markets, where consumers regard oil companies with suspicion because of their size and environmental impact, Brazilians appreciate Petrobras for driving the economy and providing employment. The brand reinforces those attitudes with sponsorship of cultural, sporting and educational initiatives. Although the Petrobras brand value declined, it remains one of the world's highest valued oil and gas companies, ranking 75 in the BrandZ™ Top 100.

Major global marketers, like Unilever, recognized growth potential in Brazil at least a decade ago and began enjoying the results in the past few years. P&G increased its investment during this period, becoming a major sponsor of popular TV programs and cross marketing its products under the corporate umbrella brand.

Some global brands, such as Nescafé, have been in Brazil so long that consumers think of them as Brazilian. The local beers Skol, Brahma and Antarctica enjoy tremendous popularity as Brazilian brands, although the global brewer AB-InBev owns them.

## Learning to communicate

Many Brazilian brands are learning how to communicate with the same expertise exhibited by the multi-nationals. They're experimenting with social media, for example, attempting to use it more for a relationship-building opportunity rather than another sales channel.

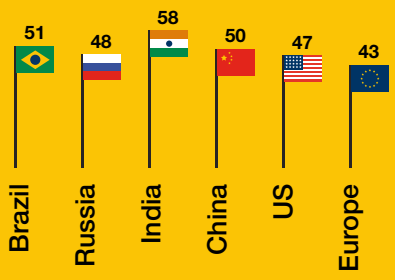
Mobile communication potentially offers a major brand marketing opportunity because Brazilians are so wired. According to some estimates, the number of cell phones in Brazil exceeds the size of the population. The brand marketing challenge, for now, is that only a small percentage of these devices are smart phones. But 65 percent of Brazilians use the Internet everyday, according to the TNS Digital Life Study, which also found that Brazilians build some of the most extensive social networks in the world, with an average Brazilian network consisting of 481 friends. **Z**

BRIC FOUNDATIONS

### CONTEMPORARY ATTITUDES

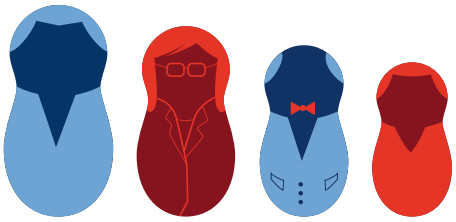
On the subject of technology, differences narrow among the BRIC markets and between the BRICs and the US and Europe. In fact, relative to the US and Europe, more people in the BRIC markets say they try to keep up with developments in technology. Of the many reasons that might explain this finding, perhaps the most compelling is that technology enables and accelerates change. In the West, for example, mobile phones added convenience. In markets lacking significant telecommunications infrastructure, mobile phones helped transform societies.

**"I try to keep up with developments in technology"**
% who agree




**Source: Global TGI research based on analysis of 20-to-54 year-olds in the largest cities in BRIC markets and a countrywide sample in the US and Europe (UK, France, Germany, Spain)**

TGI



# Russia

# Turning point as consumers seek brands, not institutions

The deep sense of Russian identity that permeates most aspects of life in this country now extends to brands.

Having learned about brands from the West, copying is no longer sufficient. Russian companies are beginning to introduce new brands and reenergize old ones, infusing them with Russian identity and global best practices.

Changing consumer attitudes influence this trend, which is especially evident in retail. With increasing prosperity, brands are more important to consumers. And, more experienced with brands, Russian consumers are becoming practical and sophisticated shoppers, less impressed with a brand simply because it's Western and more determined to find the right price/quality balance.

At least three constituencies also drive this effort to create world-class Russian brands: first, well-traveled Russian consumers whose exposure to the West raised expectations; second, Russian entrepreneurs who aspire to create products that meet or exceed Western standards; and third, the government. Several years ago, reacting to the explosion of Western goods available in Russia, President Vladimir Putin challenged the nation's businesses to develop strong Russian brands.

## Transforming from institutions to brands

This combination of individuality and national pride is most evident in the transformation of many heritage names that historically succeeded as national institutions rather than as brands competing for customer loyalty. This trend is clearly articulated in the rebranding of Sberbank, the nation's largest bank. Established 170 years ago, the bank's history includes its formation in czarist Russia and adaptation to the Soviet bureaucracy.

Today, Sberbank is deeply involved in a retail redesign project to better identify and serve segments of the consumer market. The bank is upgrading its 22,000 branches to one of eight different designations that include flagship locations, VIP centers, business centers, 24-hour self-service lobbies and kiosks for performing transactions including bill paying. Most importantly, the change is not simply cosmetic. It suggests an organization that has turned its face to the consumer both in visual effects and attitude.

The Sberbank example reflects an emerging interest by many Russian brands to segment their audiences and create targeted offerings. Other venerable institutions engaged in significant rebranding efforts include: Aeroflot, established in 1923, and the Russian Railways. The descendant of Russia's Department of Railways, formed in 1842, and completion of the Trans-Siberian Railway in 1905, Russian Railways rebranded to abandon its staid image and emphasize the future, technical competence and customer focus.

## Growing the private sector

The more contemporary Alpha-Bank, connected its twentieth anniversary with a birthday celebration for Moscow. The outdoor extravaganza included a dramatic laser show projected on the façade of the landmark Moscow State University building, and a sky filled

## Fundamentals for brand building in Russia

### 1. Know your customer

If you are selling dreams, status or conspicuous consumption, you'll find plenty of buyers, especially in Moscow and increasingly St. Petersburg and other metropolitan areas. For products or services to meet everyday consumer needs, however, Russians are driven by quality and will no longer pay more just for a foreign brand.

### 2. Expect the unexpected

Russia offers tremendous opportunity for brands. But the rules of the game—the decision-making process, business priorities and consumer preferences—can be different than in the West. Schedules constantly change and everything takes longer than expected, so be flexible.

### 3. Do the research

Russia is one place that often disproves the "branding is global" approach. One size rarely fits all in this huge country, especially when the brand originates in the Americas. The right research can save bundles in time and money.

### 4. Show respect and appreciation for the Russian culture

Russians are proud of their country. Even when they criticize it themselves, they may not appreciate having others join in. Russians take great pride in their cultural heritage and expect the rest of the world to admire it as well.

### 5. Be prepared to spend time

At the end of the day business gets done, but expect a long period of socializing and getting-to-know-you conversation before business is discussed. When Russians get down to business, they tend to be more direct in their response and open criticism is socially accepted, so feedback often starts with "No."

with fireworks and thousands of balloons. The bank intended the production to support its brand-building drive and highlight its association with innovation and leadership in banking technology.

This proclivity for proactive brand building beyond simple advertising is especially pronounced in retail. Savage, a fashion brand, captured the spirit of the times with the theme "be true to yourself." Centro, a mass-market shoe brand shifted its emphasis to affordable fashion from price alone. To differentiate from the competition, and establish itself as a brand rather than a multi-brand emporium, the consumer electronics retailer Eldorado refurbished its stores to project the brand promise to make life easier through products, shopping experience and technical support. M-Video, another electronics retail leader, focuses intently on understanding its customers.

The Russian government has accelerated this emphasis on brands with a privatization program that touches many categories of products and services and has resulted in many Initial Public Offerings (IPOs). Russia's second largest bank, state-owned VTB, completed an IPO in May 2011. Rosneft, the oil and gas giant, completed an IPO a year earlier.

## Facing Western-type brand challenges

Becoming a brand means facing brand challenges. As in the West, Russia's three leading telecommunications brands—MTS, MegaFon and Beeline struggle to differentiate and defend their leading positions. Competitively, they're squeezed between state-owned Rostelecom and two relatively new privately owned operators, Tele2 and Yota. To increase consumer appeal in this competitive environment brands increasingly offer bundled services. Merger and acquisition activity has increased.

Russia's beer brands are preparing for regulations that will prohibit television advertising as of July 2012. In a unique effort to leverage the brand, and reach various segments of the market, Russia's leading beer, Baltika, offers 13 variations of Baltika, each numbered and branded with the Baltika name. Baltika 3, for example, is a popular lager, while Baltika 7 is a premium brand. Other numbers are assigned to light beers, ales and other parts of the range. The brewer continuously identifies groups that are underserved and creates an appropriate beer. Owned by Denmark's Carlsberg Group, Baltika is exported worldwide.

## Expanding internationally

As Russian brands gain national recognition, they increasingly seek international expansion opportunities. Some fashion brands have opened stores in Eastern Europe. Yandex, the market-leading search engine, serves many of the nations of the Former Soviet Union and has wider expansion aspirations, having launched operations in Turkey in 2011.

The brand enjoys a reputation for strong performance coupled with aggressive marketing. It was the first Internet brand in Russia to advertise on TV. Along with a search facility that enjoys over 62 percent market share in Russia, Yandex also offers a menu of online services including a shopping mall and YandexMoney, a payment system. It's noted for maps that include a traffic jam monitoring tool. Also in the technology category, the Russian-owned multi-national computer security company Kaspersky Lab enjoys a strong B2B reputation. It operates in roughly 30 countries.

Russia's energy giants, like Gazprom, Rosneft and Lukoil, operate across national boarders. Gazprom has acquired companies in Central and Western Europe to serve the natural gas needs of consumers in those markers. Overseas offices enable the companies to navigate regulatory issues, which tend to be stricter in Europe and North America compared with Russia. Lukoil is focused on renewal energy and has established a presence at the pump in the US.

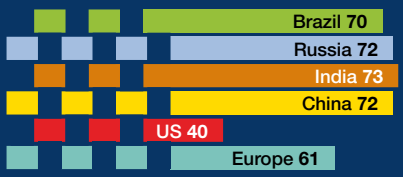
Recent large acquisitions also reflect confidence in the Russian market and in Russian brands. PepsiCo acquired Wimm-Bill-Dann, one of Russia's two major dairy producers. Groupe Danone SA, the French company, formed a joint venture with the country's other major dairy brand, Unimilk. Late in 2011, Unilever bought a majority stake in Kalina, Russia's leader in personal care and beauty. Z

BRIC FOUNDATIONS

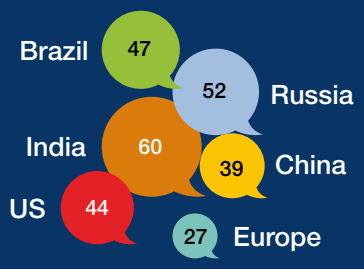
### THE IMPORTANCE OF BRANDS

Consumers in the BRIC countries are more brand loyal compared with consumers in the US and Western Europe. They also appreciate value, according to TGI research, which found that many agree with the statement, "It's worth paying extra for quality goods." Word of mouth is significantly more important in BRIC countries. People are more likely to ask advice before making a purchase, a behavior that could reflect lack of experience with certain merchandise or simply an inclination to conduct more diligent research before spending money.

**"Once I find a brand I like I tend to stick with it"**
% who agree




**"I ask people's advice before buying new things"**
% who agree




**Source: Global TGI research based on analysis of 20-to-54 year-olds in the largest cities in BRIC markets and a countrywide sample in the US and Europe (UK, France, Germany, Spain)**

TGI



# India

## Diverse Different Determined

In India, many people who drink cola prefer a local brand. Sports fans follow cricket rather than football. And while brands matter, a brand's reputation often is closely linked with that of the parent conglomerate.

In other words, as a consumer society, India is much the same as the rest of the world and also very different. This paradox informs the growing importance of brands in a rapidly transforming society of more than a billion people of diverse languages, cultures and beliefs—a few incredibly wealthy, others entering an expanding middle class and many still extremely poor.

Marketing approaches that work in other parts of the world are not automatically effective in India where individuals at all income levels are being exposed to brands either through travel, entertainment or the increasing presence of global brands in India. While desiring international brands, Indians also are increasingly self-confident about their national identity.

This duality, to an extent, depends on product category. In fashion, footwear and accessories—categories that exhibit personal taste or status—foreign brands exert great appeal. When Indian heritage is a consideration—which also could be in fashion and accessories as well as food and beverages—local provenance becomes important both for domestic consumption and export.

Consumers also prefer local brands that excel at innovating and improvising to create products that precisely meet local needs. This resourcefulness, considered a particularly Indian talent, is known by the Hindi word Jugaad. In another market characteristic unique to India, large conglomerates control much of the Indian economy, and consumer trust often depends on a combination of corporate and brand reputation.

### Conglomerates and government influence brand growth

Usually run by powerful entrepreneurial families, the leading conglomerates include Tata, Reliance and Bharti. They operate in multiple industries, such as telecommunications, cars and retail, and market many of India's leading brands. As in other BRIC countries, the government also influences the rise of local brands with regulations that moderate the entrance of foreign companies.

Early in 2012, India relaxed restrictions on single-brand retailers, enabling brands such as Nike to expand more freely. Walmart, and retailers that sell multiple brands, must combine with an Indian partner and operate only wholesale outlets. Walmart entered India in a joint venture partnership with Bharti. Tesco partnered with Tata.

An effort to liberalize the Foreign Direct Investment rules (FDI) failed during 2011. The regulations are primarily designed to protect the estimated eight million mom and pop grocery stores in India. By entering India as wholesalers, rather than retailers, the big box multi-nationals became suppliers of the mom and pops rather than their competitors.

Because this is India, the preferred outcome is not just one winner, but instead a reconciliation of competing interests that eventually produces more opportunities. In this complicated process, the multi-nationals gain market expertise from their local partners, while the partners learn from the multi-nationals and gain time to strengthen their own retail brands. Meanwhile, anticipating the eventual end of the FDI regulations, all the major players invest in much needed improvements to infrastructure including roads and refrigeration for food.

### Fundamentals for brand building in India

**1. Be meaningfully different**
Indians generally like brands. And they are familiar with many brands from the West and other markets. Success requires bringing something new and different.

**2. Be consistent in thought and execution**
These qualities will help to build trust in the brand.

**3. Take into account the regional differences**
Many countries are diverse. But few are as large and distinctive as India in language, diet, beliefs and customs.

**4. Emphasize fashion, if possible**
For some categories, such as telecoms, cars or banking, Indians might prefer an Indian brand. When it comes to fashion, however, international brands tick all the boxes.

**5. Remember it's a democracy**
India is the world's largest democracy, which means that working underneath apparent chaos and slow process is a system that respects the individual and attempts to fairly balance competing interests.

## Understanding market diversity is key

Penetrating India also requires understanding the country's rich diversity. The local dairy brand Amul, formed as a farmer cooperative in 1946, is well regarded, for example, because it's trusted and its products appeal to the Indian palate. Similarly, the dominant cola brand in India is Thums Up in part because of its somewhat spicy taste and its consistent positioning as a macho drink with a strong flavor. Coca-Cola purchased Thums Up in the early 1990s.

And as often is the case in fast growing markets, consumer product multi-nationals, such as P&G or Unilever, introduced brands to India years ago. Unilever, for example, arrived as Lever Brothers in 1933. Since merging with an India company over 50 years ago it's operated as Hindustan Unilever. In some cases the multi-national brands are so insinuated into the market they're considered Indian. Maggie Noodles, popular in India and other Asian markets, is a Nestlé brand. The Maruti Suzuki car, one of the first popularly priced cars in India is seen as an Indian brand.

The proliferation of local brands is most evident in telecommunications where 15 operators resist consolidation and battle for a share of almost 900 million mobile phone subscribers. The Indian brands have done a relatively good job of differentiating in a category where telecoms worldwide struggle against being viewed simply as the commodity conduits of voice and data.

One of the pioneer brands, Airtel, known for its network strength, appears in the BrandZ™ Top 100 ranking for the first time this year. Vodafone Essar focuses on customer care. Another brand, Idea, emphasizes value-added services and has built awareness with advertising. Price competition heated up in the crowded telecom sector last year when Tata DoCoMo lowered prices. With extensive market penetration, the telecom leaders are shifting their efforts from gaining new users to increasing per-user engagement and revenue. The change in part reflects growing consumer affluence.

## Aspiration becomes a factor

Greater prosperity also impacts the car category, which is experiencing increasing sales and brand segmentation both at the high and low ends of the market. Tata's repositioning of its Nano brand illustrates these developments. Tata introduced the Nano, in 2009, as an entry-level car for people transitioning from two-wheel to four-wheel vehicles. Marketing emphasized relative safety and affordability. When sales flattened after an initial surge, Tata realized that customers liked the car but not its association with their limited financial circumstances.

Adding some amenities, Tata made the car more aspirational. Customers, it seems, wanted a symbol of new possibilities not a rearview reminder of their recent and limited past. The Tata brand overall has benefited from the knowledge gained from its acquisition of upscale Jaguar Land Rover, although the marketing for those brands has been low key so far. The rising Indian economy continues to drive sales of other Indian car brands, such as Mahindra.

Exports are increasing, too, particularly to Africa where the Mahindra brand exports its less expensive models. Tata trucks are popular in Malawi. The Indian brands best known internationally are the IT giants Wipro and Infosys, which provide B2B solutions in most industry sectors, and ICICI Bank. A major integrated financial institution, with offices worldwide, ICICI ranks in the BrandZ™ Top 100.

ICICI competes with other growing Indian bank brands such as HDFC and Axis Bank.

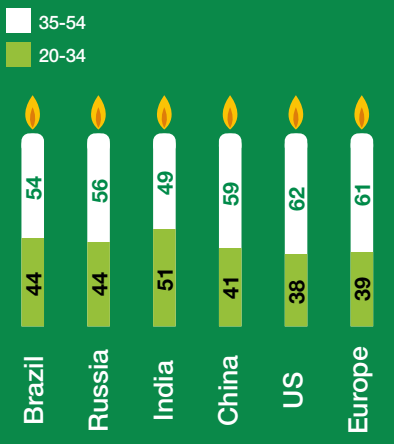
Even in banking, a global brand implies a greater sense of status than a local Indian brand, generally. In practice, however, people in smaller, rural markets may find that the Indian bank brand understands their needs more deeply. And government regulations may provide regulatory protection for the local brand. Amid all of these developments and apparent contradictions it's important to remember they're shaped by India's long history and modern status as the world's largest democracy. Z

BRIC FOUNDATIONS

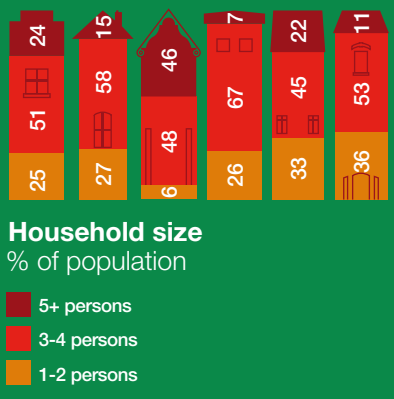
### DEMOGRAPHICS

India is the most distinctive BRIC country based on age and household size. India is younger. Compared with the other BRICs, the US and Europe, India is the only country or region where the majority of the population (51 percent) is 20-to-34 years old. Indian households are larger. Almost half of the nation's households include more than five persons. Household size in the other BRIC countries more closely resembles the US and Europe.

**Age**
% of population




**Household size**
% of population




**Source: Global TGI research based on analysis of 20-to-54 year-olds in the largest cities in BRIC markets and a countrywide sample in the US and Europe (UK, France, Germany, Spain)**

TGI




# China

## Chinese brands benefit from improved quality and sharp pricing

### Chinese brands are competing more effectively.

Several factors drive this competitiveness. First, Chinese consumers have become more sophisticated about brands. Second, Chinese brands have improved in quality, leveraged their deep market knowledge and maintained a price advantage.

The growing strength of Chinese brands is especially apparent in categories where consumers discern no functional differences between the multi-national and Chinese offerings, and the Chinese brand is cheaper. Some multi-national brands have operated in China for so long they're well accepted. But longevity is no longer an adequate advantage.

Critically, these changes are happening as the focus of brand expansion shifts to China's interior cities and villages where consumer values—the preference for price and functionality over status appeal—favors Chinese brands. Having improved functionality, Chinese brands face the challenge of improving emotional appeal.

Even Chinese financial institutions and other large State Owned Enterprises (SOEs) now take branding more seriously as they compete against each other and expand abroad to markets where they are relatively unknown. This year, 13 Chinese brands are included in the BrandZ™ Top 100 Most Valuable Global Brands, more brands than the other BRIC countries combined and a sharp increase since 2006 when only two Chinese brands appeared. New to the ranking are Sinopec, the oil and gas giant, and Moutai, an alcoholic drink.

### Growing functional and emotional appeal

The beer and spirits category illustrates the ability of Chinese brands to cultivate emotional appeal. Moutai enjoys an emotional bond with Chinese consumers based on heritage. Moutai is a brand of baijiu, the traditional Chinese alcoholic drink distilled from sorghum and produced in China for at least 2,000 years.

Similarly, the Chinese beer Snow distinguished itself in a category where real differentiation is difficult. Although little known outside of China, Snow is one of the world's most-consumed beers. Several years ago, the brand launched a marketing campaign around the idea of adventure with a campaign called *Globe Trekker.*

As part of the campaign, selected volunteers have explored exotic locations such as Tibet's Brahmaputra Canyon. In the summer of 2001, Snow produced one of the largest digital campaigns in China. Global brewer SABMiller produces Snow in a joint venture with a local company, China Resource Enterprises.

The Chinese dairy brand Yili communicates emotionally by emphasizing health and nutrition and employing celebrities to differentiate itself from Mengniu, its chief competitor. In contrast, the detergent brand Blue Moon exemplifies the triumph of functionality and price. It effectively challenges multi-national brands in China, because it works and costs approximately 30 percent less. Building on this reputation, the company is expanding its product line to include sanitizer and other products.

### Fundamentals for brand building in China

**1. Expect sophisticated consumers**
Educated by their increased exposure to both overseas and domestic brands, Chinese consumers, especially in the large coastal cities, are becoming more demanding and discerning in their brand expectations.

**2. Emphasize trust**
Consumers are looking for brands that combine innovation and trust, qualities increasingly found in Chinese products as the country begins to market as well as manufacture brands.

**3. Understand the nuances of the youth market**
China's young people are avid consumers and eager to obtain greater material success than their parent's generation. But they're not a monolithic purely materialistic group. With growing affluence many feel a greater sense of social responsibility.

**4. Find customers using social media**
China's Internet is more fragmented than in most countries. Where Facebook or Twitter may dominate their sectors in certain countries, in China several different brands will offer the equivalent services. Reaching consumers requires knowing they can be found in many places.

**5. Use a media mix**
Mobile is quickly becoming the preferred way many Chinese people, particularly the young, access information especially with the growing popularity of 3G smart phones. But people still spend a lot of time with traditional media, such as TV, which can't be ignored.

## Brand building crosses borders

Chinese brands are slowly growing their export sales. In the initial stages of establishing brands for export, brands with Chinese heritage enjoyed the greatest success as they connected with communities of Chinese people living outside of China. Moutai, for example, enjoys success outside of China.

Along with beer and spirits brands, traditional Chinese medicines also have reached overseas consumers, primarily in Chinese ex-pat communities but increasingly among the general population interested in wellness and herbal remedies. Among the better-known brands is Tong Ren Tang, which was established in 1669, at the beginning of the Qing Dynasty.

Many Chinese technology companies have prospered as OEMs (Original Equipment Manufacturers), creating products for major brand marketers from the West. Some of these companies now attempt to leverage their vast knowledge to market their own brands and enjoy higher margins. A few technology brands, such as Lenovo, already have achieved high brand recognition outside of China. Established as a small electronics supplier, called Legend Group Holdings in 1984, Lenovo today is one of the world's largest producers of PCs. It launched the Lenovo brand in 2003, and two years later acquired IBM's Personal Computing Division.

Haier, one of China's largest home appliance brands, is a world leader in white goods. Established as a refrigerator manufacturer in 1984, the brand now sells its refrigerators, washing machines, air conditioners and other products through leading mass merchants in the US and Europe. Midea also manufactures air conditioners and household appliances that it markets worldwide. Rival Gree specializes in air conditioners and markets globally.

The sports apparel brand Li-Ning experienced difficulty in the domestic market last year but, determined to build the brand overseas, Li-Ning signed a deal with the Finnish L-Fashion Group to establish the brand in Europe and it launched a website in the US to aggressively market the brand using e-commerce.

## SOEs build brands

Even the large SOEs are engaging in brand building to facilitate increased overseas expansion. Until recently, these enterprises placed less attention on brand because they enjoyed monopolistic dominance. But as China's economy changes, many of these banks, insurance companies, telecoms, and oil and gas giants compete against each other and also seek growth outside of China.

In May 2011, ICBC (Industrial and Commercial Bank of China) received a license to open a branch in Mumbai, and it recently established a presence in Karachi, Islamabad and Canada and also aspires to grow in Russia, the Middle East and Latin America. ICBC is the world's most valuable financial brand, ranking 13 in the BrandZ™ Top 100.

China's major oil and gas companies—Sinopec and PetroChina—engage in brand building to help establish important relationships as they expand abroad and also to build credibility domestically. Sinopec, which operates China's largest network of gas stations, sponsors major events including Formula One racing.

For COFCO, a large, multi-brand food conglomerate, domestic marketing is important, not to raise the corporate profile, but to promote its brands, which include category leaders such as Fulinmen, a producer of cooking oil and rice, and Great Wall wine.

## Western brands dominate some categories

In some categories, such as cars, Chinese consumers view local brands as lower quality than the Western brands. While the Chinese government initially supported production of Chinese auto brands at the entry level, Chinese auto buyers typically want to trade up.

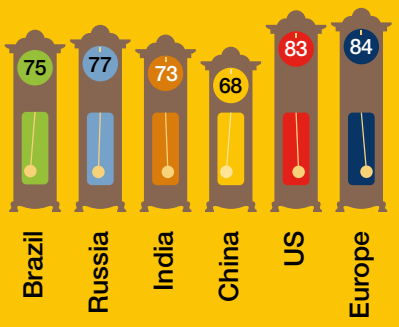
Multinational carmakers, such as Audi, GM, Ford and VW enjoy prominence in China through their joint venture partnerships with Chinese manufacturers. Because most of the production for these Western brands happens in China, many Chinese consumers view these cars as Chinese. VW became familiar because of its use as taxis. Audi comprises a large share of government official vehicle fleets. Z

BRIC FOUNDATIONS

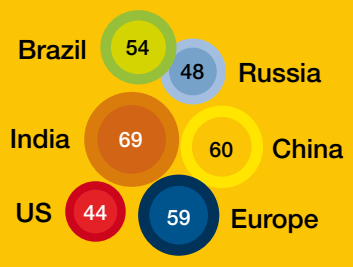
### VALUES AND ATTITUDES

While it's important to understand the unique aspects of each country, it's also necessary to find the areas of commonality. People in all of the BRIC countries share roughly the same values as inhabitants of the US and Europe regarding the centrality of family and the ability to manage their money. In related research, TGI also found that people across countries and regions affirmed the importance of lasting relationships and said that time was more important than money.

**"I enjoy spending time with my family"**
% who agree




**"I am very good at managing money"**
% who agree




**Source: Global TGI research based on analysis of 20-to-54 year-olds in the largest cities in BRIC markets and a countrywide sample in the US and Europe (UK, France, Germany, Spain)**

TGI

# TOP 100

## Overview

The total value of the 2012 BrandZ™ Top 100 Most Valuable Global Brands rose marginally last year by 0.4 percent to $2.4 trillion, as a perfect storm of economic stress, political uncertainty and natural disasters affected brands across categories.



Almost half of the Top 100 brands lost value. Brands last declined this broadly during the depths of the 2009 global recession.

But financial performance, not brand, was the more critical determinant for 35 of the 49 brands that declined.

Brand Contribution—the measurement of brand strength exclusive of financials or any other factors—generally remained stable or increased for most brands and provided the buoyancy to navigate the year's turbulence.

One in five of the 2012 BrandZ™ Top 100 brands came from a fast growing economy. But the total value of those brands slipped slightly for the first time to $330.8 billion because of the business slowdown in Brazil and China.

The number of fast growing economies represented in the BrandZ™ Top 100 Most Valuable Global brands expanded, however, with the appearance of the first brand from Africa, the South African telecom MTN.

In addition, two Chilean retailers, Falabella and Sodimac, made the list of leading retailers. And on the strength of its business in fast growing Asian economies, Commonwealth Bank became the first Australian brand in the BrandZ™ Top 100.

Brand value fluctuations in the 2012 BrandZ™ ranking were spread evenly across the 13 categories covered. Six categories rose in value and six declined. The financial category remained even with last year.

– Technology brands again dominated, comprising 30 percent of BrandZ™ Top 100 total value. Apple, IBM, Google and Microsoft occupied four of the top five positions (McDonald's was the exception).

– The three categories that grew most in brand value—luxury, fast food and apparel—revealed an underlying consumer determination to spend on brands, but to spend wisely for quality and value.

– The insurance category experienced the sharpest decline, 16 percent, in part because of the exposure to catastrophes including the tsunami in Japan and flooding in Thailand.

Other factors impacting brand value included the BRIC slowdown, Europe's debt crisis, political uncertainty in the US and the erosion of trust culminating in the Occupy Wall Street movement.

Despite this challenging context, the strong performance of many brands across diverse categories pointed to the continuing importance of brand and a steady appreciation of brand value. During the past six years, between 2006 and 2012, the total value of the BrandZ™ Top 100 Most Valuable Global Brands rose 66 percent.

## Brand power made a difference

Strong brands enabled companies to endure continued economic weakness and thrive in the transition to recovery. With brand value increases of 31 percent and 26 percent, respectively, Home Depot and IKEA were among the Top Risers based in part on the steady housing recovery, at least in the US.

Audi became a Top Riser, with a brand value increase of 23 percent, and Volkswagen appeared in the BrandZ™ Top 100 for the first time. Both car brands experienced strong growth worldwide—in the recovering US, slowing China and struggling Europe.

Recognizing the power of their valuable brands, several organizations took steps to assert control over this critical asset. Apple announced, early in 2012, that it would spend cash reserves to buy back shares. Ralph Lauren, Hugo Boss and Calvin Klein took steps to increase the number of brand-owned stores and reduce franchises. Burberry allowed certain licenses to expire. Ralph Lauren, Hugo Boss and Burberry were Top Risers in brand value, with Ralph Lauren up 51 percent. Calvin Klein appeared in the apparel ranking for the first time.

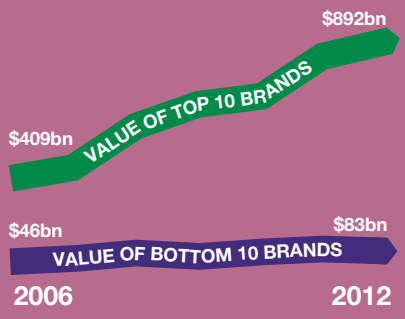
Even organizations that developed as government owned or controlled bureaucracies increasingly recognized the importance of brand as they faced new competitors at home and expanded abroad. Once a staid Russian financial institution, Sberbank was among the Top Risers,

THE IMPORTANCE OF BRAND

## STRONG BRANDS GROW IN VALUE

The Top 10 brands in the BrandZ™ Top 100 Most Valuable Global Brands added almost $500 billion in value over the past six years. Some of the growth, but not all, reflects the remarkable rise of leading technology brands. The larger lesson is that strong brands continue to grow in value. Although the bottom 10 brands of the BrandZ™ Top 100 did not increase as much value in absolute terms, they doubled in value.

**The strong grow stronger**




Source:

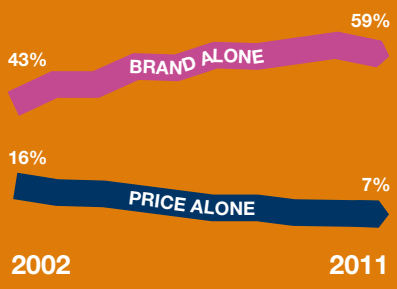
MillwardBrown Optimor

THE IMPORTANCE OF BRAND

## STRONG BRANDS DRIVE SALES

The importance of brand in consumer purchasing decisions increased significantly of the past decade, while the influence of price declined. In interviews conducted in 31 countries, 59 percent of consumers now say that brand alone is an important purchasing determinant, compared with only 7 percent who say that price alone is important. The rise of brand and the decline of price in purchasing decisions have produced a widening gap. The preference for brand alone remained strong even during the recession. Price alone rarely drives sales.

**10 years: Brand more influential**




**Source: Millward Brown Optimor, BrandZ™ Data**

MillwardBrown Optimor

BRANDZ™

following a redesign of its branches and a business refocus toward the customer. The bank also completed a major strategic acquisition in Eastern Europe.

## Changed spending attitudes touched brands

Changing customer attitudes affected most categories and brands, as spending shifted to more considered—rather than conspicuous—consumption. People bought luxury again. In fact, the category rose 15 percent in brand value. But appreciation of craft and enduring quality become almost as important as bling.

Similarly, in personal care, shoppers spent money to look good even in bad times, perhaps especially in bad times. But they sought added functional benefits, driven more by a desire to maintain their own health and wellness than the need to impress others. Although the personal care category declined slightly overall, certain brands appreciated significantly. Clinique rose 43 percent in brand value.

Consumers also expressed a growing desire for intrinsic quality, but reluctance to pay for badge premium. Korean brand Hyundai appeared for the first time in the car category ranking. Improvements both in production and design, plus competitive pricing, enabled Hyundai to challenge competitors at all model levels, including luxury. This pursuit of value in part explains the success of apparel brands Zara and Uniqlo, which appreciated 22 percent and 26 percent, respectively.

Empowered by technology, especially the rise of mobile, consumers also influenced changes in shopping and the customer-brand relationship. Attempting to connect with shoppers all the time and anywhere on the elusive path to purchase, merchants and brands added another word to the retail lexicon—omni-channel. Constantly present in social media, brands and retailers used incentives offered on mobile apps to convert in-store shoppers into customers. Retailers added flexible delivery options—in-store pick-up or home delivery—to build loyalty. Even Amazon experimented with pick-up locations to supplement its virtual reality with a bricks and mortar presence.

## Technology brands expanded influence

In a series of acquisitions and collaborations between technology companies and telecoms, brands formed ecosystems to leverage each other's competence in content creation, digital devices and delivery systems. Google purchased Motorola Mobility and Microsoft formed a partnership with Nokia. Apple and Amazon continued to develop their own ecosystems.

These changes reflected technology's increased centrality in all aspects of consumer life. Collaborations produced smart phones and smart homes and smart cars, which provided for the mass-market safety and comfort features previously reserved for luxury. The technology and telecom categories comprised about one-third of the brands in the 2012 BrandZ™ Top 100 but they accounted for 44 percent of the value.

IBM, which celebrated its centennial last year, increased 15 percent in value, maintaining its position as the leading B2B technology brand and ascending

Zara and Uniqlo appreciated 22% and 26%



Chinese sales drove the rise of KFC and Estée Lauder

to Number 2 in the BrandZ™ Top 100 ranking. IBM's performance demonstrated the resilience of a brand that pioneered the mainframe and adapted to the cloud age, and it affirmed the possibility of building a strong brand in the B2B space.

Many B2B brands attempted to simplify their office technology to make it resemble the simpler at-home consumer experience. In B2C, and at the formative end of brand lifecyle, eight-year-old Facebook grew 74 percent in brand value, making it the fastest riser, as it prepared for an Initial Public Offering (IPO). The ubiquity of technology also raised consumer concerns about privacy and other practices. Consumers focused the same kind of scrutiny on technology brands that they usually reserved for banks and other major institutions

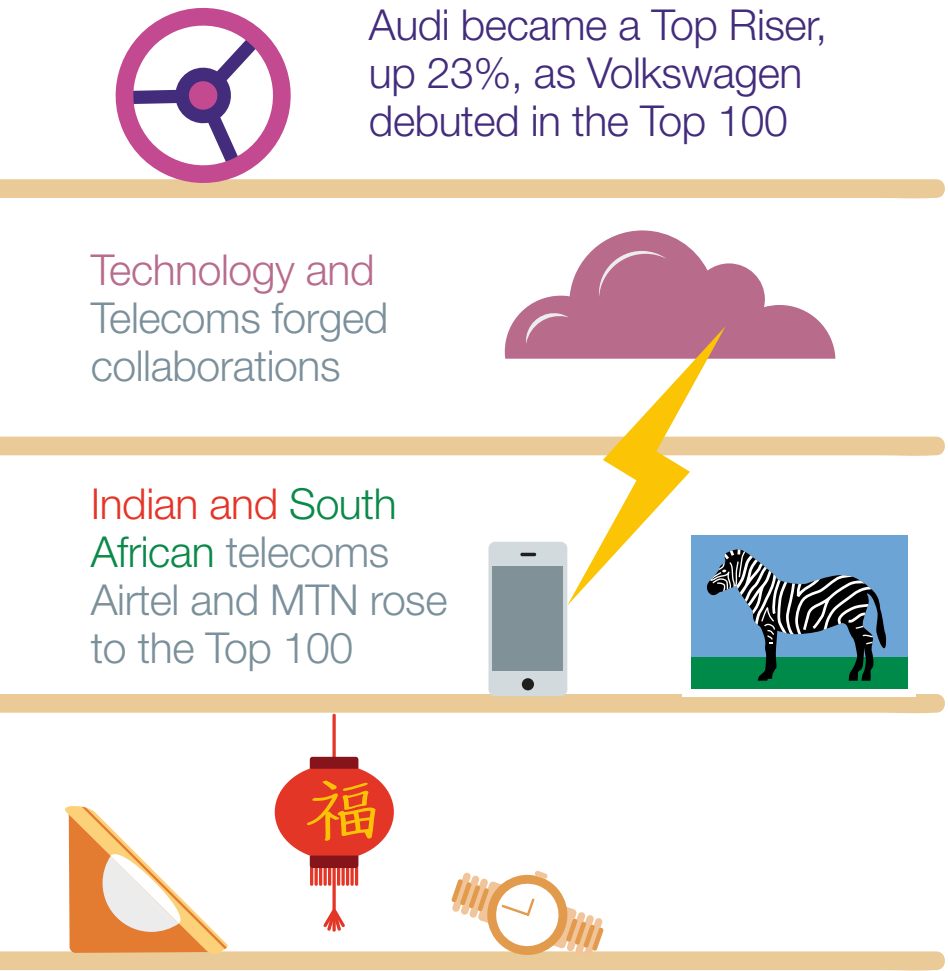
## BRIC slowdown was relative

Although fast growing economies slowed, growth remained relatively strong in certain categories. Revenue from China contributed to the 16 percent value increase of the cosmetic brand Estée Lauder. China results also drove the rise of KFC, which appeared in the BrandZ™ Top 100 ranking for the first time.

Even as a few BRIC brands dropped from the BrandZ™ Top 100 others appeared, including Sinopec, the Chinese oil and gas brand, Moutai, the brand of traditional Chinese alcohol and the Indian telecom Airtel.

And brands from other fast growing economies entered the BrandZ™ ranking. The South African entry MTN, a telecom, operates throughout Africa and the Middle East. The Chilean brand Falabella is the largest retailer in South America, with a portfolio of department stores and specialists that include the other Chilean brand new to the BrandZ™ rankings, Sodimac, the home improvement chain.

In a challenging year, when the BRICs decelerated somewhat, these developments are a reminder that fast growing economies remain a key driver of sales and brand value growth. Z

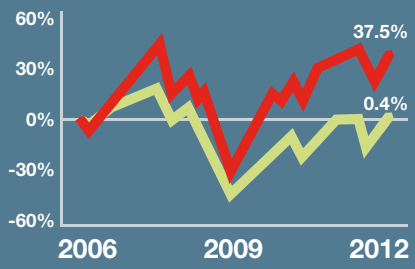



THE IMPORTANCE OF BRAND

## STRONG BRANDS OUTPERFORM THE S&P 500

Over the past six bumpy economic years, the S&P was down more than it was up and appreciated only 4.5 percent. In contrast, the BrandZ™ portfolio increased by 46.3 percent. Like the S&P 500, the BrandZ™ portfolio comprises a diverse group of public companies. The BrandZ™ portfolio companies are the strongest brands in the BrandZ™ ranking. The comparison between the two portfolios shows that strong brands outperform the stock market benchmark by a wide margin—103 percent.

**BrandZ™ portfolio continues to outperform the market**




Source: Bloomberg, Millward Brown Optimor, BrandZ™ Data

MillwardBrown Optimor

BRANDZ™

# BrandZ™ Top 100 Most Valuable Global Brands 2012

| # | Category | Brand | Brand Value 2012 ($M) | Brand Contribution Index | Brand Momentum Index | % Brand Value Change 2012 vs 2011 | Rank Change |
|---|---|---|---|---|---|---|---|
| 1 | Technology | | 182,951 | 4 | 10 | 19% | 0 |
| 2 | Technology | IBM | 115,985 | 4 | 5 | 15% | 1 |
| 3 | Technology | Google | 107,857 | 4 | 5 | -3% | -1 |
| 4 | Fast Food | | 95,188 | 4 | 8 | 17% | 0 |
| 5 | Technology | Microsoft | 76,651 | 4 | 8 | -2% | 0 |
| 6 | Soft Drinks | Coca-Cola * | 74,286 | 5 | 7 | 1% | 0 |
| 7 | Tobacco | Marlboro | 73,612 | 3 | 7 | 9% | 1 |
| 8 | Telecoms | at&t | 68,870 | 3 | 5 | -1% | -1 |
| 9 | Telecoms | verizon | 49,151 | 3 | 7 | 15% | 4 |
| 10 | Telecoms | 中国移动通信 CHINA MOBILE | 47,041 | 4 | 9 | -18% | -1 |
| 11 | Conglomerate | | 45,810 | 2 | 5 | -9% | -1 |
| 12 | Telecoms | vodafone | 43,033 | 3 | 6 | -1% | 0 |
| 13 | Financial | ICBC | 41,518 | 2 | 9 | -7% | -2 |
| 14 | Financial | WELLS FARGO | 39,754 | 3 | 3 | 8% | 2 |
| 15 | Financial | VISA | 38,284 | 4 | 9 | 34% | 5 |
| 16 | Logistics | ups | 37,129 | 5 | 8 | 4% | 1 |
| 17 | Retail | Walmart | 34,436 | 2 | 5 | -8% | -2 |
| 18 | Retail | amazon.com | 34,077 | 3 | 10 | -9% | -4 |
| 19 | Technology | | 33,233 | 3 | 10 | 74% | 16 |
| 20 | Telecoms | Deutsche Telekom | 26,837 | 3 | 2 | -10% | -1 |
| 21 | Luxury | | 25,920 | 5 | 8 | 7% | 5 |
| 22 | Technology | SAP | 25,715 | 3 | 5 | -1% | 1 |
| 23 | Cars | | 24,623 | 4 | 5 | 10% | 7 |
| 24 | Financial | 中国建设银行 China Construction Bank | 24,517 | 2 | 4 | -4% | 0 |
| 25 | Technology | Baidu 百度 | 24,326 | 5 | 10 | 8% | 4 |

Brand Contribution measures the role brand plays in driving earnings on a scale of 1 to 5 (highest).
Brand Momentum measures the prospects for future earnings on a scale of 1 to 10 (10 highest).
* The Brand Value of Coca-Cola includes Lights, Diets and Zero
** The Brand Value of Budweiser includes Bud Light

| # | Category | Brand | Brand Value 2012 ($M) | Brand Contribution Index | Brand Momentum Index | % Brand Value Change 2012 vs 2011 | Rank Change |
|---|---|---|---|---|---|---|---|
| 26 | Technology | | 22,898 | 3 | 3 | -35% | -8 |
| 27 | Technology | | 22,529 | 2 | 5 | -16% | -5 |
| 28 | Cars | | 21,779 | 3 | 5 | -10% | -1 |
| 29 | Financial | | 20,759 | 4 | 8 | 53% | 31 |
| 30 | Financial | | 20,198 | 4 | 3 | 18% | 10 |
| 31 | Financial | | 19,313 | 3 | 3 | -14% | -3 |
| 32 | Luxury | | 19,161 | 5 | 8 | 61% | 39 |
| 33 | Personal Care | | 19,055 | 5 | 7 | -4% | -1 |
| 34 | Oil & Gas | | 18,315 | 1 | 7 | 8% | 7 |
| 35 | Baby Care | | 18,299 | 5 | 7 | -5% | -1 |
| 36 | Retail | | 18,007 | 4 | 9 | -18% | -5 |
| 37 | Technology | | 17,992 | 4 | 8 | 19% | 15 |
| 38 | Financial | | 17,867 | 2 | 4 | 6% | 5 |
| 39 | Oil & Gas | | 17,781 | 1 | 3 | 17% | 12 |
| 40 | Financial | | 17,225 | 4 | 3 | 0% | -1 |
| 41 | Telecoms | | 17,113 | 2 | 4 | -37% | -20 |
| 42 | Fast Food | | 17,072 | 4 | 9 | 43% | 30 |
| 43 | Entertainment | | 17,056 | 3 | 8 | -1% | -5 |
| 44 | Apparel | | 16,255 | 4 | 9 | 17% | 13 |
| 45 | Technology | | 16,118 | 3 | 5 | 4% | 4 |
| 46 | Cars | | 16,111 | 4 | 4 | 5% | 4 |
| 47 | Telecoms | | 15,981 | 3 | 6 | 3% | 1 |
| 48 | Beer | ** | 15,882 | 4 | 6 | 0% | -3 |
| 49 | Technology | | 15,633 | 2 | 5 | 12% | 9 |
| 50 | Telecoms | | 15,351 | 2 | 3 | -13% | -14 |

**Source:** MillwardBrown Optimor
(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

# BrandZ™ Top 100 Most Valuable Global Brands 2012

| # | Category | Brand | Brand Value 2012 ($M) | Brand Contribution Index | Brand Momentum Index | % Brand Value Change 2012 vs 2011 | Rank Change |
|---|---|---|---|---|---|---|---|
| 51 | Personal Care | Colgate | 14,948 | 4 | 7 | 5% | 4 |
| 52 | Fast Food | SUBWAY | 14,843 | 4 | 8 | 4% | 2 |
| 53 | Insurance | 中国人寿 CHINA LIFE | 14,587 | 3 | 9 | -25% | -20 |
| 54 | Financial | TD | 14,561 | 4 | 3 | -14% | -12 |
| 55 | Technology | SAMSUNG | 14,164 | 3 | 9 | 16% | 12 |
| 56 | Oil & Gas | | 13,940 | 1 | 10 | N/A | New |
| 57 | Personal Care | L'ORÉAL | 13,773 | 4 | 5 | -12% | -11 |
| 58 | Apparel | H&M | 13,485 | 2 | 7 | 4% | 4 |
| 59 | Technology | cisco | 13,317 | 2 | 7 | -18% | -15 |
| 60 | Financial | Commonwealth Bank | 13,083 | 3 | 7 | N/A | New |
| 61 | Financial | 中国银行 BANK OF CHINA | 12,982 | 2 | 6 | -26% | -24 |
| 62 | Retail | | 12,968 | 2 | 5 | 31% | 27 |
| 63 | Financial | ICICI Bank | 12,665 | 2 | 2 | -15% | -10 |
| 64 | Retail | ebay | 12,662 | 3 | 8 | 18% | 18 |
| 65 | Cars | | 12,647 | 3 | 3 | -11% | -9 |
| 66 | Apparel | ZARA | 12,616 | 3 | 3 | 22% | 20 |
| 67 | Soft Drinks | pepsi *** | 12,598 | 4 | 4 | -3% | -4 |
| 68 | Oil & Gas | PetroChina | 12,105 | 1 | 10 | 7% | 10 |
| 69 | Alcohol | | 11,838 | 3 | 8 | N/A | New |
| 70 | Logistics | FedEx | 11,723 | 4 | 9 | 0% | 3 |
| 71 | Telecoms | airtel | 11,531 | 3 | 8 | N/A | New |
| 72 | Financial | usbank | 11,488 | 3 | 2 | 9% | 12 |
| 73 | Technology | SIEMENS | 10,676 | 2 | 3 | -11% | -3 |
| 74 | Financial | SBERBANK | 10,649 | 3 | 5 | 25% | 25 |
| 75 | Oil & Gas | BR PETROBRAS | 10,560 | 1 | 5 | -21% | -14 |

*** The Brand Value of Pepsi includes Diets
**** The Brand Value of Red Bull includes sugar-free and Cola
***** The Brand Value of Sony includes Playstation 3

| # | Category | Brand | Brand Value 2012 ($M) | Brand Contribution Index | Brand Momentum Index | % Brand Value Change 2012 vs 2011 | Rank Change |
|---|---|---|---|---|---|---|---|
| 76 | Retail | | 10,506 | 3 | 4 | -16% | -11 |
| 77 | Oil & Gas | | 10,424 | 1 | 3 | -17% | -13 |
| 78 | Insurance | | 10,174 | 3 | 9 | -3% | 5 |
| 79 | Financial | | 10,064 | 2 | 1 | -16% | -10 |
| 80 | Soft Drinks | **** | 9,984 | 3 | 6 | 8% | 13 |
| 81 | Cars | | 9,853 | 2 | 6 | -2% | 7 |
| 82 | Financial | | 9,760 | 2 | 1 | -38% | -35 |
| 83 | Financial | | 9,627 | 2 | 3 | -4% | 4 |
| 84 | Telecoms | | 9,572 | 3 | 8 | -18% | -9 |
| 85 | Telecoms | | 9,553 | 3 | 5 | -12% | -5 |
| 86 | Technology | ***** | 9,444 | 4 | 4 | -10% | -1 |
| 87 | Retail | | 9,310 | 2 | 6 | 1% | 7 |
| 88 | Telecoms | | 9,273 | 3 | 8 | N/A | New |
| 89 | Retail | | 9,206 | 3 | 9 | 26% | New |
| 90 | Telecoms | | 9,191 | 3 | 9 | -4% | 1 |
| 91 | Fast Food | | 8,852 | 3 | 8 | 8% | New |
| 92 | Financial | | 8,644 | 3 | 3 | -28% | -24 |
| 93 | Oil & Gas | | 8,599 | 1 | 8 | 6% | New |
| 94 | Telecoms | | 8,562 | 2 | 3 | -27% | -20 |
| 95 | Financial | | 8,546 | 3 | 2 | -25% | -18 |
| 96 | Cars | | 8,519 | 3 | 6 | 15% | New |
| 97 | Telecoms | | 8,449 | 3 | 6 | -27% | -21 |
| 98 | Retail | | 7,836 | 3 | 5 | -43% | -39 |
| 99 | Insurance | | 7,813 | 2 | 5 | -7% | New |
| 100 | Logistics | | 7,601 | 3 | 5 | N/A | New |

**Source:** MillwardBrown Optimor
(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

# Top Risers

## Facebook led the 2012 BrandZ™ Top 100 Most Valuable Global Brands in brand value appreciation, a status it also claimed in the 2011 ranking.

With a 74 percent increase in value, Facebook ranked Number 19 this year. It first appeared in the ranking in 2010.

Burberry, Hermès, Starbucks and IKEA also appeared in the Top Risers ranking for the second consecutive year. The rate of brand value growth increased for Hermès and remained even for Starbucks and IKEA. For Burberry and Facebook brand value grew at a strong but slower pace than last year. Overall, the 2012 Top 20 Risers grew just 35 percent in value compared with 63 percent a year ago.

Only one BRIC market brand—Russia's Sberbank—made the 2012 Top 20 Risers compared with three BRIC brands last year. Facebook was the only technology brand compared with five technology Top Risers last year when technology was the most represented category. Apparel was this year's most represented category, with five brands.

Strong performance in most markets, and sales growth from both new and existing stores, drove the brand value increases of Ralph Lauren and Hugo Boss. With their focus on fast and affordable fashion, UNIQLO and Zara were well positioned as consumers sought value. Value also explained the presence of the fast food brands Domino's Pizza, Tim Hortons and Starbucks in the Top Risers ranking.

But value was not the entire story, especially for Starbucks, which celebrated its 40th anniversary by refreshing the brand with a revised logo that both affirmed the brand's coffee roots and widened its focus. The Top Riser luxury brands also reflected value and quality, but at quite a different price point than a cup of coffee. Both Hermès and Rolex reinforced their elite status, while Burberry's in-store and online marketing innovations made the brand more accessible to a new generation.

For Home Depot and IKEA, the rise in brand value reflected both the strengthening of the housing market and operational improvements implemented during the recession. In the financial category, the strong brand performance of Visa and MasterCard suggested that customers sustained trust in these brands despite a low opinion of banks, with exceptions such as Sberbank, the Russian bank in the process of transforming from a Soviet-style institution to a consumer-facing brand.

In personal care, Dove and Clinique benefited from overall brand strength and growth in BRIC markets. Audi's brand value increased for similar reasons, as customers chose high quality at a lower price relative to the competition. Sales in China remained strong, in part because Audi is a brand of choice for fleets of official Chinese government cars. Z

| # | Brand | % Brand Value ($M) | Brand Value Growth |
|---|---|---|---|
| 1 | Facebook | 33,233 | 74% |
| 2 | Hermès | 19,161 | 61% |
| 3 | MasterCard | 20,759 | 53% |
| 4 | Ralph Lauren | 5,086 | 51% |
| 5 | Starbucks | 17,072 | 43% |
| 6 | Clinique | 3,418 | 43% |
| 7 | Rolex | 7,171 | 36% |
| 8 | Visa | 38,284 | 34% |
| 9 | HUGO BOSS | 3,257 | 33% |
| 10 | The Home Depot | 12,968 | 31% |
| 11 | Domino's | 797 | 29% |
| 12 | UNIQLO | 3,689 | 26% |
| 13 | IKEA | 9,206 | 26% |
| 14 | adidas | 3,863 | 25% |
| 15 | Tim Hortons | 3,346 | 25% |
| 16 | Sberbank | 10,649 | 25% |
| 17 | Audi | 4,703 | 23% |
| 18 | Dove | 4,696 | 23% |
| 19 | Zara | 12,616 | 22% |
| 20 | Burberry | 4,090 | 21% |

**Source:** MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

# Newcomers

## The influence of fast growing markets again forms a common theme uniting newcomers to the BrandZ™ Top 100 Most Valuable Global Brands.

| Ranking | Brand | Brand Value ($M) |
|---|---|---|
| 55 | Sinopec | 13,940 |
| 60 | Commonwealth Bank | 13,083 |
| 69 | Moutai | 11,838 |
| 71 | Airtel | 11,531 |
| 88 | MTN | 9,273 |
| 89 | IKEA | 9,206 |
| 91 | KFC | 8,852 |
| 93 | Chevron | 8,599 |
| 96 | Volkswagen | 8,519 |
| 99 | State Farm | 7,813 |
| 100 | DHL | 7,601 |

Source: MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

The newcomers include two Chinese brands: Sinopec, the oil and gas giant; and the traditional Chinese clear liquor, Moutai. Airtel and MTN are telecoms from India and South Africa, respectively. MTN, the first brand from Africa to appear in the BrandZ™ Top 100, operates in more than 20 countries across Africa and the Middle East.

Commonwealth Bank of Australia benefited from business interests in fast growing Asian markets, especially China, Indonesia and Vietnam. The growth of KFC depended much more on results from its roughly 3,700 Chinese outlets than on the 4,780 fast food restaurants it operates in the US, its home market.

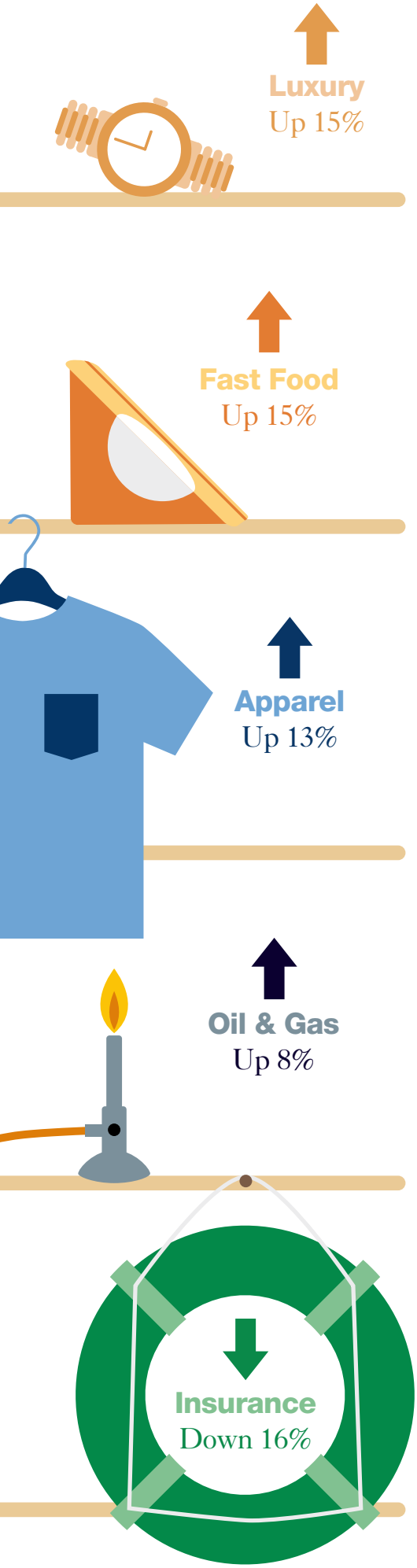
DHL, the German-owned international express delivery and logistics company, also experienced strong results in fast growing markets, as did Volkswagen. In contrast to much of its competition, the German carmaker also performed well in Europe despite the economic uncertainty that depressed car sales.

IKEA entered the BrandZ™ Top 100 as the housing market strengthened somewhat and consumers in struggling economies responded to IKEA's value-for-money, ready-to-assemble furniture proposition. The brand also enjoyed strong sales in China.

Celebrating its 90th anniversary in 2012, State Farm introduced its first new logo since 1953. It expects the new simplified design to be more easily identified in digital media, which is increasingly important, as more insurance is sold online. Meanwhile, the brand sustained its high profile in the US with extensive TV advertising. Chevron reported record earnings in 2011, in part because of high crude oil prices. Z



MTN, the first African brand in the BrandZ™ Top 100 Most Valuable Global Brands, emerged in Mandela-era South Africa. Operating at the intersection of social change, culture and business, the brand today touches the aspirations of 170 million subscribers in 21 countries across three continents.




# Category Changes

With a few exceptions, the aggregate brand values of the 13 categories studied in the 2012 BrandZ™ ranking changed only moderately, reflecting the flat 0.4 percent growth of the Top 100 overall.

Six categories increased and six declined, while the financial category remained level. Only three categories appreciated by more than 10 percent—luxury, fast food and apparel. Only insurance declined by more than 10 percent.

This balance of positive and negative brand value changes contrasts with the BrandZ™ 2011 results when all categories appreciated in brand value. Of the categories that grew in value this year, only two—apparel and oil and gas—outpaced the improvement of a year ago.

Apparel, up 13 percent, compared with a 10 percent rise in 2011, benefitted from the excellent financial performance of certain brands and a return to spending, although discounting pressured margins. Oil and gas improved 8 percent in value in the BrandZ™ 2012 ranking compared with just a 1 percent improvement in 2011, when BP declined sharply following the Gulf of Mexico disaster. In the BrandZ™ 2012 ranking, the appreciation of other brands and the addition China's Sinopec contributed to the growth in category brand value.

The two categories that appreciated most in brand value in the 2012 ranking—luxury and fast food—represent opposite poles of consumer spending. Both categories appreciated 15 percent and reflected spending attitudes reshaped by the recession. Luxury rose because as the economy strengthened a sense of entitlement replaced spending embarrassment. The category also benefited from sales in China.

Fast food climbed as core customers remained and new customers traded down to a more affordable eating out experience. Brands also improved menus with healthier options and continued to develop breakfast business. Aggressive expansion in fast growing markets drew new customers for whom the brands were aspirational.

The number of natural disasters last year, combined with global economic trends, explains the 16 percent decline in brand value for insurance. Each of the 13 categories in the BrandZ™ 2012 ranking felt the combined impact of the global economy and category-specific factors (Please see the category reports that begin on page 48). Z

| Category | % Brand Value Growth 2012 vs 2011 |
|---|---|
| Luxury | 15% |
| Fast Food | 15% |
| Apparel | 13% |
| Oil & Gas | 8% |
| Technology | 2% |
| Soft Drinks | 1% |
| Financial Institutions | 0% |
| Beer | -1% |
| Personal Care | -5% |
| Retail | -5% |
| Cars | -7% |
| Telecom Providers | -7% |
| Insurance | -16% |

Source: MillwardBrown Optimor
(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

# Brand Contribution

## Brand Contribution is the distinctive advantage of the BrandZ™ ranking.

It's an assessment of how effectively a brand differentiates from its competitors, generates desire and cultivates loyalty. Derived from extensive consumer research, Brand Contribution is among the measurements included in the calculation of brand value. (Please see the methodology on page 97).

High Brand Contribution is an enduring competitive strength. In fact, all but three of the brands in the 2012 BrandZ™ ranking of Brand Contribution leaders also appeared last year. Coca-Cola and two Chilean retailers, Falabella and Sodimac, debuted this year. One of South America's largest retailers, Falabella operates department stores, supermarkets and specialty outlets, including the Sodimac home improvement chain.

High Brand Contribution most often is found in categories, such as luxury, where the emotional connection to the consumer is more salient than any functional benefit. In the 2012 BrandZ™ ranking of Brand Contribution leaders, six of the 15 brands listed are in the luxury category. Interestingly, six other brands are from fast growing markets and represent categories other than luxury.

Looking at the results another way, of the brands rated highest in Brand Contribution, 40 percent are in luxury and 40 percent come from BRIC countries and other fast growing markets. Fast growing market brands comprise 20 percent of the BrandZ™ Top 100. These accomplishments reflect the rising stature and value of brands in fast growing markets.

Along with Falabella and Sodimac, three other Latin American brands, all from Brazil, appear among the 15 brands in the 2012 BrandZ™ Brand Contribution ranking: the beers Skol and Brahma and Natura, a cosmetic brand. The highly valued Chinese search engine Baidu is the other brand from a fast growing market. Z

| # | Brand | Brand Value ($M) | Brand Contribution |
|---|---|---|---|
| 1 | Moët & Chandon | 4,217 | 5 |
| 2 | Sodimac | 3,318 | 5 |
| 3 | Baidu | 24,326 | 5 |
| 4 | Skol | 4,698 | 5 |
| 5 | Brahma | 2,359 | 5 |
| 6 | Pampers | 18,299 | 5 |
| 7 | Louis Vuitton | 25,920 | 5 |
| 8 | Hennessy | 4,596 | 5 |
| 9 | Natura | 3,307 | 5 |
| 10 | Guinness | 4,044 | 5 |
| 11 | Hermès | 19,161 | 5 |
| 12 | Rolex | 7,171 | 5 |
| 13 | CHANEL | 6,677 | 5 |
| 14 | Coca-Cola | 74,286 | 5 |
| 15 | Falabella | 5,263 | 5 |

**The Brand Contribution Index measures the unique role brand plays in driving earnings and is measured on a scale of 1 to 5, with 5 being the most positive.**

**Source:** MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)




Interestingly, six brands listed are from fast growing markets and represent categories other than luxury.

# Regions

## Brands based in North America grew in value last year or declined only slightly.

This result contrasts sharply with results in Continental Europe, the UK, Asia and Latam, where many more brands declined.

Twenty-six, more than half, of the regional brand leaders declined in value in the 2012 BrandZ™ Top 100 Most Valuable Global Brands, compared with only nine declining brands in the 2011 ranking.

This finding reflects the global economic and political forces that impacted brands last year. The relative strength of the brands based in North America underscores the correlative point: brand strength matters. It's a sturdy tiller no matter which way the currents are running.

The North American brands are, with one exception, the Top 10 most valuable global brands. The list includes Apple, IBM and Google as well as McDonald's and Coca-Cola. It's not an accident that six out of the 10 have Brand Contribution scores of 4 or 5, the highest possible. Brand Contribution measures the impact on earnings made by brand itself, exclusive of finances or other factors. Similarly, these brands score high on Brand Momentum, a measurement of future earnings potential.

The category mix in each region affected the brand value fluctuations. The North American ranking comprises mostly technology and telecom brands. In contrast, retail, finance, and oil and gas—categories experiencing pressure—dominated the UK ranking, in which eight of 10 brands declined. Despite Europe's troubled economy, half of the brands in the regional ranking improved in value. Half of the brands are in apparel and luxury, categories that grew in value.

With the exception of Japan's Toyota and NTT DoCoMo, a telecom, and the Korean brand Samsung, the Asian ranking is made up of Chinese brands. While the general decline in brand value reflects the slowdown of the Chinese economy, the brand appreciation of Baidu, the search engine, and the social network Tencent/QQ, points to the driving power of technology.

The Latam results indicate how the slowdown in Brazil impacted brands, but it also reveals the residual strength of Brazilian brands such as the beers Brahma and Skol and Natura, the cosmetic. The introduction into the retail ranking of two brands from Chile, Falabella and Sodimac, and the presence of Telcel and Corona from Mexico, confirmed how Latam is broader than a Brazil phenomenon. Most important, five of the eight Latam brands scored 5 in Brand Contribution and another brand scored 4. Z



The North American brands are, with one exception, the Top 10 most valuable global brands.

# Top 10 North America

| # | Brand | Brand Value 2012 ($M) | Brand Contribution Index | % Brand Value Change 2012 vs 2011 | Rank Change |
|---|---|---|---|---|---|
| 1 | Apple | 182,951 | 4 | 19% | 0 |
| 2 | IBM | 115,985 | 4 | 15% | 1 |
| 3 | Google | 107,857 | 4 | -3% | -1 |
| 4 | McDonald's | 95,188 | 4 | 17% | 0 |
| 5 | Microsoft | 76,651 | 4 | -2% | 0 |
| 6 | Coca-Cola* | 74,286 | 5 | 1% | 0 |
| 7 | Malboro | 73,612 | 3 | 9% | 1 |
| 8 | AT&T | 68,870 | 3 | -1% | -1 |
| 9 | Verizon | 49,151 | 3 | 15% | 1 |
| 10 | GE | 45,810 | 2 | -9% | -1 |

**Source:** MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

The Brand Contribution Index measures the unique role brand plays in driving earnings and is measured on a scale of 1 to 5, with 5 being the most positive.

# Top 10 Continental Europe



Despite Europe's troubled economy, half of the brands in the regional ranking improved in value.

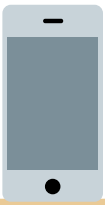
| # | Brand | Brand Value 2012 ($M) | Brand Contribution Index | % Brand Value Change 2012 vs 2011 | Rank Change |
|---|---|---|---|---|---|
| 1 | Deutsche Telekom | 26,837 | 3 | -10% | 0 |
| 2 | Louis Vuitton | 25,920 | 5 | 7% | 2 |
| 3 | SAP | 25,715 | 3 | -1% | 0 |
| 4 | BMW | 24,623 | 4 | 10% | 1 |
| 5 | Hermès | 19,161 | 5 | 61% | New |
| 6 | Movistar | 17,113 | 2 | -37% | -4 |
| 7 | Mercedes-Benz | 16,111 | 4 | 5% | 1 |
| 8 | Orange | 15,351 | 2 | -13% | -2 |
| 9 | L'Oreal | 13,773 | 4 | -12% | -2 |
| 10 | H&M | 13,485 | 2 | 4% | 0 |

**Source:** MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

The Brand Contribution Index measures the unique role brand plays in driving earnings and is measured on a scale of 1 to 5, with 5 being the most positive.

# Top 10 Asia



With the exception of Japan's Toyota and NTT DoCoMo, a telecom, and the Korean brand Samsung, the Asian ranking is made up of Chinese brands.

| # | Brand | Brand Value 2012 ($M) | Brand Contribution Index | % Brand Value Change 2012 vs 2011 | Rank Change |
|---|---|---|---|---|---|
| 1 | China Mobile | 47,041 | 4 | -18% | 0 |
| 2 | ICBC | 41,518 | 2 | -7% | 0 |
| 3 | China Construction Bank | 24,517 | 2 | -4% | 0 |
| 4 | Baidu | 24,326 | 5 | 8% | 1 |
| 5 | Toyota | 21,779 | 3 | -10% | -1 |
| 6 | Tencent/QQ | 17,992 | 4 | 19% | 4 |
| 7 | Agricultural Bank of China | 17,867 | 2 | 6% | 1 |
| 8 | NTT DoCoMo | 15,981 | 3 | 3% | 1 |
| 9 | China Life | 14,587 | 3 | -25% | -3 |
| 10 | Samsung | 14,164 | 3 | 16% | New |

**Source:** MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

The Brand Contribution Index measures the unique role brand plays in driving earnings and is measured on a scale of 1 to 5, with 5 being the most positive.



# Top 8 Latin America

The Latam results indicate how the slowdown in Brazil impacted brands, but also reveals the residual strength of Brazilian brands such as the beers Brahma and Skol and Natura, the cosmetic brand.

| # | Brand | Brand Value 2012 ($M) | Brand Contribution Index | % Brand Value Change 2012 vs 2011 | Rank Change |
|---|---|---|---|---|---|
| 1 | Petrobras | 10,560 | 1 | -21% | 0 |
| 2 | Telcel | 8,449 | 3 | -27% | 0 |
| 3 | Falabella | 5,263 | 5 | N/A | New |
| 4 | Corona | 5,114 | 4 | -6% | 1 |
| 5 | Skol | 4,698 | 5 | 3% | 2 |
| 6 | Sodimac | 3,318 | 5 | N/A | New |
| 7 | Natura | 3,307 | 5 | -28% | -1 |
| 8 | Brahma | 2,359 | 5 | 18% | 0 |

**Source:** MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

The Brand Contribution Index measures the unique role brand plays in driving earnings and is measured on a scale of 1 to 5, with 5 being the most positive.



# Top 10 UK

Retail, finance, oil and gas—categories experiencing pressure—dominated the UK ranking, in which eight of 10 brands declined.

| # | Brand | Brand Value 2012 ($M) | Brand Contribution Index | % Brand Value Change 2012 vs 2011 | Rank Change |
|---|---|---|---|---|---|
| 1 | Vodafone | 43,033 | 3 | -1% | 0 |
| 2 | HSBC | 19,313 | 3 | -14% | 0 |
| 3 | Tesco | 18,007 | 4 | -18% | 0 |
| 4 | Shell | 17,781 | 1 | 17% | 0 |
| 5 | BP | 10,424 | 1 | -17% | 0 |
| 6 | Standard Chartered | 10,064 | 2 | -16% | 0 |
| 7 | O2 | 8,562 | 2 | -27% | 0 |
| 8 | Barclays | 5,961 | 2 | -32% | 0 |
| 9 | Dove | 4,696 | 3 | N/A | New |
| 10 | M&S | 4,327 | 3 | -18% | -1 |

**Source:** MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

The Brand Contribution Index measures the unique role brand plays in driving earnings and is measured on a scale of 1 to 5, with 5 being the most positive.

# Brand Personality: Unlocking key traits for success and value



By Peter Walshe
Global BrandZ™ Director
MillwardBrown Optimor

## Every brand has a personality.

It's part of how consumers perceive the brand and how the brand differentiates itself from the competition. Accurately understanding brand personality is important to brand success. That's why we created a vocabulary for quantifying and describing brand personality. Recently we've added a related visual language called Brand Toys (Please see sidebar).

Being able to measure something as important—but as intangible—as brand personality enables brand owners to ask important questions that can strengthen competitive advantage:

– What is the brand's personality?

– Is it unique and can it become more unique?

– Is the personality consistent worldwide? If not, how does it vary?

Understanding brand personality also helps select the most appropriate message and media, or more effective and suitable sponsorships or partnerships. Ultimately, understanding a brand personality enables the brand owner to deliver a consistent brand experience that connects with consumers and leaves a deeper and more sustainable impression.

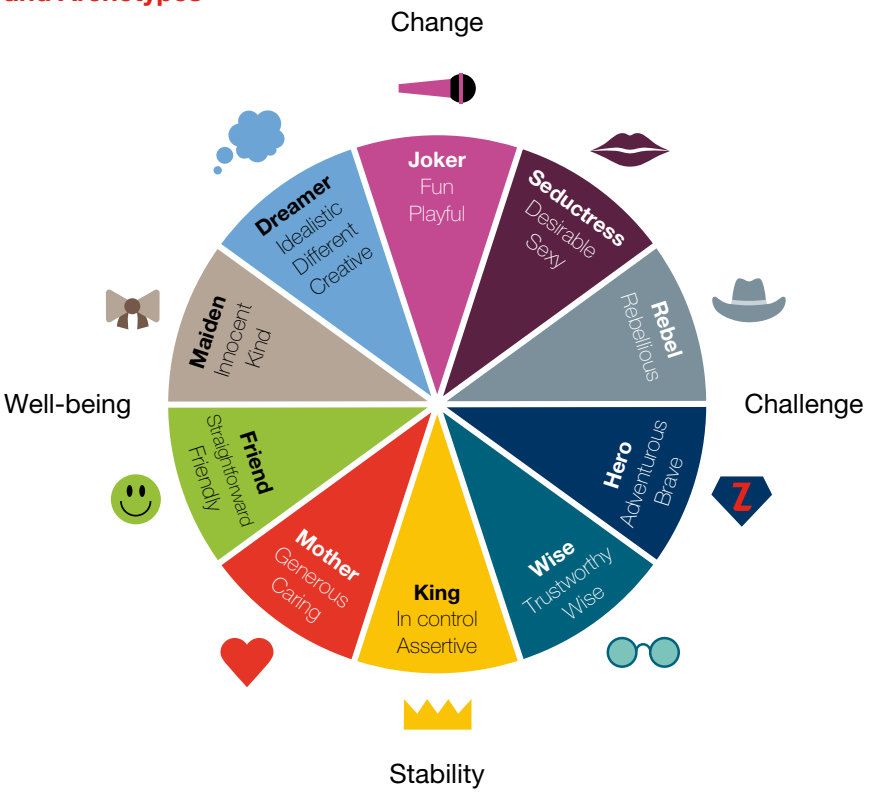
Brand personality characteristics often suggest a brand's latent appeal. When identified and cultivated they can effectively guide the creative tone of communications. For example, Mercedes is relatively "assertive" and "in control," while BMW is more "sexy" and "desirable." The brands have different and differentiating personalities. Mercedes confidently plays on its heritage with the fitting tagline, "The Best or Nothing." In contrast, "The Ultimate Driving Machine" accurately captures the BMW personality.

## Background

As part of our extensive and on-going global BrandZ™ research, we measure the personality of thousands of brands. We base the research on authoritative psychological personality profile testing. Adapting the results to be relevant for brands, we ask, if the brand were a person what kind of personality would it have?

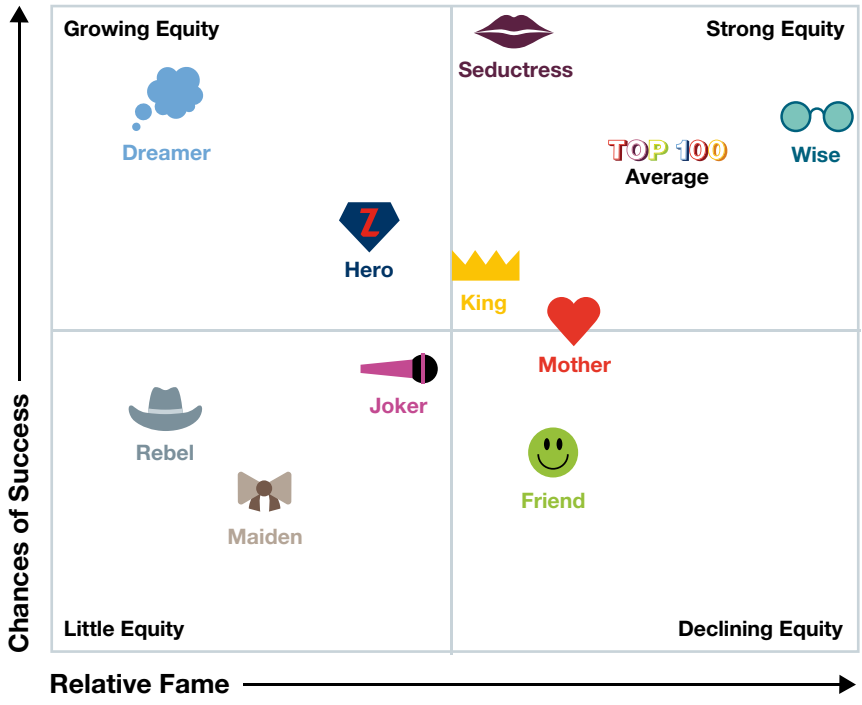
We begin with 20 personality characteristics. Then we combine the characteristics into 10 brand personality archetypes (Please see the illustration). For example: The related personality characteristics "generous" and "caring" combine into the brand personality archetype "Mother." Similarly, we

**Brand Archetypes**




**Brand personality characteristics are combined into 10 brand archetypes, which are then arranged around two axes.**

Source: BrandZ™ data




**Brand archetypes correlate with success and equity.**

Source: BrandZ™ data

Understanding a brand personality enables the brand owner to deliver a consistent brand experience that connects with consumers and leaves a deeper and more sustainable impression.

use the brand archetype "Hero" to represent brands that are "adventurous" and "brave."

## Brand archetypes

Then we take one more step. After combining brand personality characteristics into brand archetypes, we show how the archetypes relate to each other by lining them up along two axes: the polarities of one axis are stability and change; the other, well-being and challenge. For example: The archetypes "Dreamer" and "Joker" are associated with change, while "King" and "Wise" are more about stability. Similarly, the archetype "Mother" represents a mix of stability and well-being, while a "Seductress" is both challenging as well as a potential driver of change.

## Archetypes and success

Brand archetype doesn't by itself determine success. And successful brands can fit anywhere on the spectrum of archetypes. But inevitably some brands are just more compelling. The recent BrandZ™ Strength of Character analysis of over 14,000 brands worldwide identifies several archetypes that, in diverse ways, are associated with brand success.

The "Wise" archetype (particularly trustworthy) is most unequivocally correlated with brand success. "Wise" brands include Google, China Mobile and Visa. The Seductress brand (sexy and desirable) is more of a specialist but revels in being distinct, different and attractive. It describes L'Oreal, Louis Vuitton and Zara.

In contrast, the "Maiden," "innocent" and "kind," is not as strong. Many retailer own brands fit this brand archetype. "Friend" brands are "friendly" and "straightforward", and usually very well known. They include Airtel, the Indian telecom, Home Depot and KFC. But "Friend" brands generally are declining in equity.

## Archetypes and equity

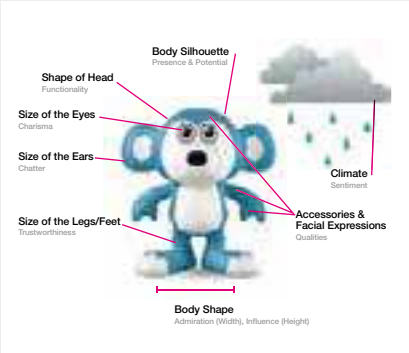
Brand archetypes correlate with brand equity. Brands with these archetypes—"Seductress", "Wise," "King" and "Mother"—typically have strong brand equity. In contrast, brands with "Joker," "Rebel" and "Maiden" archetypes have lower equity. There are exceptions, of course, but the rule is useful (Please see chart).

On average, the BrandZ™ Top 100 most valuable global brands fall in the middle

## Brand Toys provide a new tool for understanding brands

As visual representations of brand personality, Brand Toys stimulate creative thought that can lead to new marketing and strategic insights. **www.brandtoys.com**

Brand Toys are created based on brand personality characteristics from BrandZ™ data combined with an index of social media buzz. This information dictates the Brand Toy's size, shape and expression. Eyes widen to indicate charisma, while height increases and legs thicken to project trustworthiness, for example. Various body shapes signify the brand's potential and its familiarity. Expressions change or accessories are added to suggest various qualities. Depending on style, a hat might symbolize assertiveness or caring.




**A brand's personality is illustrated by the size and shape of the Brand Toy's ears, eyes, head, legs and feet and facial expression as well as by a hat or other accessory.**




**A brand's potential and familiarity are illustrated by body shape. Brands with maximum potential roughly resemble a dragon; brands with maximum familiarity roughly resemble a gorilla.**



For example: BrandZ™ data says Coca-Cola is particularly "desirable," "adventurous" and "fun." The Coca-Cola Brand Toy has the sunniest disposition, a "smiley" badge, a "lipstick" kiss on its cheek and is clearly a fun toy. The Brand Toys visualization is as effervescent as the drink. It overflows with smiles. Although the Coca-Cola brand is more than 125 years old, its Brand Toy reflects the ever-youthful image that helps Coca-Cola hold its own in brand value with newcomers such as Google, Amazon and Facebook. It commands a good price premium but is rated as very well priced because of the immense desire the brand creates. Happiness for the shareholders comes in an investment that is Coca-Cola shaped.

In contrast, UPS, which is particularly "in control," "trustworthy" and "wise," is an approachable hulk, with thick trustworthy legs, bright open eyes suggesting considerable charisma, and a careful tie and prize winning ribbon, which also recognizes trust. The Brand Toy is holding a timepiece to show reliability and punctuality in taking care of you and your shipping.



of the Strong Equity quadrant of the Strength of Character map, between the "Wise" and "King" with a strong dose of the personality characteristic "desire," which is an aspect of the "Seductress" archetype. In personality, the Top 100 brands are on average, significantly more "in control, "assertive," "trustworthy," "wise" and "creative."

In terms of brand archetype, the Top 100 can be summarized as "Wise Kings." This summary is especially true of the B2B leaders. IBM, is a "King" because of its high levels of "trust" and "wisdom" together with its "idealistic" positioning. Exxon Mobile is also a "King" but less "idealistic" and much more "assertive," while Royal Bank of Canada is an "in control" "King."

As noted, there are exceptions to the rule and they include some of the most valuable brands that define their category. As the approachable "Joker," Facebook is "fun," "playful" and "friendly." The "Dreamer" Apple is "creative," "adventurous" and "desirable." Red Bull, the "Rebel," is "adventurous" and "brave," if a bit "arrogant." Being "straightforward," which implies honesty, is a key characteristic of the "Friend" archetype, which describes Amazon because of its great service, range and recommendations. Being seen as "generous," "kind" and "caring" makes Colgate the ultimate "Mother" brand archetype. Z





# Apparel

# Value wins sales as discounts, rising costs squeeze margins

## Shoppers expected a discount.

Retailers complied, driving sales if not building loyalty. In search of the best value for money, consumers often visited more locations, physical or online, and spent across multiple brands.

To discourage this recession-conditioned bargain hunting behavior, brands experimented with various pricing strategies while maintaining quality. Some retailers lowered the opening price somewhat but later offered less of a discount when putting the merchandise on sale.

Higher sourcing costs complicated these efforts to preserve margins. This double hit of discount pricing and rising costs especially hurt small independent apparel brands. Some discounters suffered if an exclusive focus on price limited the value message.

## Certain brands excelled

Despite the pressure to discount, some of the strongest brands, such as fast fashion leaders Zara and H&M, enjoyed relative success receiving the full markup in part because consumers, perceiving value, switched to these brands.

H&M also gained sales by encouraging women to cross-shop and purchase items for their children. A strategy usually associated with grocery retailing, apparel brands increasingly promoted cross shopping to increase share of wallet.

Nike successfully emphasized discounting in at least part of its line. The discounts may have appealed to people trading up to Nike, and its reputation for innovation, from the private label brands they purchased during the recession.

With its combination of youthful style and price, Uniqlo drew shoppers seeking value for money. The Japanese brand intensified its presence abroad, opening several additional stores in Manhattan including a flagship on Fifth Avenue.

## Spending caution prevailed

While spending caution affected most demographic groups, some middle-aged people with disposable income increased their apparel purchasing, not only for themselves but to help ease the financial strain on their grown children and grandchildren. And some of the upscale brands showed strength.

Calvin Klein ascended to the Top 10 in brand value this year. Part of PVH Corporation, whose holdings include Tommy Hilfiger, Izod and Arrow, Calvin Klein's success resulted from its heavy investment in global marketing, $300 million worldwide, and careful cultivation of the brand in fashion magazine advertising and editorial.

The brand also benefited from its presence in both mature and fast growing markets. It derived just over half its revenue in North America, about a quarter in Europe and 17 percent in Asia. Over 750 Calvin Klein stores worldwide, operated by more than 40 licensees, also drove awareness. Its outlet stores offered value. To gain more control over the brand, Calvin Klein bought back franchises.

## Store presence drove sales

Ralph Lauren, which also bought back franchises, increased sharply in brand value as more affluent shoppers returned, at least in the US, where the brand has its widest exposure. Of the more than 100 full-price Ralph Lauren brand stores worldwide, 60 are located in North America with the rest evenly distributed in Asia and Europe. Around 10,000 department stores and other locations carry the brand. And around 6,000 of those are in the US. The brand also experienced strong online sales and benefitted from almost 200 factory outlet stores.



Despite pressure to discount, some of the strongest brands, such as Zara and H&M, enjoyed relative success receiving the full markup because consumers, perceiving value, switched to these brands.

# Movers and shakers





**Apparel**
Up 13%



| | | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | Nike | 16,255 | 4 | 9 | 17% |
| 2 | H&M | 13,485 | 2 | 7 | 4% |
| 3 | Zara | 12,616 | 3 | 3 | 22% |
| 4 | Ralph Lauren | 5,086 | 4 | 7 | 51% |
| 5 | adidas | 3,863 | 4 | 6 | 25% |
| 6 | UNIQLO | 3,689 | 2 | 8 | 26% |
| 7 | HUGO BOSS | 3,257 | 4 | 6 | 33% |
| 8 | Next | 2,973 | 3 | 5 | 16% |
| 9 | Metersbonwe | 1,395 | 3 | 9 | -4% |
| 10 | Calvin Klein | 1,183 | 3 | 9 | N/A |

**Source:** MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)
Brand Contribution measures the role brand plays in driving earnings on a scale of 1 to 5 (highest).
Brand Momentum measures the prospects for future earnings on a scale of 1 to 10 (10 highest).

The rise in the Hugo Boss valuation reflected the brand's strong financial performance, with worldwide sales up 19 percent, led by a 34 percent increase in Asia and a 24 percent rise in the Americas. But sales rose by a healthy 15 percent even in the troubled economy of Europe. The brand-owned retail stores primarily drove the growth. The brand added 85 stores during 2011, ending the year with a total of 622. It too bought back franchise operations.

## Customer touch points added

Technology tools added excitement to sales and marketing as apparel fashion apps became, literally, an important customer touch point. A Nike app used GPS that enabled runners to track their pace, distance and location. Adidas shoppers could use an app that provided local store locations, inventories and coupons.

In a Moscow store, Top Shop introduced an augmented reality mirror that enabled shoppers to see how they looked in a garment without the hassle of trying it on. Macy's added an augmented mirror to its flagship Manhattan store in late 2010. Customers select an item of clothing displayed on an iPad application and view themselves in the mirror wearing the item.

Relatively late to ecommerce, Zara introduced its US site and H&M planned for a 2012 launch. Social shopping sites also influenced apparel sales. By posting photos of merchandise to a variety of social shopping sites,

By posting photos of merchandise to a variety of social shopping sites, shoppers could gain fashion advice or help locating hard-to-find items.

shoppers could gain fashion advice or help locating hard-to-find items.

The developing markets experienced relatively strong sales, with China's Metersbonwe, which serves a young urban audience, appreciating in brand value. In contrast, the Li-Ning brand value declined as it unsuccessfully attempted to pitch the sportswear brand toward youth. Prominent in China, with merchandise in more than 8,000 outlets, Li-Ning continued its international expansion effort, entering India and launching a US website. **Z**



## Insight: Apparel

**Price, brand drove sales**

"In the last year, in the apparel category, we saw that people bought fewer items. This behavior was essentially driven by price. Alongside increased sourcing costs this price incline is also driven in the discounted market where people are trading up to buy that more expensive branded good at a discount."

**Julie MacPherson, Client Manager, Kantar Worldpanel, London**

KANTAR WORLDPANEL

## Brand Toys: Zara & Uniqlo

**Unique brands deliver great value**




Affordable fashion and trendy chic are in. Zara and Uniqlo are both rated very good value because they are unique and deliver excellent brand experiences. BrandZ™ data classifies Zara as a "Seductress," being very "sexy," "creative" and "playful" in character. Additionally, Zara achieves excellent user recommendation scores. Uniqlo, also well recommended by its users, is quite different in personality being seen as "caring," "kind" and "generous" and thus a "Mother." The Brand Toy visualizations show Zara as quite cool, wearing the trendy shades, and Uniqlo as particularly trustworthy, having large solid legs. The flowers in the hand of Uniqlo Brand Toy show kindness. No wonder both brands rose in value in the 2012 BrandZ™ ranking.

SPOTLIGHT

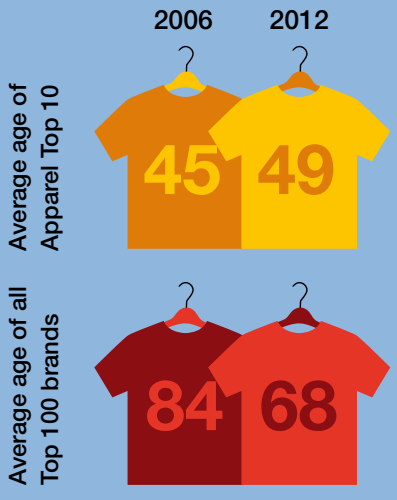
## APPAREL BRANDS YOUNGER THAN MOST, BUT THE GAP IS CLOSING

The average year of founding of the Top 10 apparel brands is 1963, which makes their average age 49 compared with an average age of 68 for the BrandZ™ Top 100.

The apparel brands are aging, however, while the average age of the Top 100 is declining with the introduction of new technology brands.

All of the Top 10 apparel brands were established in the twentieth century, as they were when we first valued them in 2006.

The oldest apparel brand then was H&M, which was established in 1947. Hugo Boss, started in 1924, now is the oldest brand in the BrandZ™ apparel ranking.




**Source: BrandZ™ Data**

BRANDZ™



# Beer

# Brands positioned for faster growth worldwide

## Brands advanced growth plans last year, amid regulations, competition and economic uncertainty.

In the largest transaction, South Africa's SABMiller acquired Foster's Group, the Australian Brewer. It also completed, in March 2012, a strategic alliance with Anadolu Efes, a Turkish company, for marketing in Turkey, Russia, Central Asia and the Middle East. SAB is the world's second largest brewer after Belgium's AB-InBev. The two conglomerates each market more than 200 beer brands.

They attempted to grow sales of both global brand leaders and brands with targeted geographic or demographic appeal. Sales of AB-InBev's global brands—Budweiser, Stella Artois and Beck's—grew by over 3 percent. Miller Genuine Draft and Peroni are among the global brands of SABMiller. Its key regional beers include Coors Light and Miller Lite, marketed in the US in a joint venture with MolsonCoors.

Regionally, AB-InBev continued to enjoy success with Bud Light, which reclaimed its number one position in brand valuation based on its strength in the US, where it sponsored the NFL (National Football League). To reinforce Budweiser, the brand introduced a new visual identity, using a bow tie shape taken from its graphics heritage.

These activities took place in a challenging environment for beer sales in developed markets. The trend away from on-trade drinking continued, particularly in the UK, and many retailers discounted brands to drive traffic. Governments promulgated regulations to curb binge drinking, the troubled economy hurt premium brands and the rising interest in wine impacted brands at all levels.

### Insight: Beer

**Building global brand portfolios**



"I think one of the most interesting trends in the beer category over the last 12 months has been that of global branding. As the big players get bigger and bigger they are creating portfolios out of brands that come from all over the world to create really appealing brand offers to consumers."

**Nick Cooper,**
**Managing Director,**
**Millward Brown Optimor**

MillwardBrown Optimor

# Movers
## and shakers





**Beer**
Down 1%

| | | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | Bud Light | 8,368 | 4 | 7 | 17% |
| 2 | Budweiser | 7,514 | 4 | 6 | -15% |
| 3 | HEINEKEN | 6,058 | 4 | 5 | -8% |
| 4 | Corona | 5,114 | 4 | 7 | -6% |
| 5 | Skol | 4,698 | 5 | 7 | 3% |
| 6 | Stella Artois | 4,529 | 4 | 6 | 0% |
| 7 | Guinness | 4,044 | 5 | 7 | 17% |
| 8 | Brahma | 2,359 | 5 | 7 | 18% |
| 9 | Miller Lite | 2,313 | 3 | 8 | -9% |
| 10 | Beck's | 1,554 | 4 | 6 | -20% |

**Source:** MillwardBrown Optimor
(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)
Brand Contribution measures the role brand plays in driving earnings on a scale of 1 to 5 (highest).
Brand Momentum measures the prospects for future earnings on a scale of 1 to 10 (10 highest).



Bud offered an app that discounted the cost of beer on very hot days. Once the temperature reached a certain heat index the app issued the user a discount redeemable at local pubs.

## Looking to fast growing markets

Seeking faster growth and less regulation, the major brewers focused much attention on the BRICs and other fast growing markets. In partnership with China Resources Enterprises, SABMiller announced plans to introduce Miller Genuine Draft in central China. In a joint venture, SABMiller and China Resource Enterprises produce Snow, China's leading brand and one the world's most consumed beers.

Heineken invested heavily in China in the premium segment, using both the Heineken brand and local brands. Heineken expects Brazil and Mexico to drive a substantial proportion of future growth. AB-InBev owns Brazil's popular beer brand leaders, Brahma, Skol and Antarctica. It launched Budweiser in Brazil during 2011.

The larger brewers also sought more opportunities in Africa and India. SABMiller already operates in more than 30 African countries, generally with its French joint-venture partner, Castel. Guinness is well received in Africa where it is seen as a premium drink and a virility enhancer. Although Africa's poor transportation and cooling challenge most beers, it does not disadvantage Guinness because the brand is intended for consumption at ambient temperature.

## Regulations reach fast growing markets

But even the fast growing markets became more challenging. United Breweries, which leads the Indian beer market in popularity with its Kingfisher brand, introduced Heineken last year. But local regulations slowed the Indian expansion of SABMiller and the other

SPOTLIGHT

## BREWERS FOCUS EXPANSION ON FAST GROWING MARKETS

Although drinking beer remains strong in certain mature markets, such as Germany, brewers increasingly feel challenged by regulation, competition and the growing popularity of wine.

The major brewers are focusing attention on opportunities in China, India and other fast growing markets where they're both promoting global brands and acquiring local brands.

**Consumed beer in the last 12 months**
% of those questioned




**Source: Global TGI**

TGI

global brewers. An increase in taxes on imported beers contributed to a growing interest in local microbrews in Indian cities.

Turkey strengthened restrictions on alcohol marketing and considered raising the drinking age as part of the government's Islamic reform program. Russia prepared for legislation, to take effect in July 2012, banning television advertising of beer and restricting sales of beer at night.

Russian beer brands, including the market leader, Baltika, which is owned by Carlsberg, are expected to shift some marketing investment to sponsorship. Meanwhile, Baltika continued to leverage the brand by marketing to multiple audiences naming all the beers Baltika and simply numbering the variations to reach more underserved groups.

## Beer innovates in social media

Because of regulations restricting advertising in traditional media, beer brands have become some of most innovated practitioners of social media. Heineken last year launched an interactive mobile app called Heineken Star Player. Tied in with the brands sponsorship of European football, the app engages users in the game real time with opportunities to score points through quizzes and commentary on game action.

Bud offered an app that discounted the cost of beer on very hot days. Once the weather reaches a certain temperature, the Budweiser Ice Cold app issued the user a discount redeemable at local pubs. Many generic beer apps called attention to the category, including a beer calorie counter and an app named simply iBeer that simulates a tall cold class of beer on a smart phone screen. Users create a foamy head by shaking the phone and pretend to drink by tilting it.

Some innovation was real rather than virtual. Brazil's Brahma beer introduced a can that converts into a cup. Instead of pulling a ring tab to open a small spout, the user removes the entire top. The can is called Brahma Copaço or Big Cup. Z

## Insight: Beer



**Added regulation pushed innovation**

"One of the things I believe is most prominent in the beer category is the growth in regulation that limits traditional advertising. It creates a genuine opportunity for brands to be more innovative in their communications to their consumers."

**Lara O'Shea,**
**Director, Business Planning,**
**Mindshare Luxury, London**

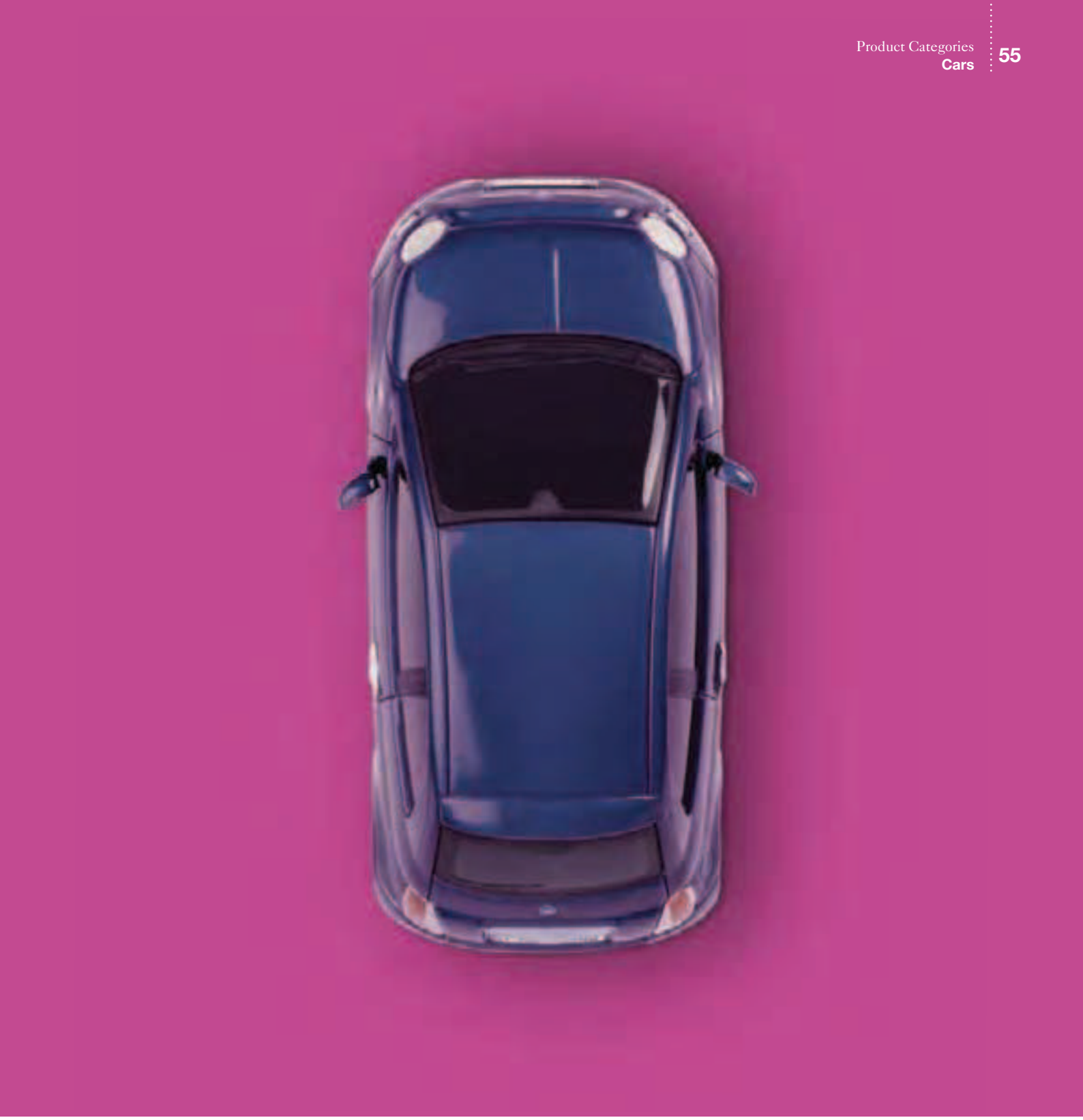
MINDSHARE LUXURY MSL

## Brand Toys: Brahma

**A fun friend to invite to your party**



The advertising for Brahma tends to play on the fun and humor that is bottled within this brand. It is an excellent example of a brand that wears its personality on its sleeve and as a result it is highly trusted and approachable. Brahma only entered the BrandZ™ Top 10 beer ranking last year. In the 2012 BrandZ™ ranking it achieved the greatest percentage value increase in the beer category. And it's moving up in the rankings. Consumers rate Brahma as extremely good value and it is fifth highest of all brands in Brand Contribution. In a crowded marketplace, as in a crowded party, it is the attractive personality that stands out. The Brand Toy illustrates Brahma's friendliness with the happy face button. The hat symbolizes assertiveness.



# Cars

## Economic ups and downs drove stop and go sales

Cars sales accelerated in the US but slowed in China and stalled in Europe.

Because of supply chain globalization and just-in-time inventories, most brands experienced shipment delays after the flooding and Fukushima nuclear accident in Japan and flooding in Thailand. Toyota and Honda suffered the most serious supply disruption.

# Movers and shakers

| | | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | BMW | 24,623 | 4 | 5 | 10% |
| 2 | Toyota | 21,779 | 3 | 5 | -10% |
| 3 | Mercedes-Benz | 16,111 | 4 | 4 | 5% |
| 4 | Honda | 12,647 | 3 | 3 | -11% |
| 5 | Nissan | 9,853 | 2 | 6 | -2% |
| 6 | Volkswagen* | 8,519 | 3 | 6 | 15% |
| 7 | Ford | 7,025 | 2 | 4 | -5% |
| 8 | Audi | 4,703 | 4 | 5 | 23% |
| 9 | Hyundai | 3,598 | 3 | 6 | N/A |
| 10 | Lexus | 3,392 | 2 | 4 | -7% |

Source: MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)
Brand Contribution measures the role brand plays in driving earnings on a scale of 1 to 5 (highest).
Brand Momentum measures the prospects for future earnings on a scale of 1 to 10 (10 highest).
* For this year only we had to suspend the valuation of Porsche because the deconsolidation of the former subgroups Porsche and Volkswagen. This was due to the fact that Porsche was in the process of creating an integrated automotive group with Volkswagen.

Toyota, however, regained some of the trust lost during the uncontrolled acceleration problems of two years ago, which was eventually attributed to driver error. The Toyota Motor Corporation received the most awards for dependability in the J.D. Power and Associates dependability study.

Detroit returned to the car business. As the US economy recovered, carmakers marketed fuel-efficient family sedans rather than SUVs built on truck frames. This downshift in size resulted in part from the need to meet government fuel-efficiency standards. To drive sales and profit, carmakers reduced costs and built products with improved style, technology and driving experience. Consumer demand was the highest since 2006, according to Kantar Media.

The Korean brands Hyundai and Kia continued to fortify their presence worldwide. With distinctive combinations of quality, design and price, Hyundai challenged competitors at all model levels. It entered the BrandZ™ ranking of the most valuable global car brands.

VW also experienced strong global results. Sales of VW passenger cars rose 13.1 percent overall, led by a 22.2 percent increase in North America. Even in Europe, where car sales declined in most country markets except Germany, VW sales improved 12.3 percent. Global scale enabled the brand to deliver a premium image at a competitive price. With a 15 percent increase in brand value, VW ascended into the ranks of the BrandZ™ Top 100 Most Valuable Global Brands.

**Cars**
Down 7%



Many brands loaded cars with sophisticated technology, including voice-activated communication and entertainment, which enhanced driving pleasure. In some ways, cars became the ultimate mobile device.

## Insight: Cars

**Detroit came back**



"I'm excited about what I'm seeing in American cars. They obviously went through a very rough time, but by all appearances they are on their way back. They will be competing on a global scale and they will be doing it much smarter and better."

**Hayes Roth,**
**Chief Marketing Officer,**
**Landor Worldwide, New York**

Landor

## Insight: Cars

**Designing for youth**



"The key trends I see emerging include fuel economy and technology, particularly as it relates to in-car connectivity and the importance of tackling the youth market. Unlike earlier generations, young people don't necessarily hold vehicles as their number one 'want.'"

**Donna Hultquist,**
**Director of Brand Strategy,**
**Team Detroit**

Team Detroit

## Growth varied by brand and market

Sales momentum in the US varied according to brand. GM reported record profits. Ford sales slowed but the brand enjoyed a reservoir of good will because it had rejected the government bailout. In an ongoing industry trend to reduce the number of brands, Ford shed the Mercury, which it had introduced in 1938.

The Chrysler-Fiat arrangement seemed to be working, too. Chrysler enjoyed a massive turnaround into profitability, with the introduction of the first cross-platform effort of Chrysler and Fiat, the Dodge Dart, which shares styling with the Alfa Romeo Giulietta. This development highlighted the efficiencies gained from the globalization of the car industry. Europe's troubled economy impacted Fiat sales, however. And weakness in its German-based Opel division prompted GM to consider collaborating with other European automakers as a way to cut costs.

Although auto sales in China slowed, the country remained the world's largest auto market and a critical volume-driver for several Western brands, including Audi, VW, Mercedes and GM, which positions itself in China with a good, better, best range of Chevy, Buick and Cadillac. Auto sales in China grew 2.5 percent year-on-year to 18.5 million units. GM's China sales rose 8 percent to 2.6 million vehicles. A Chinese government plan to exclude import brands from the list of vehicles approved for official use potentially would impact the international players.

Early in 2012, China's Chery Auto and Jaguar Land Rover established a joint venture to sell the JLR brands and a new brand in China. India's Tata Motors, meanwhile, continued to learn from its acquisition of Jaguar Land Rover, and it repositioned its inexpensive Nano to make the entry-level car seem more aspirational.

## Technology went mainstream

At the other end of the market from Nano, luxury brands offered more affordable vehicle options, impacting some of the mid-market entrants, particularly in Europe. Within the sector, Audi continued to make inroads, at the expense of Mercedes, based on both design, attention to details and engineering improvements. With several new model introductions, unit sales of BMW rose more than 12 percent to 1.4 million, setting a sales record with growth in all regions, especially Asia.

Ironically, luxury cars may have experienced a negative impact from the rise in car quality overall. Because of generally improved performance, attention to design and the availability of sophisticated technology, factors that usually define luxury were available more broadly and less expensively.

Many brands loaded cars with sophisticated technology, including voice-activated communication and entertainment, which enhanced driving pleasure. Some included features like lane-changing alert that improved driving safety. Innovations in collision-avoidance technology generally differentiated the luxury brands. In some ways, cars became the ultimate mobile device.

SPOTLIGHT

# CAR OWNERSHIP GROWS IN INDIA

Increased household purchasing power is changing the way Indians are meeting their transportation needs.

Declining scooter sales initially were matched by a sharp increase in motorcycle purchases.

As cars become more affordable, however, car sales are gaining as motorcycle sales level.

**Car ownership in India**
% of households owning vehicles




Source: Global TGI

TGI

The car industry faces future demographic challenges. Among socially networked youth, cars become less necessary for staying in touch with friends. For them, cars do not define personal status as they did for their parents.

## Fuel-saving alternatives explored

Hybrid sales remained steady, led by Toyota's Prius. While electric car development continued, the technology remained impractical for the mass market because of the limited driving range, inadequate power and the lack of a battery-recharging infrastructure. Two plug-in cars, the Nissan Leaf and Chevy Volt, missed sales targets. The Chinese BYD brand, which received several billion dollars from investor Warren Buffet three years ago, continued its development of electric cars but shifted some attention to buses and other commercial vehicles.

The car industry faces future demographic challenges. Increased urbanization may reduce dependence on cars as people turn to public transportation or car sharing arrangements to reduce traffic and pollution. Also, among the socially networked youth, cars become less necessary for staying in touch with friends. For them, cars do not define personal status as they did for their parents. And a computer or mobile device is much more affordable. Z

## Brand Toys: Hyundai

**Getting talked about**



A newcomer to the BrandZ™ Top 10 most valuable car brands, Hyundai has been gaining value because of its great value positioning. Five-year warranties in many markets, together with an increasingly stylish line-up of new models, have helped to underline the delivery of the brand's quality promise. The brand is felt to be relatively "playful" and "innocent" as well as "brave." These brand personality characteristics combine to make Hyundai a very approachable "Hero." The vast ears on the Brand Toy symbolize the high chatter that the brand attracts. The glasses indicate that the brand is different.



# Fast Food

## Chains scrambled to add new meals and cut calories

Taco Bell prepared to roll out First Meal and Wendy's, the hamburger chain, offered egg sandwiches, as more chains entered the breakfast business.

The addition of new meal times was one of several strategies that QSR (Quick Service Restaurants) implemented to drive sales during the economy's slow recovery. Taco Bell's First Meal balanced its Fourth Meal, the late-night snack the chain introduced in 2006.

Breakfast was among the reasons that McDonald's reported its highest same-store increases since 2006. In the US, sale-store results increased 7.1 percent, in Europe, 7.3 percent and 6.9 percent in Asia, the Middle East and Africa. On the strength of these results McDonald's planed to open 1,300 new units this year and remodel 2,400.

Pressured to hold prices while commodity prices increased, the QSRs also continued to improve their menus, décor and service to draw diners from the somewhat more upscale family restaurant segment. Several chains experimented with snacks. Subway added more Café outlets. McDonald's began testing baked goods in certain US markets, in 2012.

The success of Starbucks inspired the move to breakfast and coffee. In its 40th anniversary year, Starbucks expanded the brand focus with the introduction of a revised logo that retained the iconic mermaid but removed the word coffee. Total revenue increased 9 percent to $11.7 billion and same-store sales improved 8 percent. The company ended the year with about 17,000 locations, including 6,216 outside the US. It also accumulated almost 30 million Facebook "Likes."

### Wendy's became number two in the US

In August, Burger King deposed its king character. By yearend it ceded the number two total sales rank in the US

# Movers and shakers





**Fast Food**
Up 15%



| | | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | McDonald's | 95,188 | 4 | 8 | 17% |
| 2 | Starbucks | 17,072 | 4 | 9 | 43% |
| 3 | Subway | 14,843 | 4 | 8 | 4% |
| 4 | KFC | 8,852 | 3 | 8 | 8% |
| 5 | Pizza Hut | 5,397 | 3 | 8 | 2% |
| 6 | Tim Hortons | 3,346 | 4 | 8 | 25% |
| 7 | Taco Bell | 2,045 | 3 | 6 | 9% |
| 8 | Wendy's | 1,722 | 4 | 6 | -14% |
| 9 | Domino's | 797 | 2 | 4 | 29% |
| 10 | Arby's | 344 | 3 | 5 | N/A |

**Source:** MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)
Brand Contribution measures the role brand plays in driving earnings on a scale of 1 to 5 (highest).
Brand Momentum measures the prospects for future earnings on a scale of 1 to 10 (10 highest).

burger chain segment to Wendy's. Burger King operated around 7,500 restaurants in the US and Canada, roughly 1,000 more than Wendy's, and compared with more than 14,000 McDonald's US outlets.

The three major burger chains each employed what they termed a "barbell strategy," offering a mix of both bargain and premium items to satisfy core customers while appealing to those trading down from more expensive family dining to fast food for a more affordable eating-out occasion. McDonald's prospered in this environment.

Brands more dependent on the traditional fast food customer, felt the impact of high unemployment among young men. Burger King's North American same-store comparisons improved but remained negative. They declined 0.5 percent worldwide with Latin America and Asia compensating for negative results in North America.

Domino's Pizza catered to the value-hungry consumer with two special pizzas priced under $10, which it promoted with traditional advertising and mobile apps for ordering. Mobile and online ordering comprised 30 percent of sales for Domino's.

## Healthier choices offered

The chains continued to offer healthier meal options, responding to parental concerns and publicity, in the US, surrounding Michelle Obama's "Let's Move" campaign to fight obesity and encourage health and wellness. The word "healthy" appeared on menus 86 percent more frequently in the US, according to Technomic, a Chicago-based research firm.

McDonald's launched Champions of Play, a global ad campaign about children's health and linked to its Olympics sponsorship. Based on local competitions, the chain planned to send children from around the world to visit the 2012 Summer Games in London. Starbucks planned to add bottled juices to its offering.

Subway, maintained its reputation for healthier options. It reduced the sodium content of its meals and provided nutritional and caloric intake information. And it continued its international growth, ending the year with about 36,500 outlets in 100 countries. Like its competition, however, it was helpless to improve the high level of unemployment that impacted business all day, especially the key lunch meal.

## BRICs drove strong growth

The appeal of Western brands and an expanding middle class continued to drive the popularity of fast food in fast growing markets. Yum! Brands, owner of KFC, Pizza Hut and Taco Bell, with more than 37,000 restaurants worldwide, credited overseas sales, especially in China, for balancing domestic weakness. Same-store sales grew 19 percent in China last year, compared with 1 percent growth in the US and 3 percent outside the US overall, except for China.

Yum! opened 656 restaurants in China during 2011, and 905 in other international locations. During October 2011, Starbucks opened its 500th store in Mainland China. Starbucks and Dunkin' Donuts planned to open their first Indian restaurants this year. McDonalds' and Yum! Brands expect to accelerate growth in India. Yum! plans to open 500 KFC outlets in India during the next four years. Z

## Insight: Fast Food

**Healthier sales with breakfast**



"I think really the key issue this year is pretty much breakfast, adding a day part, and we're starting to see a bit of a change happen as a consequence, as some revenue picks up."

**Philip Herr, Senior Vice President, Millward Brown**

MillwardBrown

## Brand Toys: Domino's Pizza

**A voracious appetite**



The Domino's Pizza Brand Toy is a friendly "Joker." You can see it in the eyes. It's also quite creative, as indicated by the paintbrush in the Brand Toy's hand. Not only has this toy enjoyed quite a few large pizzas, but so have more and more customers in China and other fast growing markets. The improvement of the Domino's Pizza recipe for its crust and sauce two years ago has clearly paid off. The appetite for this brand is growing as it makes itself available in different regions of the world and innovates with online ordering and convenient delivery.

SPOTLIGHT

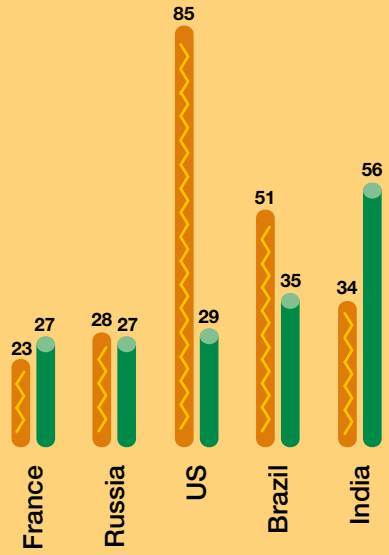
## HEALTHY EATING BEHAVIOR VARIES

How consumers feel and act regarding food health concerns varies. Although 29 percent of US consumers said they always think of the calories in the food they eat, 85 percent ate in a fast food restaurant during the past year.

In contrast, 27 percent of consumers expressed awareness of calories in France and Russia, but respectively, only 23 percent and 28 percent of consumers, ate in a fast food restaurant.

The disparity may be explained by the proliferation of fast food options in the US, healthier options in fast food restaurants and cultural differences, including the preference for local cuisine in certain countries.

**Eating habits**




**Source: Global TGI**

TGI



# Financial Institutions

## Banks

# Regulations, lack of trust challenge banks

### Banks earned profits, but not affection.

Financially stressed Americans and Europeans resented an industry with a short memory. Having been rescued by public funds, the banks seemed unwilling to extend credit to a public and small businesses in need of financial help.

The Occupy Wall Street movement galvanized this disenchantment. But consumers didn't abandon their banks, mostly because switching seemed more painful than staying. In fact, when Occupy Wall Street planned a bank transfer day for November 2011, few people participated.

Consumer complacency ended with a social media rebellion sparked by the Bank of America announcement of a new five-dollar fee each month that a customer used a debit card. The bank reversed its position after a few days of online criticism. Wells Fargo and Chase also backed away from similar plans.

The fees were to compensate for revenue streams lost to stricter regulations. As certain transactions became less profitable, the banks invested little in new product innovation and focused instead on service delivery systems, such as online and mobile banking. Exposure to Eurozone debt required UK and Continental European banks to prudently increase their capital reserves, which reduced funds available for lending.

Many banks turned their attention to more affluent customers and greater ROI potential. The banks offered incentives, such as banking relationship managers, to these so-called "high value," mass affluent customers. But even affluent customers remained skeptical of the advice received from financial institutions.

Seeking profit opportunities, US banks prepared to reenter the business that fomented the financial crisis - mortgages. The move coincided with a new US government home refinancing program.

### Challenging environment brought mixed results

Within this challenging environment, only a few brands appreciated in value. Wells Fargo completed the acquisition of Wachovia in a systematic way that helped retain exiting customers and acquire new ones. The complicated merging of the two banks took place over 18 months. It featured clear customer communication and ultimately combined the service orientation of Wachovia with the

# Movers
## and shakers

## Finance

No change
in brand value

| | | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | ICBC | 41,518 | 2 | 9 | -7% |
| 2 | Wells Fargo | 39,754 | 3 | 3 | 8% |
| 3 | Visa | 38,284 | 4 | 9 | 34% |
| 4 | China Construction Bank | 24,517 | 2 | 4 | -4% |
| 5 | MasterCard | 20,759 | 4 | 8 | 53% |
| 6 | American Express | 20,198 | 4 | 3 | 18% |
| 7 | HSBC | 19,313 | 3 | 3 | -14% |
| 8 | Agricultural Bank of China | 17,867 | 2 | 4 | 6% |
| 9 | RBC | 17,225 | 4 | 3 | 0% |
| 10 | TD | 14,561 | 4 | 3 | -14% |
| 11 | Commonwealth Bank | 13,083 | 3 | 7 | N/A |
| 12 | Bank of China | 12,982 | 2 | 6 | -26% |
| 13 | ICICI Bank | 12,665 | 2 | 2 | -15% |
| 14 | US Bank | 11,488 | 3 | 2 | 9% |
| 15 | Sberbank | 10,649 | 3 | 5 | 25% |
| 16 | Standard Chartered | 10,064 | 2 | 1 | -16% |
| 17 | Citi | 9,760 | 2 | 1 | -38% |
| 18 | Scotiabank | 9,627 | 2 | 3 | -4% |
| 19 | Chase | 8,644 | 3 | 3 | -28% |
| 20 | Santander | 8,546 | 3 | 2 | -25% |

Source: MillwardBrown Optimor
(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)
Brand Contribution measures the role brand plays in driving earnings on a scale of 1 to 5 (highest).
Brand Momentum measures the prospects for future earnings on a scale of 1 to 10 (10 highest).



### Insight: Finance

**Adding value, not resentment**

"I think the big trend for financial services brands in this current year is going to be about restoring confidence and overcoming resentment through utility. It's going to be about adding value to consumers' lives instead of making money on money, which is where a lot of cultural resentment is coming from. It's going to be about fairer and more transparent business behavior as it relates to consumer, merchants, shareholders and other stakeholders."

**Robert Rakowitz,**
**Managing Director**
**Communications Planning,**
**Mindshare, New York**

MINDSHARE



Russia's Sberbank enjoyed the results of an ongoing roll out of new brand prototypes that are more targeted to specific customers and much more customer-friendly than the Soviet-era versions they replaced.

technological expertise of Wells Fargo. In addition, Wells Fargo emphasized investment services that appealed to higher value customers.

Commonwealth Bank of Australia benefited from its proximity to fast-growth Asian markets. Specifically, the brand invested substantially to improve technology and productivity and expand in Indonesia, China and Vietnam. In contrast, US Bank benefitted from expansion closer to home with the acquisition of a New Mexico regional bank in 2011. In January 2012, US Bank entered an agreement to buy a medium-size Tennessee bank. These banks also were less exposed to products that precipitated the financial crisis. This conservative approach also characterized RBC.

HSBC shifted away from the tagline "World's Local Bank," as a strategy. Instead, based on its strong presence in both developed and developing markets, HSBC is intent on being a commercial world bank, a facilitator and beneficiary of world trade and globalization. It is honing its focus on Asia and gradually quitting markets where it lacks scale. HSBC pulled back from retail banking in the US and Russia in 2011, and plans to quit Japan and South Korea in 2012.

TD acquired Commerce bank, which enjoyed a reputation for strong service and convenience. Capital One prepared to acquire ING Direct, in an effort to combine a well-established online banking presence with retail presence. Although Chase and Citi enjoyed strong financial results, they continued to suffer reputational fallout from the banking crisis, as did the major investment banks.

## Slowed BRIC momentum impacted brands

Russia's Sberbank enjoyed the results of an ongoing roll out of new brand prototypes that are more targeted to specific customers and much more customer friendly than the Soviet-era versions they replaced. Sberbank expanded its footprint into Central and Eastern Europe with the acquisition of Volksbank International.

As the rate of growth slowed somewhat in the BRIC countries, banks no longer could depend on those economies to balance difficulties in Europe or North America. And global interconnectedness exposed banks to new dynamics, such as reduced export of commodities from Brazil because of lower demand from China.

Economic dynamics and currency fluctuations impacted Itaú, Brazil's largest bank, as well as Spain's Santander. Latin America generates over 50 percent of the Santander's profit; Brazil alone accounts for 28 percent. The sovereign debt crises of Spain and Portugal also affected Santander's results.

The Chinese banks continued to look abroad for expansion. During 2011, ICBC, the country's largest bank, received a license to open in Mumbai. At the same time, India's ICICI experienced higher credit costs, which moderated profit growth.

## Next generation, new opportunities

The banks needed new opportunities, but few sufficiently prepared for the next generation of customers who may reject traditional banking services in favor of transactions performed instantaneously and with a mobile device. In an approach successfully pioneered by Chase, some banks began to accept checks photographed with a mobile device and emailed for deposit using special security codes.

Technology opened the possibility of new competition from outside the financial industry. Google, telecoms and retailers, such as Walmart and Target, attempted to develop mobile payment systems. China Mobile invested almost $800 million in 2011 to set up a unit called China Mobile Finance. The move followed the purchase of a bank in 2010.

Mobile payments have become popular in parts of Africa without extensive banking infrastructure. But the concern that personal data is vulnerable to interception by Near Field Communications so far has inhibited public acceptance of mobile payments in North American and Europe.

While extensive legacy technology slowed the ability of banks to integrate their full offerings in consumer-friendly ways, non-traditional financial firms, such Mint in the US and Spain's Tú Cuentas, already aggregated diverse personal financial records into easy-to-use dashboards. Z

# Credit Cards

## Brands added new products, mobile options



### Insight: Finance

**Seeking new revenue ideas**

"I think that as banks and card companies have found increasing pressure on their abilities to charge money through swipe fees, they've turned their attentions to alternative sources of revenue like pre-paid products that enable the companies to reach a different segment of the population and get extra money from doing so."

**James Cleaver, Planning Director, Ogilvy, New York**

Ogilvy

Credit card brands avoided much of the consumer anger and distrust that impacted other financial brands.

Having partnered with banks and persuaded consumers to regard them as a gateway to the good life, the brands sought the warmer glow of the technology sector. Visa described itself as "a global payments technology company." MasterCard chose this phrase, "a technology-driven, global payments company."

The brands benefitted from the ongoing trend away from cash to the more frequent use of credit and debit for purchases both large and small, for a vacation cruise or a tall latte. And not immune to some of the regulations and restrictions on fees that affected financial institutions, the brands devoted much attention to developing programs to drive new revenues.

### Amex targeted holiday purchasing

In the second year of its Small Business Saturday promotion, Amex drove significant revenue for the brand's small merchant customers. Held in the US on the Saturday after Thanksgiving, at the kickoff of the holiday gift-buying season, the program rewards Amex cardholders with a $25 credit on their statement when they shop with small merchants.

The initiative drove additional revenue for Amex, benefited cardholders with savings, and helped small business Amex customers. It also helped strengthen Amex's relationship with small businesses. Amex launched a pre-paid card, which did not carry any fees and was expected to have broad appeal.

### MasterCard, Visa open mobile wallets

MasterCard collaborated with Google and Citibank on the Google Wallet mobile payment initiative. Google Wallet users carry virtual versions of their Citi credit card information on their mobile devices and pay by transmitting the information at payment terminals equipped with NFC (Near Field Communications). MasterCard also formed a joint venture with Telefónica to provide mobile payment solutions in Latin America.

In another transaction innovation, MasterCard marketed PayPass, a facility designed to speed up transaction time, especially at checkouts. Payments are processed by quickly tapping a card rather than swiping it and waiting for a delayed response.

Visa accelerated the development of Visa Digital Wallet. Separately, it entered a mobile payment partnership with Vodafone. Announced in early 2012, the Vodafone program will launch in Europe. The brand also formed a strategic



The brands benefitted from the ongoing trend away from cash to the more frequent use of credit and debit for purchases both large and small, for a vacation cruise or a tall latte.

SPOTLIGHT

## CARD ISSUERS SEEK CREDIT FIRST-TIMERS

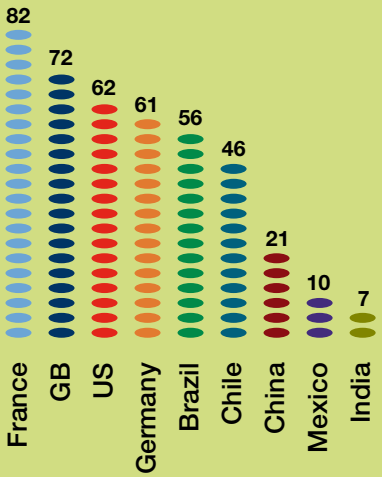
The level of credit card ownership varies by country.

It's expanding most rapidly in the fast growing markets, such as Brazil and Chile, as banks issue cards to lower income individuals, many of whom are receiving bank credit for the first time.

In Chile, many of the major retailers issue widely accepted credit cards to people in all economic levels.

To increase credit card distribution in the US, banks also are attempting to reach lower income consumers. US banks are developing new products, including prepaid cards.

**Credit card owners**
% of population




**Base: 18+**
**Source: Global TGI**

TGI

partnership with Intel to create mobile payment options.

A sponsor of the Olympics since 1986, Visa spent much of 2011 preparing for its sponsorship of the 2012 Summer Games in London. All credit card ticket purchases must be made with Visa. During the Olympics, Visa and Samsung plan to introduce a mobile payment app for making contactless transactions at the point of purchase.

## Brands continued to differentiate

Meanwhile, known to consumers as options for paying for goods and services, the brands continued to aggressively explain their points of differentiation. Amex, actually a bank rather than a payment system, pitched its exclusivity. With its "Priceless" campaign, MasterCard associated itself with special occasions. Visa stressed its the day-to-day indispensability, using the strapline, "Life flows better." Z



## Insight: Finance

**Industry faced new threats**

"Considering possible threats to the financial category, I think one of the really interesting things is that they'll come from a number of different places. So, some threats will come from new kinds of competitors, new kinds of categories or people moving into payment spaces or banking spaces or they could come from completely different industries or from peer-to-peer."

**Sarah King,**
**Managing Director,**
**The Futures Company, London**

the futures company

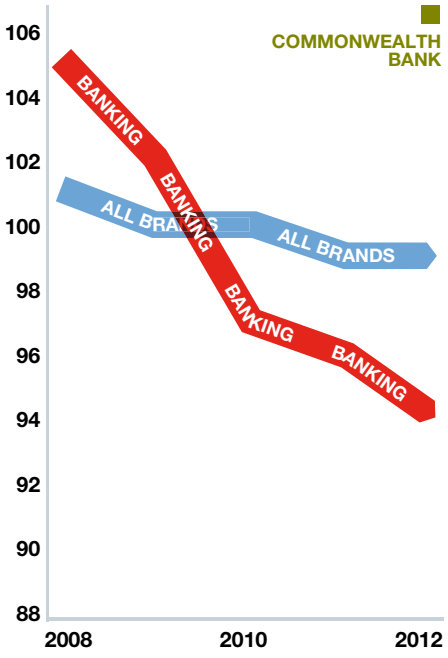
## Brand Toys: Commonwealth Bank

**Leading by example**



In a world where consumers mistrust financial institutions, Commonwealth Bank (of Australia), a newcomer to the BrandZ™ Top 100, is an exception. Showing strong leadership and rated highly responsible, the brand is significantly more trusted than many other banks. The necktie on the Brand Toy indicates that the brand is straightforward, while the clock it's holding says "in control." The impact of these characteristics is indicated in the chart below. The blue line shows the overall decline for brands in all categories. The red line traces the especially steep decline experienced by bank brands. In contrast, the green dot shows that Commonwealth Bank is more trusted today than banks were five years ago before the financial crisis. Commonwealth Bank is poised to capitalize on the strength of its brand across the fast growing economies of Asia.

**Trust and Commonwealth Bank**




**Source: BrandZ™ Data**



# Insurance

## Debt, disasters, upheaval formed perfect storm

A perfect storm of economic uncertainty, the specter of new regulations, payouts for major disasters, political upheaval and heightened competition impacted insurance industry results last year.

These factors touched all varieties of insurance—property and casualty, life, B2B and perhaps to a lesser extent, health—and they elicited a variety of reactions.

The European sovereign debt crisis weakened the investment portfolios of many major insurers. Major earthquakes in New Zealand, Turkey and Japan—followed by a tsunami and nuclear crisis—required payouts that exceeded expectations. The year also included extraordinary weather-related events, such as Hurricane Irene in the eastern US and tornados in the Midwest.

Insurers planned for Solvency II, rules promulgated in Brussels that require EU insurance companies to maintain larger reserves to protect solvency. Meanwhile, insurers competed fiercely, facing the disruptive effect of online sales and aggregators, and struggling to improve distribution channels.

The key question was whether to sell direct or go through partners and intermediaries. With no single right answer, the insurers experimented with various approaches, attempting to improve the brand experience by simplifying purchasing.

They followed a linear logic. By winning in search, the brands expected to increase their share of quotes and convert the quotes into an increase in policies signed. As an added benefit, a shift to direct online sales could reduce reliance on agents and the size of commissions.

### Strengthening the direct channel

To maximize search results and capture more leads, Allstate last year purchased an insurance aggregator called esurance. Esurance provides online visitors with quotes from Allstate and Allstate competitors because, as the website's

# Movers and shakers

| | | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | China Life | 14,587 | 3 | 9 | -25% |
| 2 | Ping An | 10,174 | 3 | 9 | -3% |
| 3 | State Farm | 7,813 | 2 | 5 | -7% |
| 4 | CPIC | 3,387 | 2 | 9 | -7% |
| 5 | AXA | 3,333 | 1 | 1 | -5% |
| 6 | Allianz | 2,866 | 2 | 6 | -45% |
| 7 | GEICO | 2,733 | 2 | 7 | -2% |
| 8 | Zurich | 1,891 | 2 | 6 | -7% |
| 9 | MetLife | 1,858 | 2 | 2 | -18% |
| 10 | Allstate | 1,496 | 2 | 5 | -20% |

Source: MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)
Brand Contribution measures the role brand plays in driving earnings on a scale of 1 to 5 (highest).
Brand Momentum measures the prospects for future earnings on a scale of 1 to 10 (10 highest).

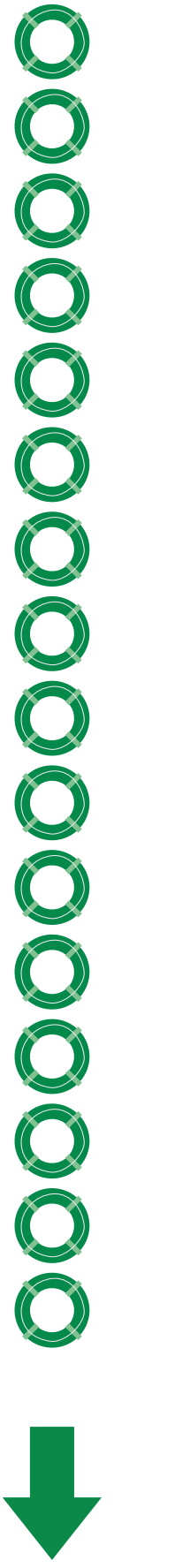
headline explains, "The key to saving is comparing, and you can do all the comparing you need right here."

Ensurance complements the Allstate brand website and the brand's agent network. And it enables Allstate to compete in the direct channel with companies like Progressive and Geico. The Progressive value proposition is about easy, transparent one-stop shopping where the consumer can obtain several quotes from competing companies. While Progressive may not always win the business, it receives a high share of quotes.

In the life insurance business, Metlife expanded its distribution into the midmarket by investing heavily in developing a website option for purchasing term life insurance without face-to-face agent involvement. The online approach addressed the fact that the US is relatively underinsured as a nation.

Also, simplifying life insurance with the online option lowered a barrier to purchase. Selling direct should make life insurance accessible to a younger, technology-oriented generation more comfortable engaging online than completing paper questionnaires. The online option potentially lowers costs and helps advance Met's brand proposition of providing the right coverage at a reasonable price.

In B2B, Zurich similarly invested heavily in digital as a supplementary channel to its agent-generated business, in an effort to more effectively reach small business owners. Zurich intended to influence risk managers at small businesses to make the brand became a larger part of the decision process.



**Insurance**
Down 16%

## Financial turmoil, other factors impact insurers

Regardless of how insurers attempted to improve their results, however, too many factors last year were beyond their control. France's AXA credited the diversification of its business for generally protecting it from these vicissitudes. But financial results for many brands reflected their vulnerability to political conditions and market fluctuations.

Those factors in part account for a 46.2 percent decline in net income for Allianz, the Germany-based insurer. China Life anticipated a profit decline of over 40 percent. Although the investment portfolio of Ping An performed well, a one-time accounting adjustment for the consolidation of Shenzhen Development Bank negatively impacted profits. Ping An, China's second-largest insurer, intends to acquire Shenzhen Development Bank as part its strategy to become an integrated financial services company.

Insurers mostly escaped at least one of last year's hazards, the ongoing erosion of brand reputation in the financial sector. Less public than the banks, insurance brands emerged less vilified. Z

## Insight: Insurance

**Brands consider distribution models**



"Many of the brands are struggling with the question of what's the right model for distribution. Do I go through two-step distribution channels? Do I go through partners and intermediaries? Do I sell direct? How can competing channels best coexist? There isn't a clear single answer. In a lot of cases it depends on the type of insurance, and whether direct is growing more rapidly than sales through agents."

**Harvey Kipnis,**
**Regional Director,**
**Ogilvy One NA**

Ogilvy

## Brand Toys: China Life

**King of the Jungle**



China Life, the most valuable insurance brand in the world, is a great friendly gorilla of a Brand Toy with thick, trusted legs, a winning smile and a caring hat. The BrandZ™ data suggest that it is a "King" that justifies its price premium because it is "desirable," "in control" and "assertive." You know where you stand with a brand like this and the no-nonsense persona underlines brand trust in a category that, in essence, is about delivery of promises. In a category that tends to have lower levels of Brand Contribution, China Life scores very well. And in spite of losing value this year (because of financial reasons rather than the brand), the brand is poised for a good future with a very high Brand Momentum score.

SPOTLIGHT

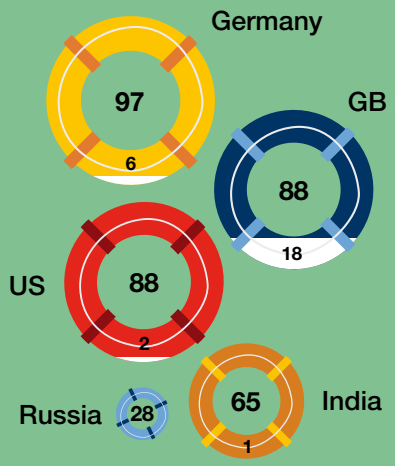
## ONLINE INSURANCE BUYING INCREASES

Individuals in developed markets are more likely to be insured than people in developing markets. In developed markets, consumers increasingly are purchasing insurance online rather than through an agent, the traditional channel.

This Internet disintermediation is most pronounced in the UK. But the global trend is clear in BrandZ™ data, which shows that the number of consumers searching for information online more than doubled during the past six years, increasing to 12 percent in 2011, from 5 percent in 2006.

The proportion of brands recommended by users increased over the same period, from 43 percent to 49 percent, according to BrandZ™ data.

**Insurance customers**
% of people with insurance




Bought online

Source: Global TGI, BrandZ™ data

TGI BRANDZ™



# Luxury

## Feeling entitled, consumers spent on luxury goods

Luxury brands expanded their presence with new stores, e-commerce and extensive advertising.

Having endured several years of economic difficulty, North Americans and Europeans who could afford luxury indulged. More people of average means engaged with luxury brands, purchasing an affordable item, if possible. And luxury brands continued to enjoy healthy sales in China and other fast growing markets with expanding middle classes.

Increased urbanization also contributed to the demand for luxury. And in both developed and developing markets, luxury increasingly was less about bling and more about appreciating craftsmanship and sharing the pleasure. Consumers focused less on collecting luxury labels and more on creating a unique personal look that often mixed luxury brands with more affordable options.

International travel increased the appetite for luxury in fast growing markets and drove category sales. The impact was large enough to earn the label TLC, Traveling Luxury Consumer. Travelers purchase about half of all the luxury goods sold in Europe, according to Goldman Sachs, with Chinese travelers accounting for about 18 percent of European luxury sales.

Although luxury goods predominately remained the domain of European and North American brands, several luxury brands originated in Brazil and Russian luxury brands started to appear. Even in China, where the upwardly mobile display luxury to denote status, consumers demonstrated a high level of brand knowledge and appreciation for craftsmanship.

Meanwhile, luxury brands continued to struggle to reach the right balance between protecting the exclusivity that to an extent defines luxury, and making the brand experience accessible to a wider audience.

### Building on quality and exclusivity

In its determination to reject a takeover by LVMH, Hermès reflected the characteristics traditionally associated with luxury: heritage, craftsmanship, elite access and strong emotional appeal. Hermès operating income increased 32.5 percent to €885.2 million ($1.2 billion) on sales growth of 18.3 percent to €2.8 billion ($3.8 billion).

The result reflected strong performances in most regions, led by Asia (excluding Japan), which was up by 29 percent and the US, up 26 percent. Even in economically stressed Europe, Hermès sales grew by 16 percent. In contrast, Japan sales were flat, suggesting that economic problems compounded by the tsunami and nuclear disaster impacted the appetite for luxury.

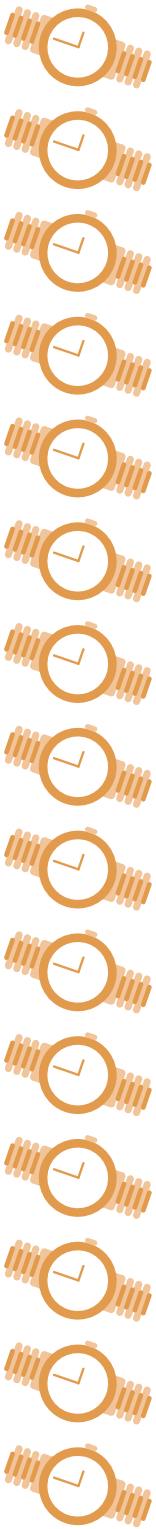
In a similar way, Rolex and Prada emphasized the exclusivity of their brands. Prada owns the Prada, Miu Miu, Church's Shoes and Car Shoe luxury brands. Sales of their brands increased by over 21 percent through the first half of

# Movers
## and shakers





**Luxury**
Up 15%



| | | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | Louis Vuitton | 25,920 | 5 | 8 | 7% |
| 2 | Hermès | 19,161 | 5 | 8 | 61% |
| 3 | Rolex | 7,171 | 5 | 10 | 36% |
| 4 | CHANEL | 6,677 | 5 | 9 | -2% |
| 5 | Gucci | 6,420 | 5 | 7 | -14% |
| 6 | Prada | 5,788 | 5 | 9 | N/A |
| 7 | Cartier | 4,843 | 5 | 9 | -9% |
| 8 | Hennessy | 4,596 | 5 | 8 | -8% |
| 9 | Moët & Chandon | 4,217 | 5 | 8 | -8% |
| 10 | Burberry | 4,090 | 4 | 10 | 21% |

**Source:** MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)
Brand Contribution measures the role brand plays in driving earnings on a scale of 1 to 5 (highest).
Brand Momentum measures the prospects for future earnings on a scale of 1 to 10 (10 highest).

2011, driven by a 35 percent spike in Asia with strong growth in North America and Europe.

Followig its IPO (Initial Public Offering) in June 2011 on the Hong Kong Stock Exchange, which raised over €206 million ($275 million), Prada planned to add about 80 stores annually over the next three years, including a total of 30 stores in China. Most of the openings will be Prada brand stores, reflecting a general trend among luxury brands to assert tighter brand control by shifting away from licensing and franchising. The brand currently operates more than 200 stores worldwide and also distributes through an extensive wholesale network.

## Making heritage contemporary and relevant

Burberry extended the brand's appeal, creating a youthful virtual world in which customers experience the brand by viewing fashion shows, for example. The brand added a new twist to its iconic trench coat with Burberry Bespoke, a website facility that enables the customer to assemble a unique trench coat online, selecting style, fabric, color and other individualizing options.

Brands also attempted to unify the advertising and online expressions of the brand with the in-store experience. Louis Vuitton, for example designed a store on Marina Bay in Singapore to resemble a cruise ship, reflecting the brand's travel heritage, which also is celebrated on the LV website.

SPOTLIGHT

# LUXURY GAINS IMPORTANCE IN FAST GROWING MARKETS

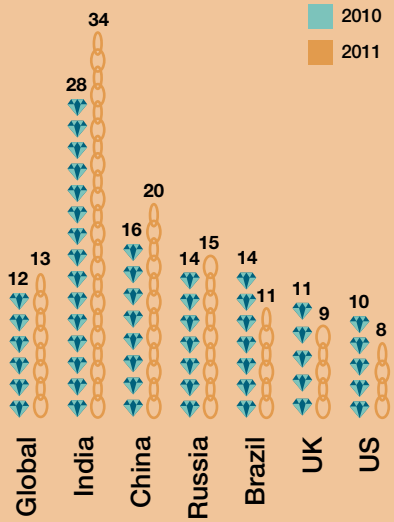
On average, the consumer's attitude about the importance of luxury remained flat during 2011, compared with 2010, but country-by-country variations occurred.

The number of consumers who thought luxury was important increased in the BRIC economies, other than Brazil.

The decline in the US and other European countries reflects financial concerns, but also a recalibration of values coming out of the recession.

Luxury brands generally increased in value in 2011, according to BrandZ™ data, but luxury consumption became more considered and less conspicuous.

**Purchasing luxury products: extremely/very important in your personal life**
% who agree




**The Futures Company: Global MONITOR survey, 2011**

the futures company

In an effort to widen its audience to younger people, Tiffany launched a site called "What Makes True Love," on which any couple can post a photo of themselves and tell their love story. Dunhill uses an augmented reality application that integrates its print and online experience into a single unified campaign. A mobile device held in front of a Dunhill ad animates it. Chanel used an iPad application to promote its J12 Marine watch series.

To reach new followers brands also experimented with collaboration and co-creation, sometimes with bloggers. Working with the Royal College of Art, Fendi provided teams of students with supplies of leather and challenged them to design works of art for display in the brand's newest London store. Z



## Insight: Luxury

**Broader view of value**

"I think there's a shift in how people are approaching luxury. It's much more built around your passions and what you might spend money on. For example, I'd rather spend two grand on an amazing bike than two grand on a handbag that will last one season. I think you can see this in lots of places across the categories, so for example, fine dining has really shifted to a much more informal bespoke way of eating. It's about meeting new people and trying amazing food you've never had, but it's totally done away with white table cloths and the smart napkins and that sort of thing."

**Eleanor Sellar, Cultural Insight Team, Added Value, London**

ADDEDVALUE



## Insight: Luxury

**It was about the experience**

"Luxury is a lot more about the experience as opposed to just the products, so it's about fashion shows and it's about what type of girl has this handbag and what type of person wears that dress, who's blogging about it, who's tweeting about it. It's more about the experience as a whole as opposed to just maybe that car, that fine wine."

**Alexis Cuddyre, Senior Designer, Digit, London**

DIGIT SIMPLE HUMAN INTERACTION

## Brand Toys: Burberry

**Innovate to succeed**



Burberry is different. The Brand Toy certainly looks different. Big legs indicate strong trustworthiness and the open eyes represent charisma. In the world of luxury, this brand is rated an exceptional value. It has an unusual personality that is a mix of a wisdom and rebelliousness. This unique combination underlines its growing appeal, particularly to a younger audience. The brand has innovated with the use of on-line fashion shows open to all, together with the opportunity to order items featured at the show before they're available in store. These initiatives have proven to be a smart way to grow and democratize the brand to a wider audience.



# Oil & Gas

## Energy challenge became more complicated

### Once again, the year's biggest energy story was about disaster.

The Fukushima nuclear accident in Japan followed by roughly a year the Deep Water Horizon oil spill in the Gulf of Mexico. The energy supply drama was heightened by disruption in the oil flowing from Libya during the Arab Spring.

These developments revealed not just the potential environmental impact of supplying the world's energy needs, but the complexity of the endeavor. They demonstrated the category's exposure to the swings of geopolitics and of public opinion and pointed to the one area of consensus—there's no easy answer.

Adding further complication, an ongoing shift in the industry business model potentially diminished the power and profit potential of the major companies. Traditional production-sharing agreements between oil and gas companies and the nations in which they work, increasingly are being replaced with service contracts that limit the company's stake to a dollar-per-barrel price.

The changing practice reflected a power shift away from the energy companies and toward the nations asserting authority over their assets. These nations usually control national oil companies capable of routine exploration. They engage the major multinationals only for the most extreme and risky projects.

### Undertaking the most difficult challenges

This evolving industry profit model, where profit depends on undertaking the most challenging work, may benefit certain brands such as ExxonMobile, which are respected for technical expertise.

The pursuit of especially challenging projects also explains in part why the major brands are rushing to explore reserves in Russia and the Arctic, most likely the Bering Sea, following recently resolved border disputes between Norway and Russia. Norway's Statoil has been active off of Greenland, Finland and Russia. BP initially led the way with its failed attempt to link with Russia's Rosnef.

Leading oil and gas companies also focused on the fast growing markets

### Insight: Oil & Gas

**Rebuilding trust for exploration**



"The brands in the oil and gas category have been rebuilding trust and confidence in themselves, among the public and in the governments, after the Gulf of Mexico disaster for BP. Because in the next few years, and indeed next year, they will need to deep water drill and explore places like the Arctic where public acceptance of that activity is incredibly important and can't be guaranteed."

**Robert Alexander, Global Planning Director, JWT, London**

JWT

# Movers and shakers





## Oil & Gas
Up 8%

| | | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | ExxonMobil | 18,315 | 1 | 7 | 8% |
| 2 | Shell | 17,781 | 1 | 3 | 17% |
| 3 | Sinopec | 13,940 | 1 | 10 | N/A |
| 4 | PetroChina | 12,105 | 1 | 10 | 7% |
| 5 | Petrobras | 10,560 | 1 | 5 | -21% |
| 6 | BP | 10,424 | 1 | 3 | -17% |
| 7 | Chevron | 8,599 | 1 | 8 | 6% |
| 8 | Gazprom | 6,698 | 1 | 9 | -2% |
| 9 | ConocoPhillips | 6,012 | 1 | 3 | -7% |
| 10 | Total | 5,653 | 1 | 4 | 7% |

**Source:** MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)
Brand Contribution measures the role brand plays in driving earnings on a scale of 1 to 5 (highest).
Brand Momentum measures the prospects for future earnings on a scale of 1 to 10 (10 highest).



of Asia. Chevron, in particular, set up extensive resources in Australia as a relatively convenient base for exploring Asian reserves. This kind of exploration requires investment that may not produce a return for a long period of time, if ever. Last year, for example, Shell began production in Qatar, turning natural gas into stable oil products, such as diesel fuel and lubricants. Shell began investing in the relevant technology more than thirty years ago.

With few exceptions, such as Statoil, the majors brands did not focus substantially on alternative clean energy, relative to their investment in fossil fuels, although Shell pursued bio fuels. Instead, companies moved toward gas exploration. Natural gas has become the "bridge" energy to renewables. But it's never that simple in this category. The search for gas reserves in shale involves other environmental risks: the possibility of groundwater contamination; and the fact that extracting gas depletes another resource that's scarce in many parts of the world—water.

## Building brands worldwide

With public attention somewhat diverted by economic concerns, brands felt less pressure to communicate about the contentious issue of supplying the world's energy needs while protecting the environment. Because of the importance of public opinion when negotiating government contracts, most brands engaged in debate, operated blogs and participated in online forums with policy makers, politicians, journalists, analysts and other influencers.

Shell's "Let's Go," Chevron's "We Agree," and Statoil's "Energy Realities," conveyed a similar message: We're working responsibly to solve the challenge of meeting the world's energy needs. BP worked to rehabilitate its reputation by investing heavily along the Gulf coast to repair damage to the environment, businesses and communities, and by extensively publicizing its investment using social media.

ConocoPhillips announced intentions to split into two companies: one focused on less profitable downstream refining and retail businesses and the other on upstream exploration. The new structure may reflect the evolving economics of the industry. In a service contract arrangement retail distribution is less necessary.

Brand communication seemed less of an issue in fast growing markets where energy companies often enjoy more positive reputations. Most Brazilians, for example, regard Petrobras as a local hero driving the nation's economic rise. The Petrobras brand value declined as Brazil's economy faltered, however. The government of Brazil owns a majority stake in the publicly traded company.

Similarly, the Russian public appreciates Gazprom and Lukoil as major contributors to national wealth and job creation. But brand and brand communication is increasing in importance even for state-owned companies as they expand beyond their national borders to regions where they are less well known.

Russia's Gazprom is a strong competitor in Central Europe and Lukoil operates in countries throughout the world, including the US. PetroChina works in Russia, South America, the Middle East and Southeast Asia. **Z**

## Brand Toys: Sinopec & PetroChina

**Twinned at birth?**



Sinopec and PetroChina are the two major Chinese oil and gas brands. But which is which? Only the logos can tell you. With strong support from the Chinese government, these two brands are almost identical from a branding point of view. Differentiation generally is difficult in oil and gas. While the role of brand in the oil & gas is growing, it remains less of a factor than in other categories. Both Sinopec and PetroChina are highly trusted, very wise and extremely desirable. The pink ribbons signify trustworthiness. The result is that both brands are classified as Good Value.

## Brand Toys: Petrobras, Shell & BP

**Striking contrast?**



Petrobras, the Brazilian national oil and gas brand, looks similar to the major Chinese brands. It's trustworthy. The happy badge notes that the brand is friendly. Its slightly elongated head indicates greater perceived functionality than the Chinese brands. In contrast to the Chinese and Brazilian brands, which are state owned or state controlled, the Shell and BP Brand Toys appear to belong to a different family. Their shape indicates a high level of familiarity. The shorter stature of the BP Brand Toy and the downcast look reflect the impact on the brand following the Gulf of Mexico disaster.

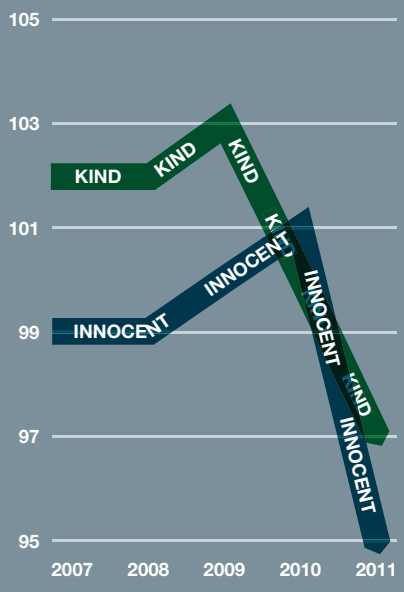
SPOTLIGHT

### DISASTERS HURT INDUSTRY IMAGE

Not surprisingly, disasters, financial battles and political skirmishes have taken their toll on the image of the oil and gas industry.

These companies are vital to the well being of many economies, but recently they have been viewed as significantly less kind with an even bigger drop in perceived innocence.

**Perception of oil & gas companies**
(100 = average)




Source: BrandZ™ data

BRANDZ™



# Personal Care

## Smart shoppers expected low prices, more benefits

### Personal care remained a consumer priority.

Even as they made fewer shopping trips and eliminated frivolous purchases, consumers bought personal care items, sometimes as affordable luxuries—lipsticks and moisturizers—but also because looking good in some ways became even more important during trying economic times.

Consumers tried to spend less, adopting smart shopping strategies, researching more online and sometimes switching to private label when the functional or emotional benefits didn't seem worth a brand's premium. Consumers also selected more do-it-yourself options that promised salon-quality results for at-home prices.

At the same time, consumers expected multiple benefits. In hair treatment, they selected products that not only beautified hair but also helped compensate for damage inflicted by straightening or other processes. Increasingly, functional benefits related to health and wellness, a trend also evident in other categories.

The emotional benefit was as much about feeling good as about making the right impression. Some celebrity brand representatives communicated the more inclusive message. When British singer Cheryl Cole presented the glamour of L'Oreal, the tagline was "We're so worth it" rather than the brands usual, "Because I'm worth it." Actor Hugh Lurie conveyed a similar point of view for L'Oreal for men.

### Category resists private label

Gillette selected the actor Adrien Brody, intense but not conventionally good looking, as one of its "Masters of Style" to make the brand seem more accessible to men in general and to help make shaving the gateway into skincare and other men's care products, a growing opportunity for brands like Gillette and Dove.

But the cost of replacement blades inspired at least one website to sell low-price blades by subscription. Especially when people feel financially stressed, basic personal care products, like soap or body wash, face a similar loyalty challenge. For certain other personal care products private label is less of a threat.

Women consider face care a high priority, for example, and usually remain loyal to a preferred brand, such as Olay. In feminine hygiene, women might switch national brands but are less likely to select a private label. For other products, like body care, financially pressed consumers are more likely to do without the product than switch to private label.

### Trust and social media

The importance of trust in the personal care category is one reason that North American and European brands dominate the personal care category. The Brazilian brand Natura is an important exception. The brand's claims about health and sustainability gain credibility from its association with Brazil as a nation known for its vast rain forests and natural resources. Trust is especially evident in the global success of Colgate and Crest. Colgate ranks in the Top 10 in TrustR, the BrandZ™ global ranking of brands that inspire consumers to trust and recommend them.

Peer reviews are important for building trust in personal care. While expert testimony remains important, many personal care brands engage consumers in conversation in social media. Social media is especially useful for the global brands because YouTube and other sites reach global audiences.

In marketing Nivea to various demographic segments, the brand reached young people with a social media campaign around the singer Rihanna. Axe, the brand known for expertly using social media to pitch men's grooming products, introduced a new scent, called Anarchy, with a version for men and another for women.

### Brands faced ups and downs in BRICs

Developing markets remained critical to the growth of personal care brands. Estée Lauder experienced strong growth in China. Recognized as a leading prestige brand, Estée Lauder is developing facilities to make China what it describes



The emotional benefit was as much about feeling good as about making the right impression. Some celebrity brand representatives communicated the more inclusive message.

# Movers and shakers











| | | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | Gillette | 19,055 | 5 | 7 | -4% |
| 2 | Colgate | 14,948 | 4 | 7 | 5% |
| 3 | L'Oréal | 13,773 | 4 | 5 | -12% |
| 4 | Dove | 4,696 | 3 | 6 | 23% |
| 5 | NIVEA | 4,642 | 3 | 4 | -9% |
| 6 | Garnier | 4,441 | 3 | 4 | -5% |
| 7 | Lancôme | 4,154 | 4 | 4 | -10% |
| 8 | Clinique | 3,418 | 4 | 7 | 43% |
| 9 | Crest | 3,379 | 5 | 7 | 20% |
| 10 | Olay | 3,377 | 4 | 5 | 20% |
| 11 | Natura | 3,307 | 5 | 7 | -28% |
| 12 | Estée Lauder | 3,009 | 4 | 6 | 16% |
| 13 | Avon | 2,730 | 4 | 4 | -53% |
| 14 | Oral-B | 2,501 | 3 | 6 | -11% |
| 15 | Shiseido | 2,052 | 4 | 6 | -15% |

**Source:** MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)
Brand Contribution measures the role brand plays in driving earnings on a scale of 1 to 5 (highest).
Brand Momentum measures the prospects for future earnings on a scale of 1 to 10 (10 highest).



**Personal Care**
Down 5%

as a second home market. The brand also is strong in Russia and Brazil where Clinique, an Estée Lauder brand, also increased its popularity.

Other brands encountered problems in the BRICs, however. Natura expanded its direct sales team in Brazil by more than 14 percent to over 1.1 million agents. Sales improved both in Brazil and worldwide. But Natura's stock price declined by 20.4 percent, roughly following the arc of the Bovespa Index.

Avon's results improved in the fourth quarter after its stock plunged on poor third-quarter results. Ultimately, revenue gained only 1 percent in 2011, for both internal reasons and difficulties in important markets, including the US, Russia and the company's largest market, Brazil, where Avon experienced supply problems.

Avon maintains direct sales representatives in 65 countries and territories and is present in 42 other locations. The company derives 60 percent of its sales from fast growing markets. Also hurt by a bribery scandal in China, Avon is in the midst of a leadership transition. Z



## Insight: Personal Care

**Brands spoke genuinely**

"I would say we've seen a real shift in the way brands are communicating with their target audiences now. It's much more about transparency and having a genuine conversation and we're seeing that through some fantastic digital work that's coming from our brands."

**Sarah Trombetta,**
**Director, Beauty and Wellbeing Asia, Hill + Knowlton**

HILL+KNOWLTON
STRATEGIES

## Brand Toys: Clinique

**Look at me**



Clinique is a "Seductress." The brand is seen as "sexy," "assertive" and "desirable," by those who should know, the consumers who shop the category, as measured by BrandZ™ research. The lipstick kiss on the Brand Toy indicates desirability. This brand justifies its price premium by being meaningfully different. Its allergy free products, emphasized by the sales assistants' pure white hygienic laboratory coats, personify the cleanliness and care that the brand offers. The charisma is evident in the large eyes of the Brand Toy. Strongly recommended, the biggest growth brand of the sector stands rooted in large trustworthy feet.

SPOTLIGHT

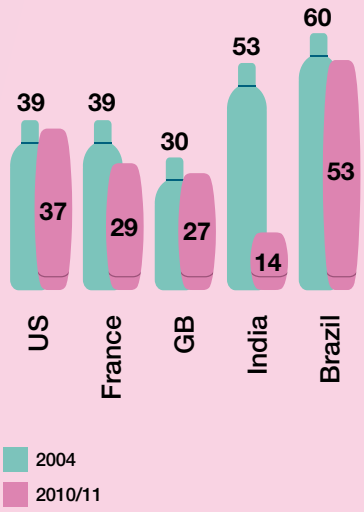
## TIME-STRESSED PEOPLE PRACTICE PERSONAL CARE

Regardless of how time-stressed people felt because of their busy lives, personal care remained important, even during the recession.

The barrier to finding time for personal care decreased most in India.

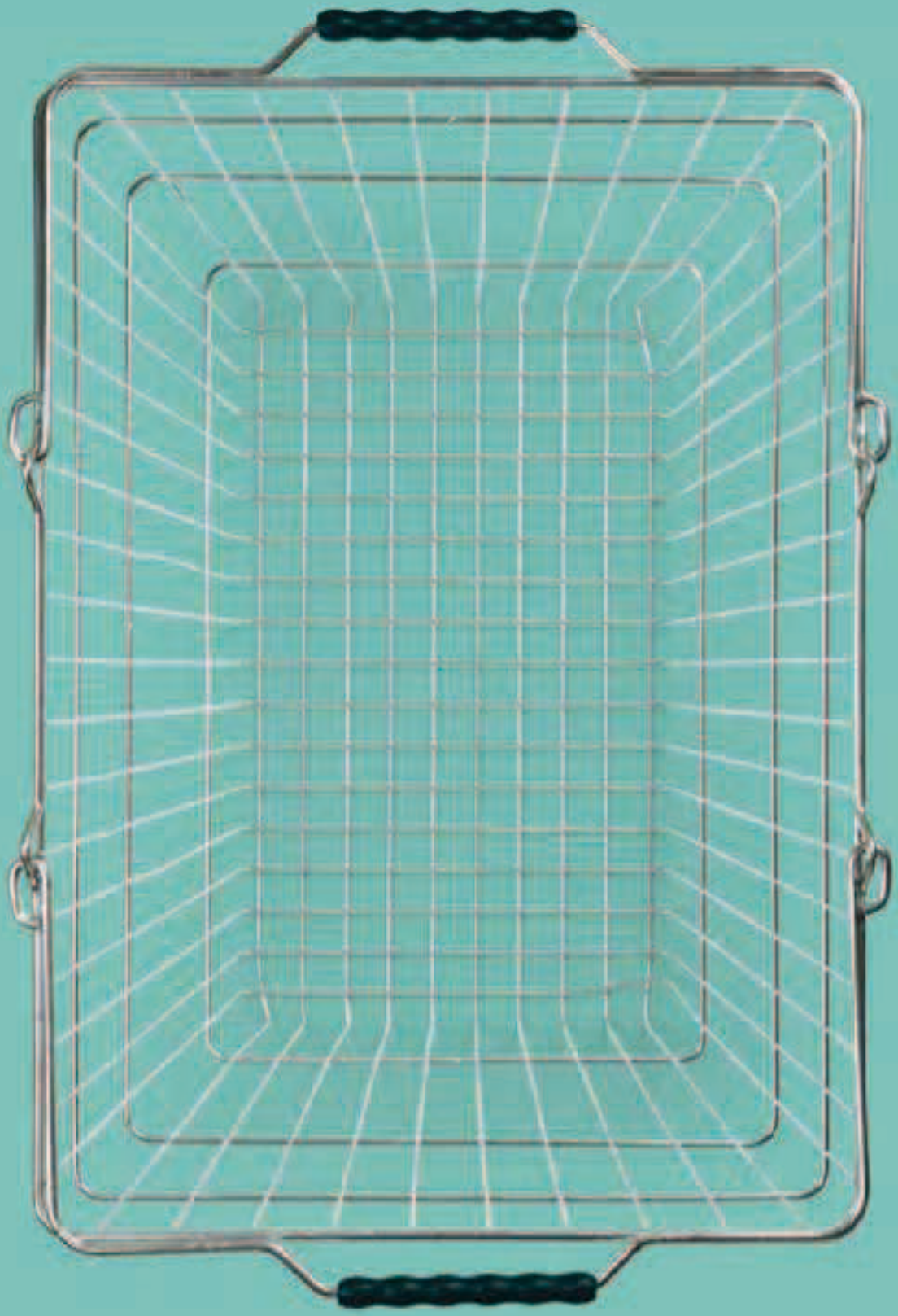
This change was accompanied by a sharp increase in the number Indians who said that they spend a lot of money on toiletries and cosmetics for personal use.

**Because of my busy lifestyle, I don't take care of myself as well as I should**
**2004 vs 2010/11**
% who agree




**Source: Global TGI**

TGI



# Retail

## Global economy and e-commerce reshaped retail

Retailers struggled with two powerful forces—the economy and rapidly changing e-commerce.

Demand in fast growing markets helped drives sales for many global retail brands. But Eurozone uncertainty negatively impacted business. And results in the US were mixed, reflecting the bifurcation of the economy into some regions and industries that experienced recovery and others that did not.

Improving sales in the US, and strong results in China, helped move Walmart back to Number 1, ahead of Amazon, as the most valuable retail brand in the BrandZ™ Top 100 Most Valuable Global Brands. Walmart has operated in China for 15 years and is accelerating its move into the country's smaller interior cities, according to Kantar Worldpanel.

The first brands from a fast growing economy, Falabella and Sodimac of Chile, entered the BrandZ™ ranking of retail brands. One of the largest retailers in South America, Falebella operates department stores and specialty stores, including the home improvement chain Sodimac.

Walmart ended a long period of declining US same-store sales comparisons, suggesting that the brand reconnected with its core customers. Reversing a failed strategy to improve efficiencies and draw higher-income shoppers, Walmart added back around 10,000 stock keeping units, strengthening core categories, both in food and general merchandise.

Walmart's entrance into South Africa, with the purchase of Massmart, a multi-brand wholesaler and retailer, pointed to sub-Saharan Africa as a potential frontier of retail growth. Meanwhile, India affirmed regulations that continued to slow the expansion of multi-brand retailers such as Walmart and Tesco, restricting them to operate in India as wholesalers rather than retailers.

### Price and quality won

With a brand value increase of 31 percent, Home Depot enjoyed the greatest improvement in the retail category, restoring value lost during the housing slowdown. Improvements in service and logistics that Home Depot made during the recession prepared the brand to benefit from the housing market recovery.

Like Home Depot, other brands that appreciated in brand value also combined price and quality into propositions that appealed to consumers battered by the economy. These brands included the discount grocers Aldi and Lidl and the warehouse clubs Costco and Sam's Club. IKEA also gained from the improving housing market and from sales in fast growing economies, especially China.

Hypermarkets, such as Tesco and Auchan, benefited from sales in China, but faced a challenge in developed markets because their large stores and expansive product ranges did not convey the price and convenience consumers sought. Carrefour, in particular, struggled. These brands focused attention on opening smaller neighborhood locations.

### Insight: Retail

**Retailers must engage shoppers**



"I think that a lot of retailers are facing up to the fact that the world is omni-channel or multi-channel. The point is that retailers have to realize that they need to engage with shoppers whenever and wherever those shoppers are thinking about purchasing.

**Bryan Roberts,**
**Retail Insights Director,**
**Kantar Retail, London**

KANTAR RETAIL

### Omni-channel became the new buzzword

And, like most retailers, the hypermarkets also worked to become omni-channel. Omni-channel describes multi-channel retailers present in both the virtual and real worlds with the added ability to reach customers as they move across channels, even simultaneously shopping in the aisle of a physical store while checking the competition on a mobile device.

The growth of omni-channel retailing reflected the disappearance of the linear path to purchase and the emergence of a more complicated constellation of physical and virtual shopping locations. Retail entered a new phase, with attempts to seamlessly integrate physical stores with online e-commerce in all its mobile and computer variations.

In one of the more interesting omni-channel efforts last year, Tesco installed an interactive screen in the Seoul, Korea, subway. Branded Home Plus, Tesco's name in Korea, the installation presented photos of products with the QR code, enabling customers to purchase on the spot for home delivery. The approach reflected a "click and collect" trend among large food retailers, which enables

# Movers
## and shakers













| | | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | Walmart | 34,436 | 2 | 5 | -8% |
| 2 | Amazon | 34,077 | 3 | 10 | -9% |
| 3 | Tesco | 18,007 | 4 | 9 | -18% |
| 4 | The Home Depot | 12,968 | 2 | 5 | 31% |
| 5 | eBay | 12,662 | 3 | 8 | 18% |
| 6 | Target | 10,506 | 3 | 4 | -16% |
| 7 | ALDI | 9,310 | 2 | 6 | 1% |
| 8 | IKEA | 9,206 | 3 | 9 | 26% |
| 9 | Carrefour | 7,836 | 3 | 5 | -43% |
| 10 | Auchan | 6,799 | 3 | 9 | -13% |
| 11 | Lowe's | 6,022 | 2 | 3 | -8% |
| 12 | Falabella | 5,263 | 5 | 9 | N/A |
| 13 | Costco | 5,092 | 2 | 6 | 12% |
| 14 | Lidl | 4,605 | 1 | 5 | 9% |
| 15 | M&S | 4,327 | 3 | 6 | -18% |
| 16 | Asda | 3,881 | 3 | 5 | -2% |
| 17 | Kohl's | 3,380 | 3 | 4 | -16% |
| 18 | Sodimac | 3,318 | 5 | 8 | N/A |
| 19 | Best Buy | 3,271 | 3 | 5 | -36% |
| 20 | Sam's Club | 3,193 | 2 | 3 | 9% |



**Retail**
Down 5%

**Source:** MillwardBrown Optimor
(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)
Brand Contribution measures the role brand plays in driving earnings on a scale of 1 to 5 (highest).
Brand Momentum measures the prospects for future earnings on a scale of 1 to 10 (10 highest).

customers to buy online and pick up the order at their local store.

## Retailers reimagined the store

The benefits of convenience, selection and price continued to drive the growth of e-commerce, as consumers increasingly used Amazon as a search engine to begin their shopping trips. Retailers reimagined the role of physical stores as places to evoke brand experience with a combination of assortment, service, display and design that inspire brand loyalty and purchasing—whether in-store or on a computer or mobile device.

Brands heavily invested in bricks and mortar locations reexamined their strategies. Big box leaders, such the electronics retailer Best Buy, struggled to find a new and distinctive place in the market. At the same time, Amazon attempted to compensate for its lack of physical stores by experimenting with delivery pick-up locations at select 7-Eleven outlets.

Apple emerged as a retailer especially able to project consistent brand experience both on its website and in its physical stores (Please see technology category story on page 87). It ended its 2011 fiscal year with 357 stores averaging $43.3 million in annual revenue. Z

## Insight: Retail

**Shoppers hunt for the deal**



"When it comes to shopping, the hunt for the deal is becoming more of priority for consumers, not just coupon clippers. Couponing is no longer seen as an embarrassment and shopping itself has become a game. Consumers have multiple opportunities to receive coupons and earn rewards through apps like Shopkick and Foursquare."

**Ann McGrath,**
**Director, Shopper 2 Buyer,**
**Kinetic Worldwide, New York**

S2B
shopper 2 buyer

## Brand Toys: Home Depot

**You can come home with me**



The Home Depot seems to be a Brand Toy that is about to hug you. The data say it is a "Friend" who is eminently "trustworthy" and "straightforward." The ribbon on the Brand Toy indicates trustworthiness. The tie denotes being straightforward. These qualities make Home Depot a hugely trusted brand that delivers very good value. Its slogan "More saving. More doing." neatly encapsulates this bond with consumers, which dates back to the founding vision of the brand that emphasized serving customers needing help with challenging home improvement projects. The improved housing market and economic climate in key markets, combined with excellent management, helped the Home Depot achieve the greatest year-on-year brand valuation increase in the retail sector.

SPOTLIGHT

## PRICES DECLINE, BUT SO DOES FUN

Retailers had it tough over the last few years and fought the serious waves of recession bravely.

As a result, for the category as a whole across the world, consumers believe that their needs are being met and generally at a better price.

But a lot of the fun disappeared as consumers worked to find discounts during the recession and retailers battled for consumer share of wallet.

**Change 2007 to 2012**




**Source: BrandZ™ data**

BRANDZ™



# Soft Drinks

## Health and energy drinks fizzed, but cola remained flat

Coke talked about happiness. Pepsi emphasized refreshment. Both cola leaders described their drinks as sparkling rather than carbonated, a word the public associated with obesity and unhealthiness.

These consumer concerns continued to moderate carbonated soft drink sales, which declined 1 percent in the US, according to Beverage Digest. Diet Coke remained number two in market share, ahead of Pepsi and behind Coke, a position it achieved in 2010. Mountain Dew, a Pepsi brand, was fourth in US market share. Red Bull and other major US energy drink companies gained in volume and share, as did Gatorade.

Although immediate economic concerns may have somewhat diminished health as a consumer priority, the issue didn't disappear and remained a long-term strategic challenge for soft drink marketers as more consumers expect beverages that are healthy without any compromise of flavor. Cola's weakened popularity, even among teens and other core customers, also could be attributed in part to the widening choice of non-carbonated alternatives including juices, performance drinks, tea and water with fruit flavors.

The issues of health and obesity, especially significant in the US and UK, received increased attention in Continental Europe (Please see Spotlight on page 86). Late in 2011, Denmark and France imposed taxes on fatty foods. The French legislation targeted sugary drinks but exempted zero-calorie beverages, which will create a price differential. The cola leaders both reacted to these concerns and continued to aggressively market their brands.

### Coke celebrated 125 years

Coke celebrated its 125th anniversary with a global campaign organized around a heritage dating to 1886. It also produced special events that included transforming its Atlanta headquarters skyscraper into a dramatically illuminated digital outdoor billboard and streaming a free concert from Atlanta, featuring stars of the TV show American Idol, which Coke sponsors.

The brand expanded its "Open Happiness" campaign, noted for viral videos in which a Coke machine dispenses Coke as well as fun surprises, such as flowers and balloons. Last year, Coke converted large red trucks into vending machines and sent them into neighborhoods worldwide to "deliver happiness." The trucks became mobile outdoor ads serving free Coke and drawing appreciative crowds. Coke also planned its advertising and social media presence for the London Olympics and

# Movers and shakers





## Soft Drinks
Up 1%



| | | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | Coca-Cola | 60,286 | 5 | 7 | 1% |
| 2 | Diet Coke* | 14,000 | 4 | 5 | 1% |
| 3 | Pepsi | 10,313 | 4 | 5 | -1% |
| 4 | Red Bull | 9,984 | 3 | 6 | 8% |
| 5 | Fanta | 3,998 | 2 | 5 | -8% |
| 6 | Sprite | 3,793 | 2 | 5 | 7% |
| 7 | Gatorade | 3,456 | 4 | 4 | 19% |
| 8 | Mountain Dew | 2,577 | 4 | 5 | 4% |
| 9 | Diet Pepsi | 2,285 | 3 | 4 | -9% |
| 10 | Dr Pepper | 2,138 | 4 | 5 | -3% |

**Source:** MillwardBrown Optimor
(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)
Brand Contribution measures the role brand plays in driving earnings on a scale of 1 to 5 (highest).
Brand Momentum measures the prospects for future earnings on a scale of 1 to 10 (10 highest).
* Includes Diet Coke, Coca-Cola Light and Coca-Cola Zero.

the European Football Championship during the summer of 2012.

## Pepsi recalibrated marketing

Pepsi recalibrated its marketing. Having ceded the second place market share position to Diet Coke a year earlier, Pepsi increased investment in the Pepsi brand, raising its 2011 total ad spending to $197.8 million, up 33 percent from $149.1 million in 2010, according to Kantar Media. The brand dramatically increased its presence on network TV for Pepsi and Diet Pepsi, spending a total of $56 million in 2011, compared with $10.2 million a year earlier, all dedicated to Pepsi.

Pepsi did not abandon its long-term strategy to provide healthier drink and food options, but it balanced that mission against the immediate imperative of driving sales and share. It continued the Pepsi Refresh Project in which the brand makes financial grants to charities selected by online voting. At the same time, Pepsi also reemphasized its connection to music, using the line, "Where There's Pepsi, There's Music," and featuring performers like Elton John and Melanie Amaro, a winner on "X Factor," a Pepsi-sponsored program.

## Health concerns continued

In the search for healthier alternatives, both Coke and Pepsi attempted to develop other beverages including coconut water, which is gaining popularity in North America. Among Pepsi's alternative drink brands are SoBe (teas and fruit juices) and Izze (sparkling juice). Coke's portfolio includes Honest Tea and Vitamin Water.

Pepsi promoted the low-calorie Pepsi Max brand, its competitor to Coke Zero, with a campaign of humorous ads and $66.5 million in media spending, according to Kantar Media. The Snapple Group introduced Dr Pepper Ten, a low-calorie drink aimed at young men. In a social media campaign called FanDewmonium, Mountain Dew asked consumers to select a new diet flavor by voting for one of two candidates.

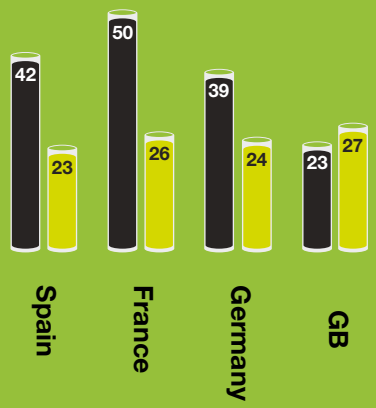
Both Coke and Pepsi proved relatively resistant to store brands, even in difficult economic times, because of their distinctive tastes, deep consumer loyalty and affordability. Retailer promotions drove volume at the expense of margins. And private label remained a threat for the soft drink category overall with the improvement in store brand quality.

SPOTLIGHT

## COLA POPULARITY CHANGES WITH HEALTH CONCERNS

Consumption of regular cola has declined across Europe, while diet and low calorie colas have increased in popularity. They now are more popular than regular colas in Great Britain, where consumption of both drinks has declined. The trend away from regular cola should continue because of the increased focus on health and nutrition.

**Consumption of regular and diet colas in Western Europe**
% penetration




■ **Regular Cola**
■ **Diet/Low Calorie Cola**

**Source: Global TGI**

TGI™

## Experience mixed worldwide

Other carbonated drinks, such as Fanta and Sprite, competed across the world, but facing multiple national brands, their acceptance varied by country. Mountain Dew, which is strong in the US, and Dr Pepper, faced a similar situation. These brands tend to appeal to a younger audience.

Meanwhile, soft drink brands responded to changing shopping habits in the European grocery channel as consumers sought price and convenience. Like other brand manufacturers, Coke and Pepsi increasingly were listed by European discounters whose ranges until recently focused almost exclusively on private label.

Even with a presence in the discount channel, cola sales are likely to stay flat in North America and Europe, compared with the developing markets. As Coke and Pepsi expand in all regions of the world, brand market share varies by country. Coke is strong in Brazil while Pepsi leads in India and the brands are close in China, according to TGI. Many Indian cola drinkers prefer Thums Up, a spicy tasting local brand with a macho image. Coke purchased Thums Up in the 1990s. Sprite also is popular in India because its lime flavor appeals to local tastes. Z

## Insight: Soft Drinks

**Performance drinks grew**



"Energy drinks and sport drinks, especially, in Western Europe and the UK, in particular, are driving a lot of growth in the soft drinks category. We're seeing a lot of exciting new brands coming through, many of which are actually quite small or trendy or from the discounters. This is a real big challenge to the big manufacturers like Coca-Cola or Pepsi because they're going to have to come up with new ways to compete in that market. I think they will be able to do so, but they will have to invest shrewdly in new tactics, like guerilla marketing and digital, to really get it right."

**Thomas Walker, Account Director, TNS RI (Research International), London**

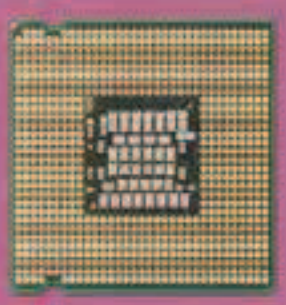
TNS

## Brand Toys: Gatorade

**A bit of a rebel**



In an example of thinking globally but acting locally, Gatorade expanded its international presence by developing new flavors for local tastes. The brand has benefitted from a repositioning begun in 2010 that clarified the product range as a portfolio of pre-exercise, during exercise and post-exercise options. And building on the health trends of today, the brand succeeded with a low calorie drink. BrandZ™ data identify Gatorade as "adventurous" and "different," as symbolized by the Brand Toy's hat and glasses. The brand also is viewed as "brave." Collectively, these personality characteristics form the archetype "Rebel." Brand success has produced financial success. Strong brand value appreciation in the 2012 BrandZ™ ranking made Gatorade the Top Riser in the soft drinks category.



# Technology

## Consumer

# More scale, more sales, more scrutiny

### Suddenly, size mattered.

Brands once loved almost unconditionally as prodigy start-ups, faced the consumer scrutiny reserved for large institutions and corporations.

While they enjoyed their smart cars, smart appliances and smart phones, consumers worried that technology brands might be getting too smart and too big. Consumer concerns about intrusiveness and privacy conflicted with their desire for more connectivity, mobility and speed.

The death of visionary Apple founder Steve Jobs coincided with questions about the brand's long-term growth and the labor standards along its supply chain. Grumbling over the cost of Facebook advertising and the company's privacy practices preceded its IPO, scheduled for early in 2012.

As the world's second most valuable retail brand, Amazon received the same complaints about size and dominance often aimed at Walmart, retail's brand value leader. And while consumers may have agreed with the Google motto, "don't be evil," they questioned how the company would use all the personal information it amasses.

Within this challenging context, and while struggling with regulatory issues, brands continued to innovate. They shifted much of their attention to cloud computing and to developing intuitive and voice interfaces. And they competed with each other as ecosystems attempting to offer the best devices, content and connectivity (Please see the Telecoms story on page 93). The brands mostly generated strong financial results.

### Apple sales reached the clouds

With a 66 percent increase in net sales to $108.2 billion during its 2011 fiscal year, Apple continued to innovate and upgrade, introducing iPad 2 in March and iPhone 4S with Siri voice activation in October, when it also launched iCloud. Apple also added an eighth generation Mac operating system called Lion. The company reached $500 billion in market value and remained Number 1 in the 2012 BrandZ™ Top 100 Most Valuable Global Brands, with a brand value of $183 billion.

Distribution of the iPhone expanded in the US when Verizon became a carrier in February 2011, ending AT&T'S exclusivity. With 172 million iPads, iPhones and iPods sold during 2011,

# Movers and shakers





## Technology
Up 2%





| | | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | Apple | 182,951 | 4 | 10 | 19% |
| 2 | IBM | 115,985 | 4 | 5 | 15% |
| 3 | Google | 107,857 | 4 | 5 | -3% |
| 4 | Microsoft | 76,651 | 4 | 8 | -2% |
| 5 | Facebook | 33,233 | 3 | 10 | 74% |
| 6 | SAP | 25,715 | 3 | 5 | -1% |
| 7 | Baidu | 24,326 | 5 | 10 | 8% |
| 8 | HP | 22,898 | 3 | 3 | -35% |
| 9 | Oracle | 22,529 | 2 | 5 | -16% |
| 10 | Tencent/QQ | 17,992 | 4 | 8 | 19% |
| 11 | Accenture | 16,118 | 3 | 5 | 4% |
| 12 | Intel | 15,633 | 2 | 5 | 12% |
| 13 | Samsung | 14,164 | 3 | 9 | 16% |
| 14 | Cisco | 13,317 | 2 | 7 | -18% |
| 15 | Siemens | 10,676 | 2 | 3 | -11% |
| 16 | Sony | 8,542 | 4 | 4 | -10% |
| 17 | Canon | 6,780 | 2 | 4 | -11% |
| 18 | Dell | 6,550 | 3 | 3 | N/A |
| 19 | Infosys | 6,297 | 2 | 6 | -23% |
| 20 | BlackBerry | 6,060 | 3 | 3 | -75% |

**Source:** MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)
Brand Contribution measures the role brand plays in driving earnings on a scale of 1 to 5 (highest).
Brand Momentum measures the prospects for future earnings on a scale of 1 to 10 (10 highest).

Brands shifted much of their attention to cloud computing and to developing intuitive and voice interfaces, and competed with each other as ecosystems attempting to offer the best devices, content and connectivity.

Apple continued to lead in what it calls post-PC devices. The company offered over 585,000 apps in its App Store. And it operated around 360 physical stores worldwide.

Google revenue increased 20 percent to $37.9 billion in 2011, primarily from advertising. Still primarily a search engine, the brand introduced Google+ in June, an attempt to compete with social networks like Facebook by organizing participants into groups with shared interests. Almost 90 million people joined by year's end. The brand closed Google Buzz, however, its attempt to compete with Twitter.

With Google's acquisition of Motorola Mobility, the phone maker is expected to develop mobile devices operating on the Android open platform that Google developed. The combination of device and platform potentially makes Google a rival ecosystem to Apple and other technology leaders. Although Android enjoyed greater global market share than Apple last year, according to Kantar Worldpanel, Apple share was expanding faster, driven by iPhone popularity, particularly in the US.

## Facebook prepared for IPO

Microsoft ended 2011 with sales of almost $70 billion, a record for the company and a 12 percent year-on-year increase. While the company continued to benefit from its legacy PC-focused products, Windows and Office, it was poorly positioned for the consumer shift away from PCs to mobile devices. Windows 8, scheduled for release in 2012, is designed to sustain Microsoft's PC dominance while better accommodating mobile devices with a more cloud-based approach.

Microsoft's Xbox 360 was the best-selling home video game console in the US last year. In a joint venture with Nokia the company developed devices to run on the Windows platform. Microsoft acquired Skype in October.

Founded in 2004, Facebook had 845 million users at the end of 2011. Its revenue for the year was up 33 percent to $3.7 billion, predominately gained from advertising. With a brand value appreciation of 74 percent to $33 billion, Facebook was the fastest riser in the 2012 BrandZ™ Most Valuable Global Brands. Facebook prepared for an IPO that was expected to drive its market valuation close to $100 billion, some speculated. The company, which essentially is about sharing personal information, faced rising concerns about privacy.

## Global economy challenged brands

Samsung, the enormous Korean conglomerate, increased sales 7 percent, although net income declined 15 percent, in part because of intense competition and global economic factors. The company's broad range of products—including TVs, mobile devices, cameras, computers and printers and home appliances—positioned Samsung as a potential leader in smart house connectivity. The success of its Galaxy series handset drove a 40 percent year-on-year revenue increase in Samsung's telecommunications division.

Sony was impacted by the flooding and nuclear crisis in Japan and by the flooding in Thailand, as well as by global economic and competitive issues. Following a series of problems, including poor consumer reception for its PlayBook tablet, and a serious system failure in October, profits for BlackBerry maker RIM plummeted to $1.16 billion from $3.4 billion a year earlier and the company planned to reorganize.

In China, an important market for global technology brands, local brands also thrived. Tencent, China's largest Internet portal, continued its rapid rise, claiming more than 700 million users for its popular instant messaging service called QQ. Using variations of the QQ brand name, the company also offered news and entertainment, search, gaming and ecommerce.

China's largest search engine, Baidu, prepared to venture beyond China and set up an office in Brazil. The company has a small presence in Japan. Google's exit from China, in 2010, benefited Baidu, and the company's shares appreciated by about 50 percent last year. Chinese consumers appreciated Baidu's familiarity with the subtleties of Chinese language and culture. In the 2012 BrandZ™ ranking, Baidu received one of the highest scores for Brand Contribution, a measurement of brand strength exclusive of financials or any other factors. **Z**



### Insight: Technology

**Relevant brands most successful**

"The temptation for brands has been to try and do too much too quickly with too little success. But the brands that have succeeded have been more relevant, different and engaging than their competitors and they have succeeded in that launch after launch throughout the year."

**Kevin Sugrue, Director, Millward Brown, London**

MillwardBrown

# Business

## Economy affected B2B as brands shifted strategies

Global economic realities and rapid industry changes impacted many B2B brands last year.

B2B customers increasingly viewed IT spending as an investment in growth rather than an infrastructure expense. The shift mirrored a change in traditional corporate structure, with the CIO responsible for strategic transformation, not simply implementation.

Spending on IT brought new challenges as B2B brands attempted to narrow the gap between the relatively complex technology people encounter at work and simplicity they enjoy on their personal devices. As improving data integration became an important priority, an approach called in-memory computing potentially made access to corporate data stored in multiple silos as fast and easy as a Google search.

### Brands introduced in-memory computing

Impressed with benefits of faster and better decision-making promised by in-memory computing, brand leaders offered their versions. The SAP product, called HANA, is a hardware and software combination produced in collaboration with HP. Oracle introduced the Exalytics In-Memory Machine.

In-memory business applications can have great impact, particularly in high volume, lower margin businesses where profit depends on close cost control. The technology makes the data potentially transparent both to employees within the organization and to external audiences including customers.

A large retailer with thousands of stores and a presence on its website and in social media potentially could share with its customers immediate and accurate in-stock information about every sku in every store and distribution center. A health care provider could coordinate patient records so that all doctors and medical facilities had access to the same information.

### IBM remained relevant at 100

The B2B technology brands generally looked at their businesses more strategically. They offered suites of products and services, and pursued the healthy margins in the services consulting part of the business.

Celebrating its centennial year in 2011, IBM became the second most valuable brand in the world across all categories, in the BrandZ™ ranking. The accomplishment, especially significant for a B2B brand, highlighted the organization's ability to remain relevant, even as technology continued to shift from mainframes, a world IBM created, to the cloud.

IBM last year experienced a seamless CEO transition and continued its "Smarter Planet" strategy, demonstrating the power of artificial intelligence with Watson, the robot that effectively competed against human contestants answering questions on the US game show Jeopardy.

The technology illustrated that artificial intelligence now involves not only the ability to access a database of knowledge, but also to make judgments based on the knowledge and to communicate those judgments. Watson is named for the father and son CEOs, both named Thomas Watson, who led IBM for almost 60 years.

### Results varied

Intel enjoyed strong results, with net income up 13 percent to $12.9 billion on revenue of $54 billion, an increase of 24 percent. Emerging markets drove growth of its core microchip business, with tremendous opportunity in China because of potential PC growth. Highlighting the importance

IBM last year experienced a seamless CEO transition and continued its "Smarter Planet" strategy, demonstrating the power of artificial intelligence with Watson, the robot that effectively competed against human contestants answering questions on the US game show Jeopardy.

of data security in a world increasingly dependent on electronic data and data transmission, the company acquired McAfee, the technology security specialist.

Cisco completed a restructuring, cutting jobs and eliminating some products, such as its Flip video cameras, in order to focus on its core Internet switching and routing business in anticipation of increasing Internet traffic, especially video, and the emergence of potential competition. The brand marketed Cisco TelePresence, a technology that streams video images to create online meetings.

HP went through a period of uncertainty and business reassessment, retaining a new CEO late in the year. After reversing a decision to eliminate its PC division, the company ultimately defined itself as an IT leader devoted to infrastructure, software and services. Early in 2012 the company announced plans to simplify its operation and focus on its B2B business. For 2011, however, revenue increased by only 1 percent, while net earnings declined significantly and the share price fell 38 percent.

Celebrating its 30th year, Infosys, the India-based global technology services company, with sales offices in 29 countries, experienced a management shift with the retirement of co-founder N.R. Narayana Murthy, who became chairman emeritus. Dell continued to shift its business beyond devices to IT services. Revenue grew 1 percent to $62.2 billion for the fiscal year, Results were stronger outside Dell's US home market, with revenue from BRIC countries up 15 percent. Z

## Brand Toys: Google, Microsoft, Apple, Facebook and IBM

**Distinctive in purpose**



Today's technology jungle is alive with the sounds of competing brands. And in true "survival of the fittest" style, they tend to be quite different one from another. As the Brand Toys show, the top five most valuable technology brands are all distinctive. The more consumer facing Apple, Google and Facebook are highly creative, as suggested by the paintbrush held in their hands. In contrast, the B2B IBM wears a necktie, indicating straightforwardness, and carries a compass, the symbol of "in control." Microsoft, which straddles the consumer and B2B spaces, also carries the "in control" compass, but has a body type that that suggests great familiarity. Both the Microsoft and IBM Brand Toys wear the pink ribbon of trustworthiness.

All these brands attempt to be something bigger than just a series of products. Apple is rated the most "adventurous" and exhorts us to "Think Different." The hat and glasses repesent these characteristics. Google wears the pink trustworthy badge, reflecting its famous injunction, "Don't do evil." Facebook, known for connecting people, is embued with playfulness and is one of the friendliest brands. The happy face pin on the Brand Toy projects friendliness, and the eyes suggest fun. Microsoft tries to "Be What's Next" and is seen to be very much in control. IBM, rated idealistic and also in control, stands for a brand that is creating a "Smarter Planet."

SPOTLIGHT

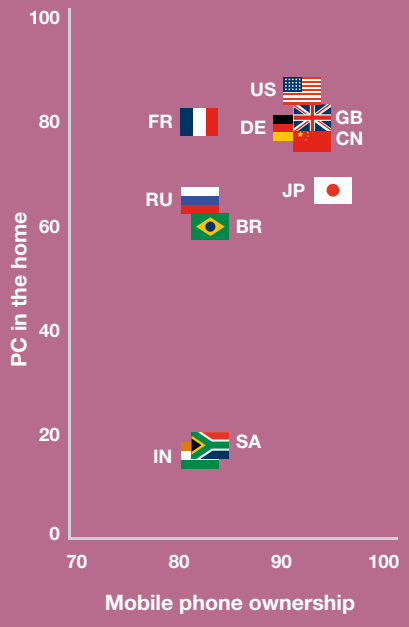
## HOME PCS REVEAL TECHNOLOGY DIVIDE

Mobile phone penetration is extremely high in both developed and fast growing markets.

In-home PC penetration, generally an indicator of overall technical sophistication and Internet access, is greater in developed economies, however.

While more than 80 percent of Indians have a mobile phone, for example, less than 20 percent of Indian homes have a PC. In contrast, both mobile and PC penetration in the US are around 90 percent.

**PC in the home vs Mobile phone ownership**
% of population




Source: Global TGI

TGI


6
5
4
7
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#

# Telecom Providers

## Dumb pipes joined smart ecosystems

Content providers and device manufacturers converged.

In this stage of a long metamorphosis, telecoms, the so-called "dumb pipes" struggling against commoditization, emerged as the indispensible delivery component in emerging ecosystems.

Apple catalyzed the formation of ecosystems when it introduced the iPad in 2010. The mobile device liberated rich content from the home. And telecoms delivered it wirelessly. Last year, two transactions advanced the formation of ecosystems.

Google purchased Motorola Mobility and Microsoft formed a partnership with Nokia. With Motorola, Google can develop smart devices using its Android platform. Nokia will manufacture smartphones running Microsoft's Windows.

Along with Apple, Google and Microsoft, Amazon also represents an ecosystem (Please see Retail story on page 80). The brand offers content, such as movies and other entertainment, as well as shopping on its Kindle device, which could provide an edge in m-commerce.

Not all telecom growth involved ecosystems. Mobile phone ownership continued to soar in fast growing economies. Ownership in India, for example grew 26 percent just in the three-year period between 2008 and 2011, according to TGI (Please see Spotlight on page 95).

The mobile devices in these markets usually are affordable function phones that enable countries to leapfrog inadequate landline infrastructure and rapidly achieve high telecommunications penetration, over 80 percent in Brazil, India, Russia and South Africa and over 90 percent in China, according to TGI.

This year, MTN, a South African telecom, became the first brand from Africa to appear in the BrandZ™ ranking of the most valuable global brands. MTN operates in 21 countries across Africa and the Middle East. The telecom Airtel became the second Indian brand to appear in the ranking.

### Leaders formed partnerships

The rapid growth of mobile, combined with vast subscriber audiences, over 100 million each in the case of Verizon and AT&T, made the telecoms attractive partners. But the telecoms faced the challenge of finding sufficient capacity and forming the most productive partnerships.

Verizon entered a joint venture with Time Warner Cable, an adversary with which it now will cross-sell products. The arrangement was part of a deal in which Time Warner along with Comcast and Bright House Networks, two other cable companies, agreed to sell wireless spectrum to Verizon.

Verizon further expanded its content offering and delivery options, early in 2012, when it entered a joint venture with Redbox, which operates DVD kiosks at retail locations in the US and maintains relationships with major film studios. Verizon is 45 percent owned by Vodafone, which finally saw a long-term investment pay off with the income boost Verizon enjoyed when it became an iPhone carrier in 2010.

AT&T also spent much of 2011 attempting to increase its wireless spectrum, by planning a merger with T-Mobile, the Deutsche Telekom brand. The strategy ultimately failed when the US Federal Communication Commission rejected the deal, leaving AT&T to explore options for "data throttling," rationing system access based on customer value.

### Competing and collaborating

In a sense, the telecoms shifted toward ecosystems several years ago when they bundled services into "triple plays" of phone, online and cable. Telecoms became brands that customers experienced every time they accessed content, rather than only once a month when they received an incomprehensible bill.

Continuing to evolve as brands requires functioning effectively within ecosystems comprised of diverse cultures and areas of expertise, including engineering, content creation and design. The challenge is compounded for brands like Vodafone, which operates across many country markets. Vodafone and Verizon last year extended their relationship to find efficiencies and to work more closely together on standardizing technology and serving global business clients.

As exemplified by the Verizon arrangement with Time Warner, business effectiveness also requires sometimes competing and collaborating simultaneously. Orange and T-Mobile collaborated in the UK, creating a new brand called Everything Everywhere. It uses the combined offering of Orange and T-Mobile to customize programs that best serve individual customers. This

Telecoms became brands that customers experienced every time they accessed content, rather than only once a month when they received an incomprehensible bill.

# Movers and shakers

| | | Brand Value $M | Brand Contribution | Brand Momentum | Brand Value Change |
|---|---|---|---|---|---|
| 1 | AT&T | 68,870 | 3 | 5 | -1% |
| 2 | Verizon | 49,151 | 3 | 7 | 15% |
| 3 | China Mobile | 47,041 | 4 | 9 | -18% |
| 4 | Vodafone | 43,033 | 3 | 6 | -1% |
| 5 | Deutsche Telekom | 26,837 | 3 | 2 | -10% |
| 6 | Movistar | 17,113 | 2 | 4 | -37% |
| 7 | NTT DoCoMo | 15,981 | 3 | 6 | 3% |
| 8 | Orange | 15,351 | 2 | 3 | -13% |
| 9 | Airtel | 11,531 | 3 | 8 | N/A |
| 10 | Telecom Italia | 9,572 | 3 | 8 | -18% |

Source: MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)
Brand Contribution measures the role brand plays in driving earnings on a scale of 1 to 5 (highest).
Brand Momentum measures the prospects for future earnings on a scale of 1 to 10 (10 highest).

simplified, personal approach can be compelling in a category often criticized for its complexity and opaqueness.

A sharp rise in capital expenditure, required to expand capacity and meet data demand, will drive collaboration in the construction of 4G infrastructure. While a shared network spreads cost and risk, it also reduces the possibilities for brand differentiation based on network quality, which is significant as the telecoms promote the speed of 4G and 4G LTE (Long Term Evolution).

## Struggling to differentiate

And while telecoms collaborate with device manufacturers within ecosystems, they continue to struggle for relative brand prominence. The device generally wins, because consumers decide on their phone or tablet brand before selecting a carrier.

In the UK, Vodafone last year ended its Vodafone 360 service, an attempt add value by offering apps, like search and mapping, along with music and a function that linked a user's address book and social network sites. Along with its Verizon investment in the US, Vodafone maintains more than 40 partnerships in over 30 countries worldwide.

O2, the UK brand of Spain's Telefónica, created special offers connected with events at the O2 Arena, the entertainment complex it sponsors. In anticipation of the London Olympics and the Queen's Diamond Jubilee, O2 planned the creation of free WiFi zones in areas of London expected to attract many international tourists.

In a separate development, the telecoms explored Near Field Communications

**Telecoms**
Down 7%

(NFC), which enable a mobile phone to be used as a wallet for completing financial transactions, such as payment at a retail checkout or texting money transfers. This cashless society already is a reality in parts of Africa as a brand named M-Pesa. The prospect of more activity on mobile devices potentially benefits telecoms, although NFC initiatives have been limited so far.

## Competition grew in fast growing economies

Movistar, the Telefónica brand in Spain and Latin America, felt the impact of Spain's economic problems and a slowdown in Latin America and other developing markets. Orange, which also felt the impact of Europe's financial uncertainty, continued to focus on Africa. Of the 32 countries where the brand is present, 17 are in Africa. South Africa's MTN offered its low-priced phones and calling plans throughout Africa and the Middle East.

The Indian brand Airtel also maintained a strong African presence. In India, Airtel emphasized the strength of its network. Price is especially important in India, since an aggressive promotion by Docomo, the Tata-owned brand. Vodafone in India cultivated a customer care image. Idea focused on value added-services.

Russia is experiencing a step-change in mobile communications with the introduction of bundled service offerings as the three leading brands—MTS, MegaFon and Beeline—struggle to differentiate and grow market share. These brands are squeezed between the state-owned Rostelecom and two newer, privately owned telecoms, Tele2 and Yota. Z

## Insight: Telecoms

**Ecosystems emerge**



The biggest emerging trend in the telecommunications space was the development of independent ecosystems, Apple being a primary part of that, Amazon as well and Google. These ecosystems bring together devices, content and distribution all in one offering to a customer. Formally, there had been ecosystems without much connectivity across these three areas. But this year was the first time that we were really seeing that and there will probably be more ecosystems in the future."

**David Keefe,**
**Senior Client Director,**
**Landor, New York**

Landor

## Brand Toys: MTN & Airtel

**Dominating the airwaves**





With the development of mobile communications across vast continents with minimum infrastructure, MTN, the first brand from Africa, and a second brand from India, Airtel, join the BrandZ™ Top 100. Although many thousands of miles apart, the brands share some key characteristics. Both are highly trusted and get strong user recommendation. As brand archetypes, Airtel is a "Friend" and MTN a "Mother." MTN is more "kind" and "creative." The paintbrush in the Brand Toy's hand symbolizes creativity. Airtel is particularly "friendly" and "caring," as suggested by the nurse's cap. Both brands are highly trusted, as the pink ribbons illustrate. The strong legs also indicate trustworthiness. Both brands gain strong user recommendation and deliver great value from the consumer perspective.

SPOTLIGHT

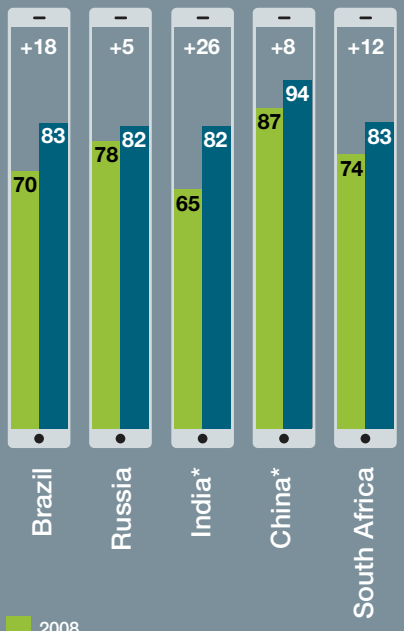
## MOBILE CONTINUES RAPID GROWTH

Mobile penetration continues to increase in fast growing markets. Between 2008 and 2011 mobile expanded by 26 percent in India and 18 percent in Brazil.

Cellular networks enabled some countries, such as India, to leapfrog past the need for landline infrastructure.

The majority of devices in fast growing economies are functional phones, but smart devices are expected to catch on as they become more available and household incomes continue to improve.

**Mobile growth 2008 vs 2011**
% growth




*Not the same fieldwork over the years
**Source: Global TGI**

TGi

# Resources


BRANDZ™ Top 100 Most Valuable Global Brands 2011
BRANDZ™ Top 100 Most Valuable Global Brands 2010
BRANDZ™ Top 100 Most Valuable Global Brands 2009
BRANDZ™ Top 100 Most Valuable Global Brands 2008
BRANDZ™ Top 100 Most Valuable Global Brands 2007
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BRANDZ™ Top 100 Most Valuable Global Brands 1999
BRANDZ™ Top 100 Most Valuable Global Brands 1998

# Methodology

Brand valuation is a metric that enables brand owners, the investment community and others to evaluate and compare brands.

Brand valuation enables faster and better-informed decision-making because it helps identify where value is derived.

BrandZ™ is the only valuation that peels away all of the financial and other component factors of brand value and gets to the core—how much brand alone contributes.

We start with the corporation. In some cases, a corporation only owns one brand. Therefore, all corporate earnings come from the brand (Example: Red Bull). In other cases, a corporation owns many brands. Therefore, we need to apportion the earnings of the corporation across a wide portfolio of brands (Example: The Coca-Cola Company where we need to allocate earnings to Coca-Cola, Fanta, Sprite and other brands).

## Step 1: Calculating Branded Earnings

To make sure we apply the relevant portion of Corporate Earnings to the brand we first obtain financial information from annual reports and other sources, such as Kantar Worldpanel.

Then, by multiplying Corporate Earnings by a metric called the Attribution Rate we arrive at Branded Earnings. Branded Earnings refers to the amount of earnings attributed to a particular brand. If the Attribution Rate of a brand is 50 percent, for example, then half the Corporate Earnings are identified as coming from that brand.

## Step 2: Calculating Financial Value

What happened in the past or even what's happening today is less important than the prospects for future earnings. Predicting future earnings requires adding another component to our BrandZ™ formula. This component assesses future earnings prospects as a multiple of current earnings. We call this component the Brand Multiple.

It's similar to the calculation used by financial analysts to determine the market value of stocks (Example: 6 X earnings or 12 X earnings). Information supplied by Bloomberg data helps us calculate a Brand Multiple. We take the Branded Earnings and multiply that number by the Brand Multiple to arrive at the future earnings potential, which we call Financial Value.

## Step 3: Determining Brand Contribution

We now have the value of the branded business, for example the value of Coke or Fanta or Sprite—as a component of the Coca-Cola Corporation. But this value is still not quite the core that we are after. To arrive at Brand Value, we need to peel away a few more layers, such as the rational factors that influence the value of the branded business, for example price, convenience, availability and distribution.

Because a brand exists in the mind of the consumer, we have to assess the brand's uniqueness and its ability to stand out from the crowd, generate desire and cultivate loyalty. We call this unique role played by brand, Brand Contribution.

We have the only brand valuation methodology that obtains this customer viewpoint by conducting worldwide on-going, in-depth quantitative research, online and face-to-face, building up a global picture of brand on a category-by-category and a country-by-country basis. Our research now covers over two million consumers and more than 50,000 brands in over 30 countries.

## Step 4: Calculating Brand Value

Now we take the Financial Value and multiply it by Brand Contribution, which is expressed as a percentage of Financial Value. The result is Brand Value, a figure that's expressed in dollars. What's the significance of Brand Value?

Let's go back to the Coca-Cola Company example. We've isolated the equity of the Coke brand from the rest of the value of the corporation and its other brands. The Brand Contribution of Coke represents a significant source of additional shareholder value that otherwise wouldn't exist. Z

## The BrandZ™ Distinction

Here are three reasons why this unique methodology makes the Top 100 BrandZ™ Most Valuable Global Brands the world's most robust and reliable ranking of brand value.

1. The BrandZ™ methodology uses consumer-level research—funded every year by WPP—to identify how brand influences purchase decisions. Other rankings rely on subjective opinion or the views of an "expert" panel.

**This means that our measure of Brand Contribution is the only one that is entirely objective and consumer based.**

2. The BrandZ™ research methodology has been in use since 1998 and has been sales validated.

**This means that the causal links between brand strength, sales and profit have been proven over time.**

3. BrandZ™ is the world's most comprehensive source of brand equity knowledge and insight.

**This means it has unparalleled ability to provide a validated and benchmarked understanding of Brand Contribution, what it is, what it means, and what it represents for a brand.**


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Headcount
Burson-Marsteller
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Joule
WPP Digital
ZAAZ
XAXIS
Landor
The Brand Union
KANTAR
YOUNG & RUBICAM GROUP
BANNER
POSSIBLE WORLDWIDE
KANTAR WORLDPANEL
GREY
bates
addison
GREY group
red dot square
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# WPP

WPP is the world's leading communications services group, providing national, multinational and global clients with advertising; media investment management; consumer insight; public relations & public affairs; branding & identity, healthcare communications, direct, digital, promotion & relationship marketing and specialist communications.

WPP companies provide communications services to clients worldwide including 344 of the Fortune Global 500; 63 of the NASDAQ 100 and 33 of the Fortune e-50.

Collectively, WPP employs over 158,000 people (including associates) in 2,400 offices in 107 countries. For further information, visit **www.wpp.com**

# WPP Contributors

## Added Value

Added Value offers brand development and marketing insight services to blue-chip companies across all industry sectors worldwide. Everything they do starts with insight and ends with action, in pursuit of healthy brand growth using their global expertise to fuse brand marketing, consumer insight, innovation, and communications optimization to help solve clients' marketing problems.

**www.added-value.com**

## BAV Consulting

BAV Consulting helps businesses assess, drive and monitor the direction of their brands as strategic corporate assets. With use of BrandAsset Valuator (BAV) models and metrics, emotional aspects of brand affinity can be linked to the harder quantitative measures of finance.

BAV Consulting has been measuring brands since 1993 and over 45,000 brands have been evaluated on 75 metrics in over 45 countries.

**www.bavconsulting.com**

## Digit

Digit is a design company that has spent the last fifteen years at the forefront of technology. All of our work is underpinned by our philosophy called Simple Human Interaction. It's all about making technology invisible, and using it to enable people and brands to communicate better.

**www.digitlondon.com**

## eCommera

eCommera is a leading provider of global eCommerce trading solutions that enable brand owners and retailers to sell efficiently and profitably across multiple channels. With an emphasis on strategic customer focus, higher rates of innovation, speed to market and reduced risk, clients benefit fromsustainable growth that is ahead of market averages.

**www.ecommera.com**

## FITCH

Founded in 1972, FITCH is a global design consultancy with 12 studios in 8 countries. With the consumer at the heart of everything we do, we offer 2D graphic and 3D environmental design to create a seamless expression of brand at all touch points. FITCH has a strong expertise in retail design.

**www.fitch.com**

## Grey Group

Grey Group ranks among the world's top advertising and marketing organizations. The company operates in 154 cities in 96 countries with 10,000 employees and serves one-fifth of the FORTUNE 500 under the banner of "Grey Famously Effective Since 1917."

**www.grey.com**

## Hill + Knowlton Strategies

Hill+Knowlton Strategies UK (H+K) is one of the leading communications consultancies in the UK and globally. Everyone of our 240+ people in our Soho Square office combines expertise, passion and sector insight with the ability to provide strategic advice and standout creative to deliver outstanding results.

**www.hillandknowlton.co.uk**

## JWT

JWT is the world's best-known marketing communications brand. Headquartered in New York, JWT is a true global network with more than 200 offices in 90 countries, employing nearly 10,000 marketing professionals.

JWT's creative philosophy of making things inspired by the world enables the agency to forge deep relationships with its clients.

**www.jwt.com**

## Kantar Media

Kantar Media provides a broad range of insights to more than 20,000 of the world's leading brands, publishers, agencies and industry bodies, helping them to navigate and succeed in a rapidly evolving media industry. These include: audience research, competitive intelligence, vital consumer behavior and digital insights, marketing effectiveness and online influence.

**www.kantarmedia.co.uk**

## Kantar Retail

Kantar Retail is a world leader in retail insight and consulting solutions. With operations in 15 countries it provides expertise to over 300 of the world's leading manufacturers and retail-related businesses and organizations helping them achieve competitive advantage in the marketplace through unique insights and winning solutions.

**www.kantarretail.com**

## Kinetic Worldwide

Kinetic Worldwide is the world's largest planner and buyer of Out of Home media and the global leader in understanding how brands can connect with people's lifestyles and the environments they engage with.

**www.kineticww.com**

## Lambie-Nairn

Lambie-Nairn has been developing brands that emotionally connect with audiences and deliver business success for over 30 years. Pioneers in the world of branding, we now have 9 offices across Europe, the Middle East and Latin America and work with world renowned brands including O2, BBC, FIFA, Telefónica, ITV and Hotels.com.

**www.lambie-narin.com**

## Landor Associates

Landor Associates is one of the world's leading strategic brand consulting and design firms. Since 1941, Landor pioneered many of the research, design, and consulting methods that are now standard in the branding industry. Landor's holistic approach to branding is a balance of rigorous, business-driven thinking and exceptional creativity.

**www.landor.com**

## Maxus

Maxus is a global media planning and buying agency and has been named the fastest-growing media agency network for the last three years (RECMA 2012). Combining the disciplines of communications planning and customer relationship marketing with real-time data analytics, Maxus focuses on building more profitable relationships between consumers and brands.

**www.maxusglobal.com**

## MEC

MEC is one of the world's leading media agencies. We deliver value by creating, implementing and measuring communication solutions that actively engage people with brands, employing almost 5,000 people in more than 150 offices across 84 countries.

**www.mecglobal.com**

## Millward Brown

Millward Brown is one of the world's leading research agencies and is expert in effective advertising, marketing communications, media and brand equity research. Through the use of an integrated suite of validated research solutions—both qualitative and quantitative—Millward Brown helps clients build strong brands and services.

**www.millwardbrown.com**

## Millward Brown Optimor

Millward Brown Optimor is the global brand strategy and financial consultancy of Millward Brown. The organization helps companies maximize the financial returns on their brand and marketing investments. Millward Brown Optimor developed the methodology and performs the valuations for the BrandZ™ most valuable rankings, including the Global Top 100, the most comprehensive annual ranking of brand value, and the China Top 50.

**www.millwardbrown.com**

## Mindshare

Mindshare is a global media and marketing services network with 113 offices in 82 countries throughout North America, Latin America, Europe, Middle East, and Asia Pacific, each dedicated to forging competitive marketing advantage for businesses and their brands. Mindshare is part of GroupM, which oversees the media investment management sector for WPP.

**www.mindshareworld.com**

## Ogilvy & Mather

Ogilvy & Mather is one of the largest marketing communications companies in the world, providing a range of marketing services including: advertising; public relations and public affairs; branding and identity; shopper and retail marketing; and healthcare communications. Ogilvy & Mather services Fortune Global 500 companies as well as local businesses through its network of more than 450 offices in 120 countries.

**www.ogilvy.com**

## TDI

Team Detroit, Dearborn, MI., brings together five of WPP's largest marketing and communications agencies in one location to provide its clients access to best practices and talent. Team Detroit is the 21st century equivalent of the full-service agency, acting as a portal to provide a single point of contact and accountability.

**www.teamdetroit.com**

## TGI

Established in 1969, TGI (Target Group Index) is a global network of single-source market research surveys conducted face-to-face or online. They provide invaluable, comparable consumer insights into products and services, demographics, media, attitudes and beliefs to aid client marketing and advertising decisions. TGI is present in over 60 countries across 6 continents, conducting over 800,000 interviews annually representing over 1.5 billion consumers.

**www.globaltgi.com**

## The Brand Union

The Brand Union is a global brand agency— a part of the WPP group— with over 35 years of experience. We partner with our clients to discover strategic insights which lead to effective creative solutions that help brands innovate and grow.

**www.thebrandunion.com**

## The Forward Group

Forward is a strategic content marketing agency that creates multi-channel content strategies, and intelligent, fresh, engaging content for brands such as Tesco, Patek Philippe, Standard Life, Fabric and B&Q.

**www.theforwardgroup.com**

# WPP Contributors

## The Futures Company

The Futures Company is the leading global foresight and futures consultancy, formed from the coming together of The Henley Centre, HeadlightVision and Yankelovich. Through a combination of subscription foresight services and custom research and consultancy, we help clients unlock new sources of growth and take control of their futures.

**www.thefuturescompany.com**

## The Partners

The Partners is a brand strategy, design and innovation agency that puts outstanding creativity into action to drive business success. From our offices in London, New York, and Singapore we deliver award-winning creative ideas for businesses including Samsung, Deloitte, Vodafone, eBay and the BBC.

**www.the-partners.com**

## TNS

TNS advises clients on specific growth strategies around new market entry, innovation, brand switching and stakeholder management, based on long-established expertise and market-leading solutions. With a presence in over 80 countries, TNS has more conversations with the world's consumers than anyone else.

**www.tnsglobal.com**

## Visible Technologies

Visible is the leader in social media monitoring, analytics, and services for enterprises globally. Visible's award-winning technology and expertise helps businesses analyze social media conversations to better understand consumer preferences, market dynamics, competitive strengths and weaknesses, and other information critical to a company's reputation and brands.

**www.visibletechnologies.com**

## VML

VML is a full-service, global digital marketing agency with major operations on five continents. Recognized in 2012 by Advertising Age as one of the top 10 standout agencies in the U.S., VML has been delivering creative solutions at the intersection of marketing and technology since its founding in 1992.

**www.vml.com**

## Brand Valuations

## Bloomberg

The Bloomberg Professional service is the source of real-time and historical financial news and information for central banks, investment institutions, commercial banks, government offices and agencies, law firms, corporations and news organizations in over 150 countries.

**www.bloomberg.com**

## BrandZ™

BrandZ™ is the world's largest brand equity database. Created in 1998 and continually updated, BrandZ™ is an invaluable resource, containing data on brands gathered from interviews with over 2 million consumers in 41 countries and covering more than 200 different categories.

**www.brandz.com**

## Kantar Worldpanel

Kantar Worldpanel is the world leader in consumer knowledge and insights based on continuous consumer panels. Its High Definition Inspiration™ approach combines market monitoring, advanced analytics and tailored market research solutions to deliver both the big picture and the fine detail that inspire successful actions by its clients.

**www.kantarworldpanel.com**

## With thanks

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## Our Brand Toys

**www.brandtoys.com**

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Ken Schept is a professional writer specializing in articles and reports about retailing and marketing. He began his career as a reporter and editor for a leading US publisher of retailing journals and developed international publications, research, conferences and retail study tours before starting his own business.

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**Professional Photojournalist**

Cecilie Østergren is a professional photojournalist whose extensive travels in China resulted in two in-depth photo series, one on Mongolian Coalminers and one on the roots of Kung Fu. She has collaborated with Danish book publisher Politikens Forlag on three occasions, producing travel books across India, Greece and Denmark, her native country.

# Powered by BrandZ™

WPP offers an ever-expanding library of in-depth but practical studies to help grow brand strength and value in today's rapidly changing global marketplace.

Commissioned by WPP with research conducted by Millward Brown, BrandZ™ is the world's largest brand analytics and equity database. Created in 1998 and continually updated, BrandZ™ is an invaluable resource, containing data gathered from more than 2 million interviews about over 7,000 brands in 40-plus countries. BrandZ™ informs marketing decisions with salient metrics and analytics available exclusively to WPP clients through their WPP agencies.

To learn more about BrandZ™ data or studies please visit **www.brandz.com** or contact any WPP group company or:

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## BrandZ™ Top 50 Most Valuable Latin American Brands 2012

This inaugural report examines brand developments and opportunities in some of the world's fastest growing economies.
(Release date: June 22, 2012)




## BrandZ™ Top 50 Most Valuable Chinese Brands 2012

The report profiles Chinese brands and includes commentary on the growing influence of Chinese brands at home and abroad.




## BrandZ™ on the move – Free Apps

Get the BrandZ™ Top 100 Most Valuable Global Brands, China Top 50, and Latina America data, brand news and a lot more on your smart phone.

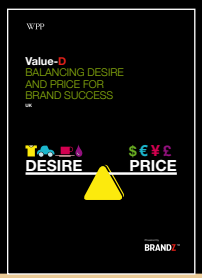
To download the apps go to **www.brandz.com/mobile** (for iPhone and Android).

The iPad interactive magazine BrandZ™ Top 100 packed with exclusive content is available from the Apple App store (search for BrandZ100).




## Beyond Trust: Engaging Consumers in the Post-Recession World

TrustR is a new metric for understanding and strengthening the bond between consumer and brand.




## ValueD: Balancing Desire and Price for Brand Success

ValueD is a critical tool for finding the most productive balance between Desire and Price.

**Design** Lambie-Nairn
www.lambie-nairn.com
**Writing** Ken Schept

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# BRANDZ™ Top 100 Most Valuable Global Brands 2013

| | Category | Brand | Brand value 2013 $M | Brand contribution | Brand value % change 2013 vs 2012 | Rank change |
|---|---|---|---|---|---|---|
| 1 | Technology | | 185,071 | 4 | 1% | 0 |
| 2 | Technology | Google | 113,669 | 3 | 5% | 1 |
| 3 | Technology | IBM | 112,536 | 3 | -3% | -1 |
| 4 | Fast Food | | 90,256 | 4 | -5% | 0 |
| 5 | Soft Drinks | Coca-Cola | 78,415 | 5 | 6% | 1 |
| 6 | Telecoms | at&t | 75,507 | 3 | 10% | 2 |
| 7 | Technology | Microsoft | 69,814 | 3 | -9% | -2 |
| 8 | Tobacco | Marlboro | 69,383 | 3 | -6% | -1 |
| 9 | Credit Card | VISA | 56,060 | 4 | 46% | 6 |
| 10 | Telecoms | | 55,368 | 3 | 18% | 0 |
| 11 | Conglomerate | | 55,357 | 2 | 21% | 0 |
| 12 | Telecoms | verizon | 53,004 | 3 | 8% | -3 |
| 13 | Regional Banks | | 47,748 | 3 | 20% | 1 |
| 14 | Retail | amazon.com | 45,727 | 3 | 34% | 4 |
| 15 | Logistics | | 42,747 | 5 | 15% | 1 |
| 16 | Regional Banks | | 41,115 | 2 | -1% | -3 |
| 17 | Telecoms | vodafone | 39,712 | 3 | -8% | -5 |
| 18 | Retail | Walmart | 36,220 | 2 | 5% | -1 |
| 19 | Technology | SAP | 34,365 | 2 | 34% | 3 |
| 20 | Credit Card | | 27,821 | 4 | 34% | 9 |
| 21 | Technology | Tencent 腾讯 | 27,273 | 4 | 52% | 16 |
| 22 | Regional Banks | China Construction Bank | 26,859 | 2 | 10% | 2 |
| 23 | Cars | TOYOTA | 24,497 | 4 | 12% | 5 |
| 24 | Cars | | 24,015 | 4 | -2% | -1 |
| 25 | Global Banks | HSBC | 23,970 | 3 | 24% | 6 |
| 26 | Entertainment | Disney | 23,913 | 3 | 40% | 17 |
| 27 | Telecoms | Deutsche Telekom | 23,893 | 2 | -11% | -7 |
| 28 | Credit Card | | 23,514 | 4 | 16% | 2 |
| 29 | Luxury | | 22,719 | 4 | -12% | -8 |
| 30 | Technology | SAMSUNG | 21,404 | 3 | 51% | 25 |
| 31 | Technology | facebook | 21,261 | 4 | -36% | -12 |
| 32 | Baby Care | | 20,594 | 5 | 13% | 3 |
| 33 | Technology | Baidu 百度 | 20,443 | 5 | -16% | -8 |
| 34 | Beer | Budweiser | 20,297 | 4 | 28% | 14 |
| 35 | Apparel | ZARA | 20,167 | 3 | 60% | 31 |
| 36 | Technology | ORACLE | 20,039 | 2 | -11% | -9 |
| 37 | Regional Banks | 中国农业银行 AGRICULTURAL BANK OF CHINA | 19,975 | 2 | 12% | 1 |
| 38 | Regional Banks | | 19,968 | 4 | 16% | 2 |
| 39 | Oil & Gas | ExxonMobil | 19,229 | 1 | 5% | -5 |
| 40 | Luxury | HERMÈS | 19,129 | 4 | 0% | -8 |
| 41 | Retail | | 18,488 | 2 | 43% | 21 |
| 42 | Personal Care | L'ORÉAL | 17,971 | 4 | 30% | 15 |
| 43 | Cars | | 17,952 | 4 | 11% | 3 |
| 44 | Fast Food | Starbucks | 17,892 | 4 | 5% | -2 |
| 45 | Personal Care | Gillette | 17,823 | 4 | -6% | -12 |
| 46 | Regional Banks | TD | 17,781 | 4 | 22% | 8 |
| 47 | Retail | ebay | 17,749 | 2 | 40% | 17 |
| 48 | Regional Banks | Commonwealth Bank of Australia | 17,745 | 3 | 36% | 12 |
| 49 | Oil & Gas | | 17,678 | 1 | -1% | -10 |
| 50 | Personal Care | Colgate | 17,250 | 4 | 15% | 1 |

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).

MillwardBrown Optimor

The Brand Value of Coca-Cola includes Lights, Diets and Zero
The Brand Value of Budweiser includes Bud Light

# BRANDZ™ Top 100 Most Valuable Global Brands 2013

| | Category | Brand | Brand value 2013 $M | Brand contribution | Brand value % change 2013 vs 2012 | Rank change |
|---|---|---|---|---|---|---|
| 51 | Fast Food | SUBWAY eat fresh. | 16,691 | 4 | 12% | 1 |
| 52 | Regional Banks | ANZ | 16,565 | 3 | New | New |
| 53 | Technology | accenture | 16,503 | 3 | 2% | -8 |
| 54 | Technology | hp | 16,362 | 2 | -29% | -28 |
| 55 | Retail | TESCO | 16,303 | 4 | -9% | -19 |
| 56 | Apparel | NIKE | 15,817 | 4 | -3% | -12 |
| 57 | Insurance | 中国人寿 China Life | 15,279 | 3 | 5% | -4 |
| 58 | Regional Banks | 中国银行 BANK OF CHINA | 14,236 | 2 | 10% | 3 |
| 59 | Regional Banks | ICICI Bank | 14,196 | 1 | 12% | 4 |
| 60 | Telecoms | orange | 13,829 | 2 | -10% | -10 |
| 61 | Technology | intel | 13,757 | 2 | -12% | -12 |
| 62 | Logistics | FedEx. | 13,732 | 4 | 17% | 8 |
| 63 | Regional Banks | usbank. | 13,716 | 3 | 19% | 9 |
| 64 | Global Banks | citi | 13,386 | 2 | 37% | 18 |
| 65 | Oil & Gas | PetroChina | 13,380 | 1 | 11% | 3 |
| 66 | Telecoms | movistar | 13,336 | 2 | -22% | -25 |
| 67 | Oil & Gas | Shell | 13,127 | 1 | -6% | -11 |
| 68 | Luxury | GUCCI | 12,735 | 5 | 48% | New |
| 69 | Apparel | H&M | 12,732 | 2 | -6% | -11 |
| 70 | Regional Banks | SBERBANK | 12,655 | 3 | 19% | 4 |
| 71 | Cars | HONDA | 12,401 | 3 | -2% | -6 |
| 72 | Technology | SIEMENS | 12,331 | 1 | 16% | 1 |
| 73 | Alcohol | MOET | 12,193 | 3 | 3% | -4 |
| 74 | Retail | IKEA | 12,040 | 3 | 31% | 15 |
| 75 | Soft Drinks | pepsi | 12,029 | 4 | -5% | -8 |

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).

MillwardBrown Optimor

| | Category | Brand | Brand value 2013 $M | Brand contribution | Brand value % change 2013 vs 2012 | Rank change |
|---|---|---|---|---|---|---|
| 76 | Retail | TARGET | 11,879 | 3 | 13% | 0 |
| 77 | Technology | cisco | 11,816 | 2 | -11% | -18 |
| 78 | Oil & Gas | bp | 11,520 | 1 | 11% | -1 |
| 79 | Telecoms | MTN | 11,448 | 3 | 23% | 9 |
| 80 | Retail | woolworths | 11,039 | 3 | New | New |
| 81 | Global Banks | CHASE | 10,836 | 3 | 25% | 11 |
| 82 | Telecoms | MTS | 10,633 | 3 | 11% | 3 |
| 83 | Soft Drinks | Red Bull | 10,558 | 3 | 6% | -3 |
| 84 | Insurance | 中国平安 PING AN | 10,558 | 3 | 4% | -6 |
| 85 | Regional Banks | Scotiabank | 10,396 | 2 | 8% | -2 |
| 86 | Cars | NISSAN | 10,186 | 3 | 3% | -5 |
| 87 | Global Banks | Standard Chartered | 10,160 | 2 | 1% | -8 |
| 88 | Regional Banks | Westpac Australia's First Bank | 10,070 | 3 | New | New |
| 89 | Telecoms | airtel | 10,054 | 3 | -13% | -18 |
| 90 | Telecoms | NTT docomo | 10,028 | 3 | -37% | -43 |
| 91 | Fast Food | KFC | 9,953 | 3 | 12% | 0 |
| 92 | Technology | YAHOO! | 9,826 | 3 | New | New |
| 93 | Global Banks | J.P.Morgan | 9,668 | 2 | New | New |
| 94 | Telecoms | BT | 9,531 | 2 | New | New |
| 95 | Luxury | PRADA | 9,454 | 4 | 63% | New |
| 96 | Global Banks | Santander | 9,232 | 3 | 8% | -1 |
| 97 | Oil & Gas | Chevron | 9,036 | 1 | 5% | -4 |
| 98 | Logistics | DHL | 8,940 | 3 | 18% | 2 |
| 99 | Retail | ALDI | 8,885 | 2 | -5% | -12 |
| 100 | Cars | VW | 8,790 | 3 | 3% | -4 |

The 2012 Brand Value of Gucci has been restated to $8,602
The Brand Value of Pepsi includes Diets
The Brand Value of Red Bull includes sugar-free and Cola

# Brand value increases across categories

**Year of recovery, refinement, relevance**




Methodology and valuation by

MillwardBrown Optimor

WPP

Brands take on greater importance, meaning and responsibility in today's rapidly changing, interconnected world.



WPP

# Welcome

## Dear friends of Millward Brown,

We're delighted to present you with the 8th annual edition of the BrandZ™ Top 100 Most Valuable Global Brands. Using data collected by Millward Brown on behalf of WPP and tapping into the proprietary valuation method of Millward Brown Optimor, we remain committed to helping you understand how brand building enhances the financial health of your company. Last year, we saw negligible growth in the value of the BrandZ™ Top 100, a cause for concern in the marketing community. I'm delighted to share the return to growth we have witnessed this year. The value of the world's most valuable brands grew a respectable 7 percent and in the eight years we've been tracking brand value, the value of the BrandZ™ Strong Brands Portfolio has grown by an amazing 58 percent. In spite of prolonged global economic volatility, the value of the world's strongest brands outperformed the stock market benchmark by a wide margin of 28%.

We continue to see many technology brands at the top of our ranking and there is little doubt that technology has become the lifeblood of our modern economy. That said, these brands struggled to deliver value growth in 2012. Over the past couple of years, mobile devices have sky-rocketed, but at the expense of personal computers. Likewise, hardware manufacturers have had to adapt to shifts to a more service based business model as more and more has shifted from physical equipment to cloud based solutions. As always, the ability to adapt remains paramount in this ever-important category and the nimble will inevitably be rewarded.

And it's not just technology brands that must adapt. Increasingly, we see consumers holding brands to higher standards. Reputation has never been more important as buyers expect brands to operate in accordance with higher ideals and greater responsibility. The best brands understand and appreciate more than just what people buy. Instead, they seek to understand and deliver what people buy into. So aligning your brand's values with those of your customers isn't just about doing good; it's about good business.

We hope you'll enjoy the many insights in this report that come from all over the world of WPP. Those of you who are followers of Sir Martin Sorrell will have heard him talk of a concept he calls "horizontality" – bringing the best of WPP together to serve our clients better. This report is a proud example of how the many assets that live within WPP can help you understand and deliver world-class brand building to your organization. At Millward Brown, we're proud to be at the center of BrandZ™ and prouder still of the company we get to keep within WPP. We look forward to helping you grow the value of your brand!

Warmest regards,



Eileen Campbell

MillwardBrown

# Contents


**Part 1 Highlights**

8 ..... **Introduction**
10 ..... **Key Results**
12 ..... **Cross-Category Trends**
16 ..... **Take Aways**

20 ..... **Thought Leadership**
Radically Reimagining Brands
Stewart Pearson, Vice Chairman, Chief Client Officer
Wunderman

**Part 2 The Top 100**

24 ..... **The BrandZ™ Top 100 Most Valuable Global Brands 2013**
28 ..... **Overview**
30 ..... **Top Risers**
32 ..... **Newcomers**
33 ..... **Category Changes**
34 ..... **Brand Contribution**
36 ..... **Regions**

40 ..... **Thought Leadership**
The Era of Adaptive Marketing
Norm Johnston, Chief Digital Officer
Mindshare

**Part 3 The Categories**

**Consumer & Retail**
44 ..... **Apparel**
48 ..... **Cars**
52 ..... **Luxury**
56 ..... **Personal Care**
60 ..... **Retail**

64 ..... **Thought Leadership**
Shaping Seamless Retail with unique Experience Signatures
Aaron Shields, Strategy Director
Tim Greenhalgh, Chief Creative Officer
FITCH

**Food & Drink**
66 ..... **Beer**
70 ..... **Fast Food**
74 ..... **Soft Drinks**

78 ..... **Thought Leadership**
E-commerce Becomes Everywhere Commerce
Sue Pratt, Head of Marketing
Salmon

**Financial Institutions**
80 ..... **Banks**
86 ..... **Insurance**

92 ..... **Thought Leadership**
Leveraging Financial Services Brands
Terry Tyrrell, Worldwide Chairman
Brand Union

**Commodities**
94 ..... **Oil & Gas**

98 ..... **Thought Leadership**
Total Disruption at Retail
Anne Zybowski, Vice President – Retail Insights
Kantar Retail

**Technology**
100 ..... **Technology**
106 ..... **Telecom Providers**

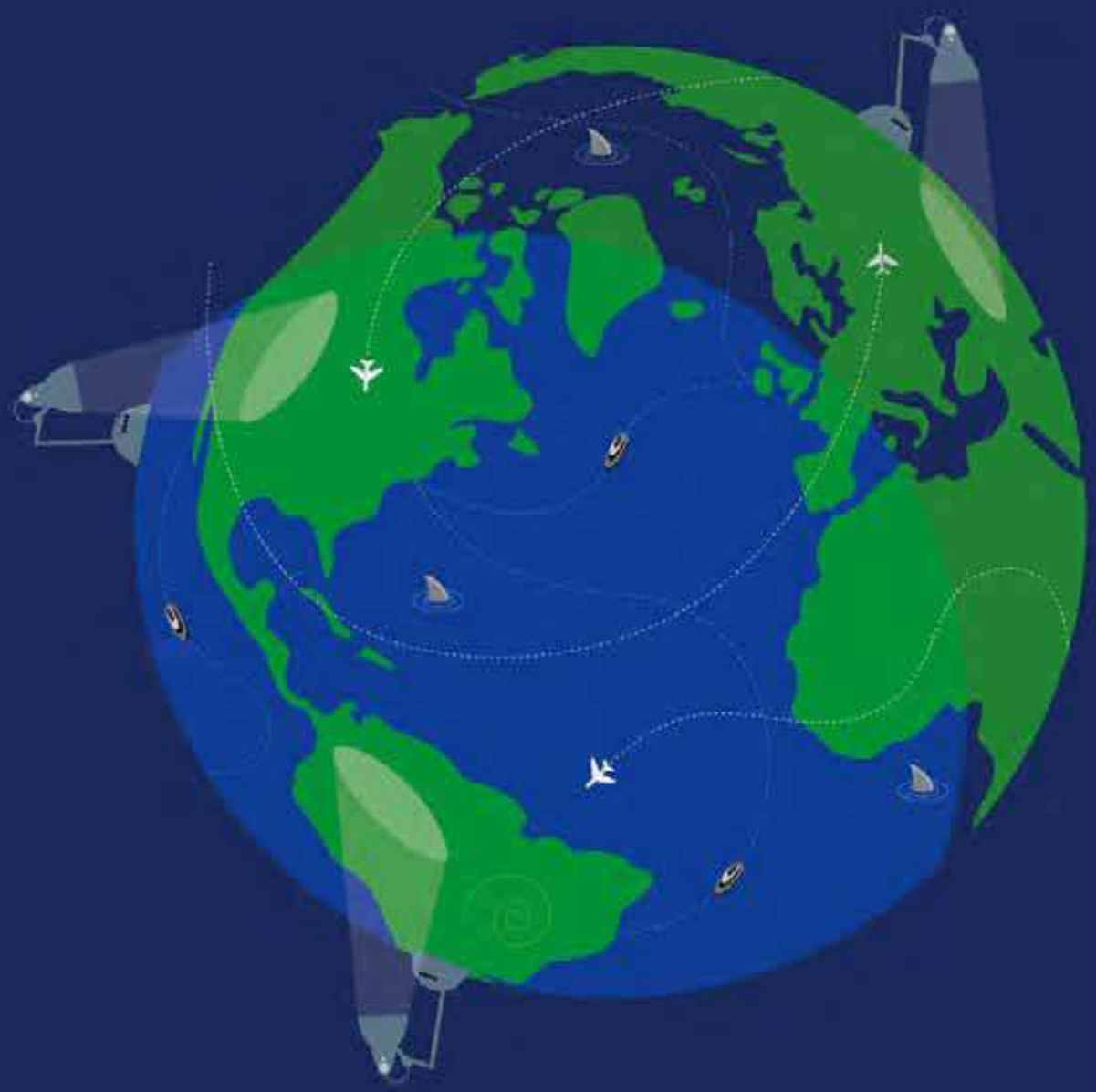
**Part 4 The Fast Growing Markets**

112 ..... **Brazil**
116 ..... **China**
122 ..... **India**
126 ..... **Russia**

130 ..... **Thought Leadership**
Speed Kills: How Brands Can Move Fast
Shane Atchison, Global CEO
POSSIBLE

**Part 5 Resources**

134 ..... **BrandZ™ Valuation Methodology**
136 ..... **Other BrandZ™ Reports**
138 ..... **WPP Companies & Associates**
140 ..... **WPP Company Contributors**
146 ..... **WPP Company Brand Experts**
148 ..... **BrandZ™ Top 100 Team**
149 ..... **BrandZ™ Valuation Contacts**



# Part 1

# Highlights

# Introduction

## BRANDZ™ TOP 100 RISES 7 PERCENT WITH GROWTH ACROSS CATEGORIES

### Year of recovery, refinement and relevance

THERE WAS a new tone.

It fit the new normal. Both brands and consumers adjusted to constant uncertainty and sober expectations about economic growth. They fit into the calculus of consumption the impact on the natural environment, personal health, and human wellbeing along the supply chain.

Shaped by these considerations, brand value appreciated.

The value of the BrandZ™ Top 100 Most Valuable Global Brands rose 7 percent to $2.6 trillion last year, compared with a flat performance a year ago. All but two of the 13 categories analyzed in this report improved in brand value. Technology and oil and gas declined modestly.

These results indicate that strong brands continue to regain value lost during the recession and now, in some cases, surpass their pre-recession levels.

The total brand value of the BrandZ™ Top 100 Strong Brands Portfolio has improved 77 percent since 2006. In addition, the BrandZ™ Top 100 Strong Brands Portfolio, comprised of diverse public companies, appreciated 58 percent during that eight-year period, compared with a market value gain of only 23 percent by the S&P 500.

Despite a sharp decline in the growth of its brand value last year, Apple remained number one in the BrandZ™ Top 100 ranking, on the strength of the meaningful difference of its brand. Google moved to the number two position, marginally surpassing IBM, which continues to be the world's most valuable B2B brand.

These brands demonstrate both the capacity to grow brand strength quickly (Apple was founded in 1976, Google in 1998) and sustain it over time (IBM celebrated its centennial in 2011).

Three key themes emerge from the BrandZ™ Top 100 Most Valuable Global Brands 2013:

**Recovery**
The economy continued to improve—not everywhere, but in the US. All categories experienced healthy sales.

**Refinement**
With confidence still fragile, brands resisted introducing break-through innovations and instead encouraged consumer spending with incremental product and service improvements.

**Relevance**
Reaching these more reflective consumers required offering products and services that not only projected mass appeal, but also promised personal relevance for the individual.

Up 7%



# Key Results

## Brand and category performance



## Consumer categories rebound

Consumer categories experienced the strongest brand value appreciation as confidence and spending improved overall, despite economic difficulties in Europe and the slowdown in the BRIC markets.

- **Apparel grew 21 percent** following a rise of 13 percent a year ago. Consumers felt ready to spend, particular on fast fashion and premium offerings, and brands matched their desires.
- **Retail rose 17 percent** after a 5 percent decline a year ago. Adjusting to the new normal of steady but cautious purchasing, consumers were ready to spend when they found value.
- **Personal care improved 11 percent** following a 5 percent decline last year.
- **Cars rose 5 percent** after a 7 percent decline last year, a positive swing driven by resurgence in Detroit and the brand value rise of several German brands.
- **Luxury grew 6 percent**, a strong increase but softer than the 15 percent rise a year ago because sales slowed in the BRICs.



## Food & drink experience mixed results

Changing consumer habits, ongoing health concerns and economic pressure on core customers moderated results. Brands emphasized value, added healthier menu options, and remodeled locations.

- **Beer improved 36 percent**, the greatest percentage brand value rise of all categories. Beer brands showed strength in most markets, particularly the BRICs.
- **Fast food increased 5 percent**. Flat customer traffic in the US, along with economic pressure in Europe and slower growth in the BRICs, reduced the rate of increase from 15 percent a year ago.
- **Soft drinks rose 5 percent**, following a rise of only 1 percent a year ago. The change in value reflects effective brand marketing and the ongoing popularity of energy and sports drinks. But because the category was redefined to be more inclusive this year, results are not completely comparable.



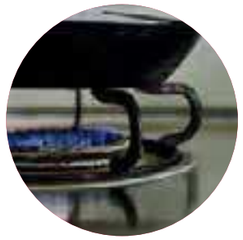
## Technology brand value remains flat

In a year of product iteration, rather than innovation, the overall brand value of the technology category remained flat. The race to assemble and dominate ecosystems defined the year for B2C brands. In B2B, some brands discovered opportunities in big data and the cloud, while others struggled to reposition away from device-driven strategies.

- Without the surge in **Apple** and **Facebook** brand value that helped drive category growth, **Technology declined 1 percent** in the BrandZ™ 2013 ranking, after five years averaging 8 percent annual category growth.
- The value of the Telecom category grew 1 percent, driven by the increase in mobile data transmission.
- **Technology** and **Telecom** brands together make up the largest segment of the BrandZ™ Top 100, both in number of brands represented and in their aggregate value.
- Over a quarter of the BrandZ™ Top 100 brands are in **Technology** or **Telecoms**. The exact number is 28, up from 24 brands in 2006 but down from 31 brands in last year's ranking.
- **Technology** average brand value, $44.2 billion, is double the average $21.1 billion value of other brands in the BrandZ™ Top 100 (excluding technology and telecoms).
- The top three BrandZ™ most valuable global brands are in technology: **Apple**, **Google** and **IBM**. And six of the BrandZ™ Top 10 are **Technology** brands or **Telecoms**.
- **Tencent**, the Chinese messaging platform, grew 52 percent in brand value based on the success of its WeChat utility for voice and text communication over the Internet.
- Driven by the success of its Galaxy smartphone, and positive impact on its digital devices and home appliances, **Samsung** improved 51 percent in brand value, moving up 25 places in the BrandZ™ ranking to number 30.







## Commodity categories decline in value

Political unrest compounded the challenges of the high-risk oil and gas category, which explored for natural resource reserves in some of the earth's most difficult and fragile environments.

- The **Oil & Gas category declined 4 percent** in brand value, the largest decline across all categories.
- The steep brand value decline of Brazil's Petrobras offset the generally positive brand value improvement of both the private international oil companies (IOCs) and the state-controlled national oil companies (NOCs).
- A Colombian NOC, Ecopetrol, appeared in the BrandZ™ oil and gas category brand ranking for the first time.
- Russia's Lukoil also debuted in the BrandZ™ oil and gas category brand ranking.



## Financial brands improve

Many of the bank brands grew significantly in brand value based on new, successful initiatives to drive revenue in a more regulated, low interest rate environment. Some of the gain in brand value restored value lost after the global financial crisis.

- Financial brands—**Global and Regional Banks**, credit cards and **Insurance**—account for almost 20 percent of the brand value of the BrandZ™ Top 100, the second highest grouping after technology.
- Three of the BrandZ™ Top 10 newcomer brands are financial, increasing the number of financial brands in the BrandZ™ Top 100 to 25 from 23 a year ago.
- The **financial brands improved overall about 20 percent** in value. The banks, in particular, experienced a strong profit rebound.
- **Global Banks grew 23 percent in brand value** and regional banks grew 15 percent.
- With a **19 percent rise in brand value**, following a 16 percent decline last year, the **Insurance** category returned to its 2011 level.

## Top risers cross categories

Among the BrandZ™ Top 100 Most Valuable Global Brands, those that rose fastest in value came from these categories—**Apparel**, **Beer**, **Luxury**, **Retail** and **Technology**. The category diversity indicates that a brand's ability to be different and relevant drives success, not its category.

- **Prada** appreciated 63 percent in brand value, leading all brands in rate of brand value growth.
- **Zara** surpassed Nike as the highest valued apparel brand.
- **HSBC** led the ranking of global banks.
- **Wells Fargo** overtook ICBC as leading regional bank.
- **Amazon** surpassed Walmart to claim the number one spot in retail.
- **Toyota** reclaimed the top position in cars, with BMW down a notch.

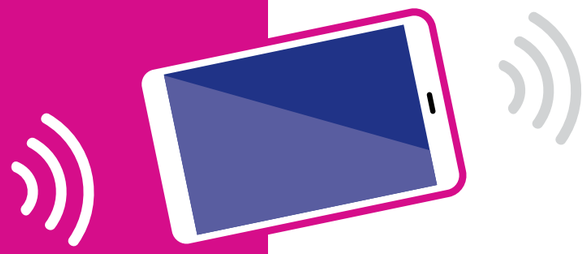
## Fast growing markets influence brand value growth, even as economies slow

The number of brands from the fast growing markets in the BrandZ™ Top 100 Most Valuable Global Brands 2013 totals 17, compared with 20 a year ago.

- The fast growing markets represented in the BrandZ™ Top 100 are: **China** (12 brands, down one from a year ago); **Russia** (2 brands, same as a year ago); **India** (2 brands, same as a year ago); **Africa** (1 brand, same as ago). No **Brazilian** or **Mexican** brands appear. They were represented by one brand each a year ago.
- The 17 brands from fast growing markets in the BrandZ™ 2013 Top 100 total $328.8 billion in brand value compared with $330.8 billion in total brand value for the 20 brands in the BrandZ™ 2012 Top 100.
- Although not quite large enough for inclusion in the BrandZ™ Top 100, other brands from fast growing markets appear in the category rankings: **Brazil** (4 brands), **Columbia** (2), **Chile** (1), **Mexico** (1) and **China** (1).
- The growing presence of Australian brands in the BrandZ™ Top 100 reflects economic strength relative to slowdowns in other developed markets.
- Three of the newcomer brands to the BrandZ™ Top 100 are Australian: two banks, **ANZ** and **Westpac**, and **Woolworths** supermarket. A fourth new Australian brand, **Coles** supermarket, appears in the **Retail** category ranking, but not in the Top 100.
- **Commonwealth Bank of Australia** ranks in the BrandZ™ Top 20 Risers.

# Cross-Category Trends

## 10 current influences on brands



### 1 Technology is a life force

Technology has become like breathing. We can't live without it. And we're not aware of it until there's a problem. In the technology category, devices, content and distribution systems have coalesced into parallel and competing ecosystems.

**Brand implications**

New and shiny alone isn't enough. No brand is unassailable. The winning brands attempt to be omnipresent and indispensible.

**Example**

Not long ago derided as "dumb pipes," telecom providers are creating their own branded ecosystems.

### 2 Life is blended

We increasingly move seamlessly between the personal, social and businesses aspects of our lives. Or we occupy these spaces simultaneously. Technology enables this fluidity.

**Brand implications**

Brands must keep up as we move among the personal, social and business aspects of our lives. Brands that force us to pause or switch devices risk losing us. The rigid B2C and B2B designations don't fully apply anymore. To move smoothly, brands can't be defined by a narrow function. Brands need to assume a higher purpose; then we grant them permission to be present all the time.

**Example**

BYOD shows how consumers are driving this trend. The Bring Your Own Device attitude is transforming the workplace as people reject IT-issued gear in favor of the brands and devices that they use in their personal lives anywhere, anytime.



### 3 Location is not important

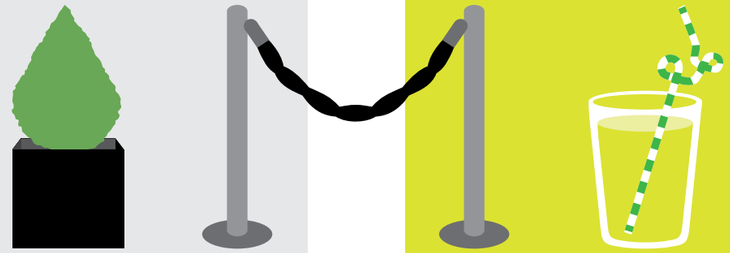
Location is everywhere. Location is no longer a barrier because you can reach the consumer anywhere, physically or virtually, at a time that suits the consumer.

**Brand implications**

Brands in all categories need to meet customers wherever the customers are. Each space, physical or virtual, can serve a different and appropriate function. A physical space can help showcase brand experience and cultivate customer intimacy, while the virtual world can perform the functional benefits of wide product range and simplified purchasing.

**Example**

In the insurance category, brands have increased their presence in social media. And one leading brand is experimenting with storefront café-like locations that appeal to younger, first-time customers looking for information without a hard sell.



### 4 Consumers expect what they've paid for—and maybe a bit more

Consumers shop from a broad portfolio of brands. A woman may purchase an affordable dress but match it with a luxury accessory. Consumers calibrate their expectations realistically. They're fine when the customer service of a value brand lacks intimate personal attention, but impatient if it lacks efficiency. Consumers don't expect everything from a brand—just what they've paid for—and maybe a bit more, like finding some luxury feel in a mass setting.

**Brand implications**

Technology enables brand marketers to satisfy these service expectations. By collecting and analyzing customer data, brands can tailor products, services and messages to be relevant for individual customers.

**Example**

In both super luxury and mass luxury, brands create personalized experiences to make customers feel especially unique and valued. A customer buying an accessory might receive a thank you on Twitter; a couture customer might be invited to an exclusive fashion show.

### 5 Customers expect the experience that a brand promises to be executed flawlessly across categories

Having encountered excellent brand experience in some categories, consumers now apply these standards across all categories. They expect excellent brand experience and have little patience when it's missing. And they don't necessarily expect to pay extra for it.

**Brand implications**

No category is immune from this expectation. No aspect of the brand is excluded, including: how the brand engages in physical and virtual stores; how the brand communicates to customers; and how customers communicate about the brand in their social networks. Brands need to benchmark against the best-in-class brand experience.

**Example**

This phenomenon can be called the "Apple Effect," since the brand established a standard for design, functionality and service delivered by both physical and online stores. Meeting those high expectations challenges any brand, including Apple, to consistently improve.



## 6 Brands are becoming media

Brands increasingly are executing the role formerly filled by traditional media—organizing and reaching audiences with relevant content. That's because the brand's customer data often is more targeted and detailed than the mass-market audience data of TV or print media.

**Brand implications**

This phenomenon is most apparent in retail because retailers collect and organize an enormous volume of customer data that can be monetized by creating content relevant to an audience segment and a sponsoring supplier. The apparel category is experiencing a similar phenomenon.

**Example**

While fashion brands still find it important to advertise in industry magazines, their own catalogs often tell the brand story more extensively. Some brands produce their own fashion shows, broadcast in-store or online.



## 7 The role of reputation is rising

Brands are attempting to restore trust after it eroded in certain categories, particularly financial institutions. Corporate reputation becomes more important as a way to confer credibility.

**Brand implications**

After years of fracturing into sub brands, some corporations are promoting their brands under the corporate umbrella of authority. Corporate reputation is especially important to fortify brands on topics like environmental responsibility and good citizenship.

**Example**

As the recent BrandZ™ report titled RepZ discovered: strong corporate reputation correlates with high market share and improves key brand metrics. And corporate reputation and brand reputation increasingly are one in the same.



## 8 Presence in fast growing markets is imperative for global brands

Even in a year of slowed economic expansion in the fast growing markets, it's clear that brand presence in these markets is no longer optional for some categories.

**Brand implications**

There's a correlation between high brand value and presence in fast growing markets. Presence doesn't assure high brand value, but absence makes high value much more difficult to achieve in some categories. Being well represented in fast growing markets helps brands not only by driving sales, but also by influencing higher assessments of forward-looking earnings, which can lift share prices. The full impact requires being present, relevant and well differentiated.

**Example**

Global presence especially drove growth in categories such as luxury, fast food and soft drinks.



## 9 The middle gets squeezed

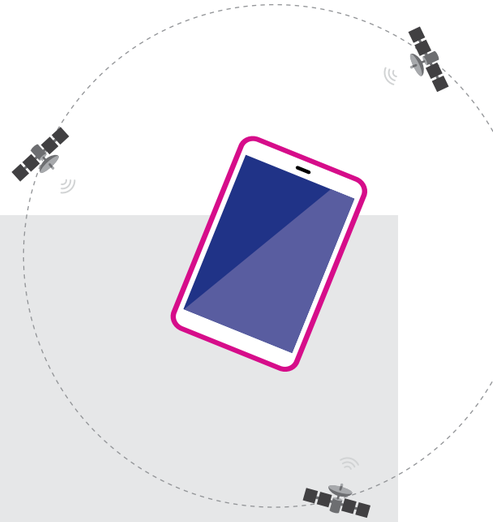
Brands at the premium or price ends of the value continuum present consumers with a clearer choice than brands in the middle. When the value proposition isn't clear, it's more difficult to persuade today's cautious consumer to purchase.

**Brand implications**

In today's economy, brands that effectively make a case for premium or value are better positioned than those squeezed in the middle with a less well defined reason for being and a limited story to tell. There's a market in the middle, but there's little room for error. Brands in the middle can't be mediocre, at least not for long.

**Example**

In apparel, most of the fast fashion brands and the more premium brands improved in brand value, while those appealing to the broad middle were more likely to struggle.



## 10 The individual is the expert

Information is available everywhere, anytime to everyone. The brand-customer conversation is among equals. Brands and customers learn from each other. Brands gain direction and co-creation possibilities.

**Brand Implications**

The brand-customer relationship becomes more of a partnership. Comments on social media are fast, direct, informative and inexpensive. Paying close attention to these comments forges a closer brand-customer relationship and results in products and services that more closely match customer desires.

**Example**

The sales rebound of the Detroit automakers resulted from many factors, including a shift from exclusive reliance on traditional media to a sophisticated presence on social media.

# Take Aways

Insights for growing brand value

## Purpose



### Stand for a higher purpose

Brands too narrowly defined by what they do may thrive when their specialty is in high demand. But they're vulnerable as fads or even trends change. In contrast, brands with a higher purpose enjoy consumer permission to introduce other relevant products and services. This phenomenon was especially evident in technology, where some B2B brands struggled to expand from device-driven strategies, while brands with a broader purpose—make life easier, better, simpler—enjoyed greater flexibility. The best brands are built on an ideal that encompasses not what people buy, but what they buy into.

### Make the purpose as salient and global as the brand

Good citizenship is not optional. Brands that sustain greatness over time connect to a fundamental reality: people want a better life for themselves and for the people closest to them. In an interdependent, transparent world a better life must be available to everyone. For global brands, the rising middle classes of Africa, India and Latin America represent not only potentially lucrative markets, but also the opportunity of the century, to help millions of people rise from poverty.

### Be meaningfully different

The key word is meaningfully. Across categories, the most valuable brands generally are meaningfully different like this: They've discovered important customer needs that they've filled in ways that make the brand stand out and keep customers returning. In luxury, meaningful difference may pertain to craftsmanship or exclusivity; in technology, it could be about product efficacy and style; in oil and gas the highest quality engineering skill may be a meaningful difference. Meaningful means making a difference in the life of the customer, which helps the brand gain market share, maximize profitability and sustain success.





## Consumers



### Multitask like your customers

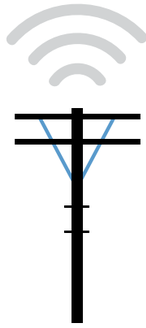
Time-stressed consumers multitask. They want the products they buy to multitask. This trend is most apparent in soft drinks and personal care. Having a refreshing beverage is fine. But it seems better—and serves a purpose beyond hydration and thirst quenching—if the beverage also boosts energy and adds vitamins or replenishes carbohydrates. It's the magic of the "and." In personal care, consumers are turning to cosmeceuticals, products that provide the beauty enhancement of a cosmetic with pharmacological properties that improve skin, for example. Not every brand needs to multitask. But all brands need to be aware how the marketplace has conditioned customers to expect solutions that perfectly match the way they live their lives.

### Address changing consumer habits and concerns

Responding to consumer health concerns, carbonated soft drink brands are introducing juices and other beverage options and the fast food brands are adding more healthy options to menus. There's a gap between what consumers say they want (healthy drinks and food) and what they often choose (taste and calories). But habits are changing over time, especially among the young. And despite what people do today, what they say may indicate what they'll do tomorrow. Brands need to listen closely.

### Make good and better as if it's the best

Consumers who buy good and better increasingly expect something similar to best. Now, the newest mid-market car models often are equipped with the kinds accessories that not long ago distinguished luxury brands. With electronic entertainment and guidance wizardry broadly available, luxury brands differentiate their cars with refinements, like the quality of the interior finishes. This democratization of quality is likely to raise value expectations across categories.



# Communication

## Be the message and the medium

Marshall McLuhan had it right when he said, "The medium is the message." But now the aphorism is flipped. The message is the medium because of several contemporaneous developments, including: the advent of social media, the rapid and wide dissemination of information, democratic access to audiences, and the emergence of big data. Brands have at least as much ability to organize audiences and deliver relevant messages as traditional broadcast and print media.

## Be genuine and honest

The advantage of traditional media is objectivity and authority. In contrast, brands have a particular point of view and an agenda. The key is not to pretend otherwise, but to be genuine and honest. Social media opinions can be harsh. The corrective is not to sanitize them, but to respond as appropriate and use the opinions to improve product and communications.

## Integrate the brand experience in all channels

The industry parlance has moved from multi-channel to omni-channel to where no single word captures what it means for a brand to be present everywhere. Meanwhile, brands across categories are working to get it right. The luxury brand Burberry creates live fashion shows that are broadcast in its stores and on its website. Walgreens, the US drug store chain, aligns is website and mobile presence with 8,000 store locations that customers can visit for shopping or pick-up. The challenge is execution, harmoniously aligning all of a brand's physical and digital representations. The strategic use of technology, mobile location based services and big data can provide a competitive advantage. Getting all that right reinforces brand experience.

## Inspire employees

The customer comes first. The customer is always right. This is the conventional wisdom. It contains some truth and misses some truth. As banks attempt to restore customer trust lost during the financial crisis, they're working to improve internal morale, especially among employees who face customers everyday and ultimately represent the brand most directly. It's an equation championed by the US retailer Whole Foods. The brand asserts: Happy, enthusiastic employees satisfy customers; who produce the sales and profits that the drive stock price, which rewards shareholders. It sounds like the new conventional wisdom.

## Treat customers as individuals, not demographics

Intelligent use of big data enables brands to treat customers as individuals rather than demographics. Sales people with tablets that instantly access a customer's buying history and preferences can respond more personally. Communication can be more individualized. A customer spending an average amount of money over time might receive a personalized thank you, while a higher-spending customer might receive an invitation to a special event. The data-driven ability to understand and respond to customers individually crosses most categories. Until now, for example, insurers focused more on acquiring new customers than on introducing more products to existing customers. With the ability to quickly analyze data, insurers can anticipate when a homeowner insurance customer may be ready for a life policy. Brands have an opportunity to develop mutually rewarding, individual long-term customer relationships. Customers, not demographics, spend money.





# Growth

## Be ready for the next new and shiny thing

Because people felt uncertain last year, new and shiny didn't quite tempt them. Even in technology, a category known for innovation, brands shifted to iteration. That's because brands generally didn't want to take big risks when consumer confidence was still fragile and a wallet opened only slightly could snap shut quickly. Incremental change was enough to keep consumers happy and keep pace with the competition. The period of incremental change won't last forever, however. The next new and shiny thing needs to be ready before consumers realize they want it.

## Keep up with the fast growing markets

The BRICs took a breather. The slowdown revealed key distinctions in their levels of development. Brazil experienced mixed conditions: Monetary policy stimulated growth of the consumer sector but hurt banking, commodities and exports. With Brazil hosting two global events—the World Cup and the Olympics—in the next three years, growth will intensify. In China, the government's drive to develop a consumer society will continue to increase purchasing power well beyond the largest cities. At the end of 2012, India expanded direct foreign investment, allowing multiple brand merchants, like Walmart, to operate as retailers. The opening of India's economy, slow and deliberate as the country manages internal competing interests, is inexorable. The rate of GDP growth in Russia actually outpaced the other BRICs. With the entrance of Russia into the WTO last year, and the Olympics in Sochi in 2014, Russia is ready for more Western brands and the development of Russian brands. The BRICs breather won't last forever. And then there's Africa…

## Invest in brand when others hesitate

It's always difficult to invest when the economy is troubled, sales are slow, budgets are being cut and caution, even fear, becomes contagious. But after the gloom, when the sun returns, the only question is whether a pot of gold waits at the end of the rainbow. That depends on investment. When the recession hit, the sales of US home improvement retailer Home Depot already were pressured because of internal problems, including service levels, which tarnished the brand. Home Depot invested to fix the problems and restore its strong brand. In the BrandZ™ 2013 Most Valuable Global Brands report, Home Depot was a top riser for the second consecutive year. Its brand value rose 43 percent, following a 31 percent increase a year ago. Strong brands need tending, but they respond—often quickly.



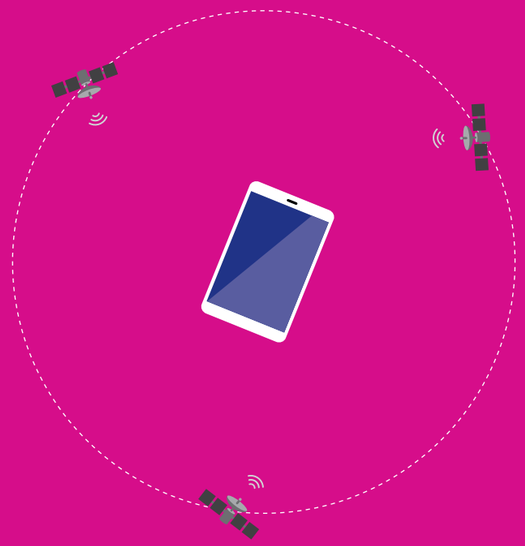
# RADICALLY REIMAGINING BRANDS

## To satisfy multi-faceted, always-on consumers



**Stewart Pearson**
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wunderman



WE ARE IN the throes of a 50-year paradigm shift, the first significant change in the role and meaning of brands in culture and commerce since the period of Mad Men and the advent of television.

The future of marketing is personal, mobile, social and local. Big data makes every experience personal. Over 6 billion people have access to a mobile device connecting them to information, opportunities and each other. Social networks connect individuals anytime and anywhere, with people like them whose opinions matter to them. Technology empowers local marketers to be relevant to their consumers yet still benefit from the efficiency of a global platform and content.

Always-on connected consumers engage with brands in multiple roles. They are participants as well as buyers, conversationalists and sometimes creators, critics or champions, and all at different times. They expect consistent experiences relevant to their role and informed by their history at every touch point. They will stay connected to and share their data with brands they trust in return for valuable content and innovative services.

The whole consumer is a radical and new multifaceted way of thinking about consumers as they connect as individuals and network in communities. Brands must be reimagined as experiences and services designed for the whole consumer by the whole enterprise.

### Understanding and staying connected to the whole consumer

Brands do not need to limit their thinking to one dimension. Brands can understand the potential of consumers as buyers, participants and influencers within a unified analytics and targeting framework. Brands can understand the multiple roles that consumers play in their lives, and so the multiple ways brands will need to engage consumers to meet their needs.

Brands can see consumers truly as individuals. The data flows from personal devices, increasingly wearable and invisible. It will enable us to understand interests, passions and behaviors within and beyond the category. The winning brands of the future will reimagine themselves as experiences and services offering compelling reasons for consumers to stay connected. The outcome will be disruptive new business models and revenue streams.

This marketing model is a renaissance of consumer relationship marketing (CRM), first envisaged by Lester Wunderman when he created our agency 50 years ago. To engage the whole consumer means aligning the whole enterprise. This means change management and organizational alignment around consumers, experiences and services.

In the old paradigm different functions were responsible for engaging different consumer behaviors. Buyers were the responsibility of sales, with content focused on product features and pricing. Participants were the responsibility of marketing, with content focused on brand and emotional value. Influencers were the responsibility of PR or corporate, with content focused on sponsorship, events and social responsibility.

Data from digital and mobile analytics, and social listening, enables marketers to respond to the desires of consumers with personalized content and social experiences. Marketing tools leverage insights and models to connect content with consumers. Yet while a majority of enterprises understand the power of personalized content, relatively few have orchestrated programs in place. This is a critical gap for marketing to address.

### New paradigm changes the role of marketing

In the new paradigm, the renaissance of CRM demands change in the traditional organization. Now we know that buyers, participants and influencers are the same people. They have different roles at different times, each requiring individual response and engagement. They have different demands for content and services, and want them personalized to their context.

In the new paradigm the role of marketing becomes to orchestrate content, experiences and services from the whole enterprise to engage the whole consumer. In the shift, marketing moves from a communication role (of brand, product and sales information) to the mission critical commercial and strategic role of orchestrating engagement. To fulfill this new role, marketing must do the following:

- Access all the enterprise's content across all the enterprise's silos
- Weave brand narratives and see them amplified by consumers
- Connect consumers in their multiple roles with the content and services relevant to their personal and community desires, irrespective of time or place

### Social responsibility, sustainability exemplify marketing as engagement

Perhaps the most significant illustration of the paradigm shift in the role of marketing is the consumer desire to play a role in social responsibility and sustainability solutions. Far seeing enterprises are responding to global trends by making significant investments in social responsibility and sustainability. How do they connect these initiatives to consumers who care?

Consumers care about commitment to corporate social responsibility. A Burson-Marsteller survey reported that 75 percent of consumers agreed that it is important for a company to be socially responsible. In his book "Grow" former P&G CMO Jim Stengel leveraged Millward Brown's BrandZ™ analysis to demonstrate that, "Maximum profit and high ideals aren't incompatible, but in fact inseparable."

Using connected data marketers can identify the segments that participate in and are motivated by social issues. They can weave into marketing storytelling the enterprise's CSR content, personalized for these individuals and the communities in which they participate.

By adopting a whole consumer framework marketers can bring social responsibility and sustainability to life, expand its reach and demonstrate its measurable business impact on brands.

The role of marketing is now to create, curate and activate. Marketers should oversee the output of all other functions in the company creating content so that they can orchestrate engagement of the whole consumer.

To manage a brand, a marketing team must now be producer, listener, analyst and developer as well as (traditional) strategist, planner, creative and project manager. The role of the producer means that this is a publishing or news model, but one that operates in real-time and is responsive and proactive. Marketers can no longer distribute content and track the results. Marketers can no longer manage a series of campaigns.

To grow the brands of the future the marketer's role is the orchestration of content for the engagement of the whole consumer and the accountability for brand value and marketing performance.

Wunderman specializes in social, mobile, data and analytics, with 170 offices in 60 countries.
**www.wunderman.com**



# Part 2

# The Top 100

# BRANDZ™ Top 100 Most Valuable Global Brands 2013

| | Category | Brand | Brand value 2013 $M | Brand contribution | Brand value % change 2013 vs 2012 | Rank change |
|---|---|---|---|---|---|---|
| 1 | Technology | | 185,071 | 4 | 1% | 0 |
| 2 | Technology | Google | 113,669 | 3 | 5% | 1 |
| 3 | Technology | IBM | 112,536 | 3 | -3% | -1 |
| 4 | Fast Food | McDonald's | 90,256 | 4 | -5% | 0 |
| 5 | Soft Drinks | Coca-Cola | 78,415 | 5 | 6% | 1 |
| 6 | Telecoms | at&t | 75,507 | 3 | 10% | 2 |
| 7 | Technology | Microsoft | 69,814 | 3 | -9% | -2 |
| 8 | Tobacco | Marlboro | 69,383 | 3 | -6% | -1 |
| 9 | Credit Card | VISA | 56,060 | 4 | 46% | 6 |
| 10 | Telecoms | 中国移动通信 CHINA MOBILE | 55,368 | 3 | 18% | 0 |
| 11 | Conglomerate | GE | 55,357 | 2 | 21% | 0 |
| 12 | Telecoms | verizon | 53,004 | 3 | 8% | -3 |
| 13 | Regional Banks | WELLS FARGO | 47,748 | 3 | 20% | 1 |
| 14 | Retail | amazon.com | 45,727 | 3 | 34% | 4 |
| 15 | Logistics | UPS | 42,747 | 5 | 15% | 1 |
| 16 | Regional Banks | ICBC 中国工商银行 | 41,115 | 2 | -1% | -3 |
| 17 | Telecoms | vodafone | 39,712 | 3 | -8% | -5 |
| 18 | Retail | Walmart Save money. Live better. | 36,220 | 2 | 5% | -1 |
| 19 | Technology | SAP | 34,365 | 2 | 34% | 3 |
| 20 | Credit Card | MasterCard | 27,821 | 4 | 34% | 9 |
| 21 | Technology | Tencent 腾讯 | 27,273 | 4 | 52% | 16 |
| 22 | Regional Banks | 中国建设银行 China Construction Bank | 26,859 | 2 | 10% | 2 |
| 23 | Cars | TOYOTA | 24,497 | 4 | 12% | 5 |
| 24 | Cars | BMW | 24,015 | 4 | -2% | -1 |
| 25 | Global Banks | HSBC | 23,970 | 3 | 24% | 6 |
| 26 | Entertainment | Disney | 23,913 | 3 | 40% | 17 |
| 27 | Telecoms | Deutsche Telekom | 23,893 | 2 | -11% | -7 |
| 28 | Credit Card | American Express | 23,514 | 4 | 16% | 2 |
| 29 | Luxury | LV Louis Vuitton | 22,719 | 4 | -12% | -8 |
| 30 | Technology | SAMSUNG | 21,404 | 3 | 51% | 25 |
| 31 | Technology | facebook | 21,261 | 4 | -36% | -12 |
| 32 | Baby Care | Pampers | 20,594 | 5 | 13% | 3 |
| 33 | Technology | Baidu 百度 | 20,443 | 5 | -16% | -8 |
| 34 | Beer | Budweiser | 20,297 | 4 | 28% | 14 |
| 35 | Apparel | ZARA | 20,167 | 3 | 60% | 31 |
| 36 | Technology | ORACLE | 20,039 | 2 | -11% | -9 |
| 37 | Regional Banks | 中国农业银行 AGRICULTURAL BANK OF CHINA | 19,975 | 2 | 12% | 1 |
| 38 | Regional Banks | RBC | 19,968 | 4 | 16% | 2 |
| 39 | Oil & Gas | ExxonMobil | 19,229 | 1 | 5% | -5 |
| 40 | Luxury | HERMÈS PARIS | 19,129 | 4 | 0% | -8 |
| 41 | Retail | The Home Depot | 18,488 | 2 | 43% | 21 |
| 42 | Personal Care | L'ORÉAL | 17,971 | 4 | 30% | 15 |
| 43 | Cars | Mercedes-Benz | 17,952 | 4 | 11% | 3 |
| 44 | Fast Food | Starbucks | 17,892 | 4 | 5% | -2 |
| 45 | Personal Care | Gillette | 17,823 | 4 | -6% | -12 |
| 46 | Regional Banks | TD | 17,781 | 4 | 22% | 8 |
| 47 | Retail | ebay | 17,749 | 2 | 40% | 17 |
| 48 | Regional Banks | Commonwealth Bank of Australia | 17,745 | 3 | 36% | 12 |
| 49 | Oil & Gas | Shell | 17,678 | 1 | -1% | -10 |
| 50 | Personal Care | Colgate | 17,250 | 4 | 15% | 1 |

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).

MillwardBrown Optimor

The Brand Value of Coca-Cola includes Lights, Diets and Zero
The Brand Value of Budweiser includes Bud Light

# BRANDZ™ Top 100 Most Valuable Global Brands 2013

| | Category | Brand | Brand value 2013 $M | Brand contribution | Brand value % change 2013 vs 2012 | Rank change |
|---|---|---|---|---|---|---|
| 51 | Fast Food | SUBWAY eat fresh. | 16,691 | 4 | 12% | 1 |
| 52 | Regional Banks | ANZ | 16,565 | 3 | New | New |
| 53 | Technology | accenture | 16,503 | 3 | 2% | -8 |
| 54 | Technology | hp | 16,362 | 2 | -29% | -28 |
| 55 | Retail | TESCO | 16,303 | 4 | -9% | -19 |
| 56 | Apparel | NIKE | 15,817 | 4 | -3% | -12 |
| 57 | Insurance | 中国人寿 China Life | 15,279 | 3 | 5% | -4 |
| 58 | Regional Banks | 中国银行 BANK OF CHINA | 14,236 | 2 | 10% | 3 |
| 59 | Regional Banks | ICICI Bank | 14,196 | 1 | 12% | 4 |
| 60 | Telecoms | orange | 13,829 | 2 | -10% | -10 |
| 61 | Technology | intel | 13,757 | 2 | -12% | -12 |
| 62 | Logistics | FedEx | 13,732 | 4 | 17% | 8 |
| 63 | Regional Banks | usbank | 13,716 | 3 | 19% | 9 |
| 64 | Global Banks | citi | 13,386 | 2 | 37% | 18 |
| 65 | Oil & Gas | PetroChina | 13,380 | 1 | 11% | 3 |
| 66 | Telecoms | movistar | 13,336 | 2 | -22% | -25 |
| 67 | Oil & Gas | SINOPEC | 13,127 | 1 | -6% | -11 |
| 68 | Luxury | GUCCI | 12,735 | 5 | 48% | New |
| 69 | Apparel | H&M | 12,732 | 2 | -6% | -11 |
| 70 | Regional Banks | SBERBANK | 12,655 | 3 | 19% | 4 |
| 71 | Cars | HONDA | 12,401 | 3 | -2% | -6 |
| 72 | Technology | SIEMENS | 12,331 | 1 | 16% | 1 |
| 73 | Alcohol | | 12,193 | 3 | 3% | -4 |
| 74 | Retail | IKEA | 12,040 | 3 | 31% | 15 |
| 75 | Soft Drinks | pepsi | 12,029 | 4 | -5% | -8 |

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).

MillwardBrown Optimor

| | Category | Brand | Brand value 2013 $M | Brand contribution | Brand value % change 2013 vs 2012 | Rank change |
|---|---|---|---|---|---|---|
| 76 | Retail | TARGET | 11,879 | 3 | 13% | 0 |
| 77 | Technology | CISCO | 11,816 | 2 | -11% | -18 |
| 78 | Oil & Gas | bp | 11,520 | 1 | 11% | -1 |
| 79 | Telecoms | MTN | 11,448 | 3 | 23% | 9 |
| 80 | Retail | woolworths Australia's fresh food people | 11,039 | 3 | New | New |
| 81 | Global Banks | CHASE | 10,836 | 3 | 25% | 11 |
| 82 | Telecoms | MTS | 10,633 | 3 | 11% | 3 |
| 83 | Soft Drinks | Red Bull | 10,558 | 3 | 6% | -3 |
| 84 | Insurance | 中国平安 PING AN | 10,558 | 3 | 4% | -6 |
| 85 | Regional Banks | Scotiabank | 10,396 | 2 | 8% | -2 |
| 86 | Cars | NISSAN | 10,186 | 3 | 3% | -5 |
| 87 | Global Banks | Standard Chartered | 10,160 | 2 | 1% | -8 |
| 88 | Regional Banks | Westpac Australia's First Bank | 10,070 | 3 | New | New |
| 89 | Telecoms | airtel | 10,054 | 3 | -13% | -18 |
| 90 | Telecoms | NTT docomo | 10,028 | 3 | -37% | -43 |
| 91 | Fast Food | KFC | 9,953 | 3 | 12% | 0 |
| 92 | Technology | YAHOO! | 9,826 | 3 | New | New |
| 93 | Global Banks | J.P.Morgan | 9,668 | 2 | New | New |
| 94 | Telecoms | BT | 9,531 | 2 | New | New |
| 95 | Luxury | PRADA | 9,454 | 4 | 63% | New |
| 96 | Global Banks | Santander | 9,232 | 3 | 8% | -1 |
| 97 | Oil & Gas | Chevron | 9,036 | 1 | 5% | -4 |
| 98 | Logistics | DHL | 8,940 | 3 | 18% | 2 |
| 99 | Retail | ALDI | 8,885 | 2 | -5% | -12 |
| 100 | Cars | | 8,790 | 3 | 3% | -4 |

The 2012 Brand Value of Gucci has been restated to $8,602
The Brand Value of Pepsi includes Diets
The Brand Value of Red Bull includes sugar-free and Cola

# Overview

# BRANDZ™ TOP 100 UP 7 PERCENT, RISE TOUCHES MOST CATEGORIES

THE BRANDZ™ Top 100 Most Valuable Global Brands 2013 rose 7 percent in brand value to $2.6 trillion. The increase followed flat growth of less than 1 percent a year ago.

Modest recovery in developed economies, particularly in the US, drove the positive change in BrandZ™ 2013. And, despite slower economic expansion, the BRICs continued to propel certain categories, especially luxury. Brand value increased in every category but two—technology and oil and gas, which declined slightly.

The beer category experienced the sharpest brand value increase, 36 percent.

With a 19 percent rise in brand value, the insurance category rebounded from a 16 percent decline a year ago.

The apparel category grew 21 percent in brand value on top of a 13 percent increase a year ago.

The minimal decline in technology and oil and gas resulted less from the performance of an entire category, and more from the brand value fluctuations of two important brands, Apple and Brazil's government-controlled Petrobras.

Economic and competitive pressures, rather than brand issues, drove the changes. In fact, Apple increased slightly in brand value to remain world's most valuable brand, illustrating how brand power sustains a company through business challenges.

## Top Risers and Newcomers

The three fastest growing brands—Prada, Brahma, and Zara—came from diverse consumer categories: luxury, beer and apparel. Prada increased 63 percent, driven by the ongoing appetite for luxury, particularly in fast growing markets.

The 61 percent brand value rise of Brahma, a Brazilian beer owned by AB InBev, the world's largest brewer, demonstrated the power of a global marketer and the continued vitality in the BRICs.

The fast fashion apparel brand Zara grew 60 percent in brand value, indicating that value still drove shoppers, even though consumer confidence remained fragile.

Eight newcomers, from five categories—luxury, retail, banks (global and regional), technology, and telecom providers entered the BrandZ™ Top 100: the Italian luxury brands Gucci and Prada; from Australia, the regional banks ANZ and Westpac, plus the supermarket Woolworths; and JP Morgan, a global bank. In addition, the technology brand Yahoo! and BT, the telecoms provider, entered the Top 100.

## Brand Contribution

The leaders in Brand Contribution also came from diverse categories. Brand Contribution is a key metric that measures the impact of brand alone on brand value, with financials and all other factors stripped away.

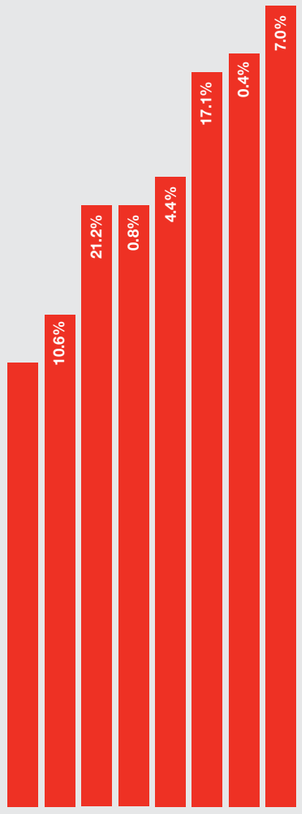
Colombian beer Aguila and fast food operator Panera scored highest in Brand Contribution. Both brands appeared for the first time in the BrandZ™ global report, not in the Top 100, but in the rankings of their respective categories.

All the brands in BrandZ™ Top 100 Most Valuable Global Brands 2013 achieved the distinction of appearing in this report despite mixed economic conditions. They share something else in common.

Their high brand value, relative to other brands, resulted from their ability to appeal to relevant customers with a particular balance of being "meaningful" (meet expectations and generate affection), "different" (unique in a positive way) and "salient" (the brand of choice). Z

### BrandZ™ Top 100 Brand Value Growth

The BrandZ™ Top 100 Most Valuable Global Brands have grown steadily in value since the launch of the annual report in 2006




Source: BrandZ™ data

## Key characteristics of successful brands

Total brand value of the BrandZ™ Top 100 Most Valuable Global Brands has grown steadily since the report was introduced in 2006.

The Top Risers during these eight years increased 425 percent in brand value.

Half of the eight Fastest Risers come from the technology category: Apple increased in brand value 1,058 percent; Amazon, 664 percent; SAP, 259 percent; and IBM, 212 percent. Telecom Verizon rose 256 percent in brand value.

The other Top Risers, from diverse categories, include the luxury brand Hermès up 296 percent, and apparel brand Zara with a 295 percent increase in brand value. The fast food brand Subway achieved the greatest brand value increase—an astounding 5,798 percent.

What factors account for the overall brand value rise in the BrandZ™ Top 100 over the past eight years and for the extraordinary performances of these fastest risers? What is it that distinguishes the most valuable brands and enables steady growth? BrandZ™ analysis indicates that these eight characteristics drive brand value and financial success:

**1. Great value**
It's not about price, but what you get for your money. Hermès and Subway both offer great value.

**2. Relevant for today**
Continuing to renew the brand is essential to remain in contention. IBM reinvention, with its higher margin consultancy that drives a "Smarter Planet," is totally in tune for today.

**3. Harnessing technology**
Being available 24/7, being social, being connected is not just the domain of social media. No brand can afford to be out of touch nowadays. Amazon's online customer management and purchase recommendation was a game changer.

**4. Reputation**
How the brand genuinely behaves today will be assessed immediately, globally, in a flash. Brand strength, what you stand for, is a valuable component of a good reputation. SAP is rated in the BrandZ™ research as being particularly responsible as a company. And this underpins a good reputation.

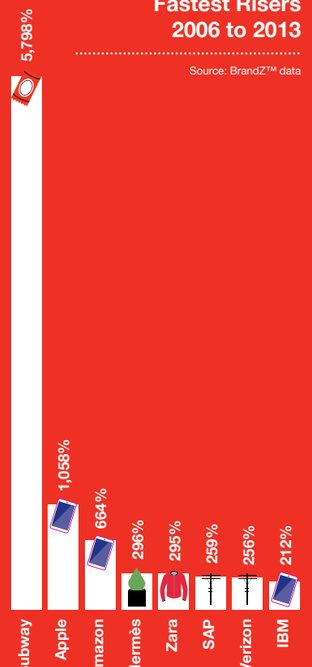
**5. Meaningfully different**
Consumers will stay loyal if they feel they are getting the best. To consumers, brands that meet their needs are more appealing. These brands are unique in a positive way. Consumers see them as ahead of the game in setting trends. These brands generate the greatest contribution to driving current and future sales. Apple is the archetypical "meaningfully different" brand. Analysts and stock market sentiment might at times be more negative, but Apple has a vital and living brand.

**6. Personality**
A distinctive brand character is more likely to generate consumer passion and create brand advocates. Brands should not worry about polarizing opinion. It's better to stand for something. Verizon is what BrandZ™ classifies as a "King"—a brand that is Assertive and In Control but Wise, Desirable and Trustworthy. Each of the eight Top Risers has a distinct personality.

**7. Get abroad and about**
Expansion of the offer using the brand in its meaningfully different positioning is a route to successful growth. All, except Verizon to date, have moved into new international territories chasing growth and success. Being present in growth markets in this global economy is a must if the brand has a relevant offer.

**8. A great branded experience**
A brand is only as good as its last experience. Recommendation is a powerful force and can make or break a brand even more quickly in this connected world. Zara has built its reputation and based its considerable innovation on delivering fashion fast, which provides a great consumer experience.

### Fastest Risers 2006 to 2013




Source: BrandZ™ data

# BRAND VALUE APPRECIATES DESPITE ECONOMIC STRESS

BRAND VALUE appreciated by an average of 44 percent among the BrandZ™ 2013 Top 20 Risers, compared with an average increase of 35 percent the previous year. The sharper increase suggests that strong brands gained momentum despite the fluctuating global recovery.

The Top 20 Risers individually far exceeded the substantial 7 percent brand value growth of the BrandZ™ Top 100 Most Valuable Global Brands overall.

The diversity of categories represented in the Top 20 Risers—apparel, banks, beer, luxury, personal care, retail, technology, entertainment and credit cards—affirms that strong brands can emerge in all sectors of the economy.

Multiple factors accounted for this performance, including Brand Contribution, the portion of brand value attributed to the brand alone and not to financial or other factors. Among the other influences were:

**Differentiation**
The introduction of desirable products, supported with clever marketing, was a key driver of brand value growth.

**Recovery**
In other instances, brand value growth reflected value regained since the recession because of investments in the brand made during the global slowdown.

**Geography**
Generally, brands with a global presence were more likely to enjoy brand value appreciation, despite slower growth rates in BRIC countries.

### Differentiation

In technology, one of two categories that declined slightly in brand value, Tencent and Samsung improved brand value 52 percent and 51 percent, respectively. In both cases, the brands demonstrated an ability to anticipate and meet consumer desires with clearly differentiated products.

Tencent expanded the user base for some of its products. Samsung gained consumer approval, and challenged Apple's dominance, with the features and marketing of its Galaxy smartphones. The smartphone success strengthened the Korean brand across its wide range of home electronics and digital devices.

### Recovery

The Home Depot is the only brand in the BrandZ™ 2013 Top 20 Risers that also appeared in last year's Top Riser ranking. The US home improvement retailer's 43 percent brand value growth follows a 31 percent increase a year ago.

During the recession, the home improvement business suffered more than most categories. As business slowed, The Home Depot acted. It improved customer service and addressed other problems that had depressed its sales, decreased its share price and tarnished its brand. Driven by the US housing recovery, consumer and contractors started spending again. And The Home Depot was ready for them.

Of the banks that improved in the BrandZ™ 2013 ranking, Citi and Barclays experienced the greatest lift, 37 percent and 34 percent, respectively. These gains reflect the recovery of brand value lost because of the financial crisis. Citi's brand value declined 38 percent a year ago and has not yet reached its pre-recession level.

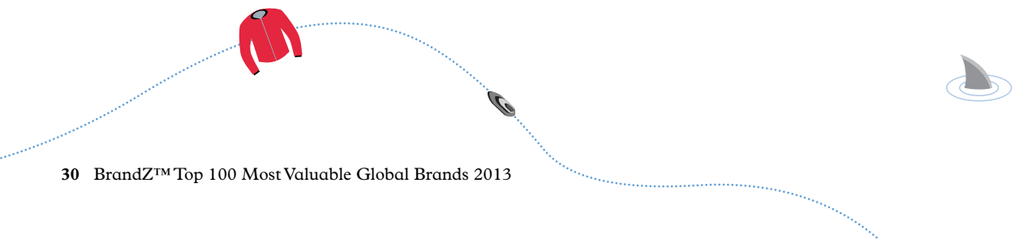
These brand value improvements followed the initiatives by both Citi and Barclays to introduce products and services aimed at growing business in a more regulated, low interest rate environment. Barclays underwent a change of management, with the new CEO pledging to refocus the bank on customer service.

### Geography

Even as the rate of economic expansion slowed in the BRIC countries, luxury sales grew. Wealthy Asian clients, for example, continued to support the brands both with purchases made at home and while traveling abroad, which helped bolster results in Europe. Prada led the list of Top Risers with a 63 percent increase in brand value. Both an increase in sales and an increase in its Brand Contribution score contributed to Gucci's 48 percent rise in brand value.

Brand Contribution also remained an important factor in beer. Brahma and Skol, two local Brazilian brands owned by global brewer AB InBev, enjoyed wide popularity at home. Based on worldwide distribution and popularity, Stella Artois, another AB InBev brand, also grew in brand value. Heineken benefited from its global premium reputation. Overall, strength in Asia, Latin America and Africa offset the weakened European economies.

The impressive brand value growth of 60 percent for Zara and 52 percent for Calvin Klein also reflected worldwide brand acceptance and growth, especially in China and other fast growing markets. The increasing brand value of Commonwealth Bank of Australia in part can be attributed to nation's economic strength relative to other developed markets. Z







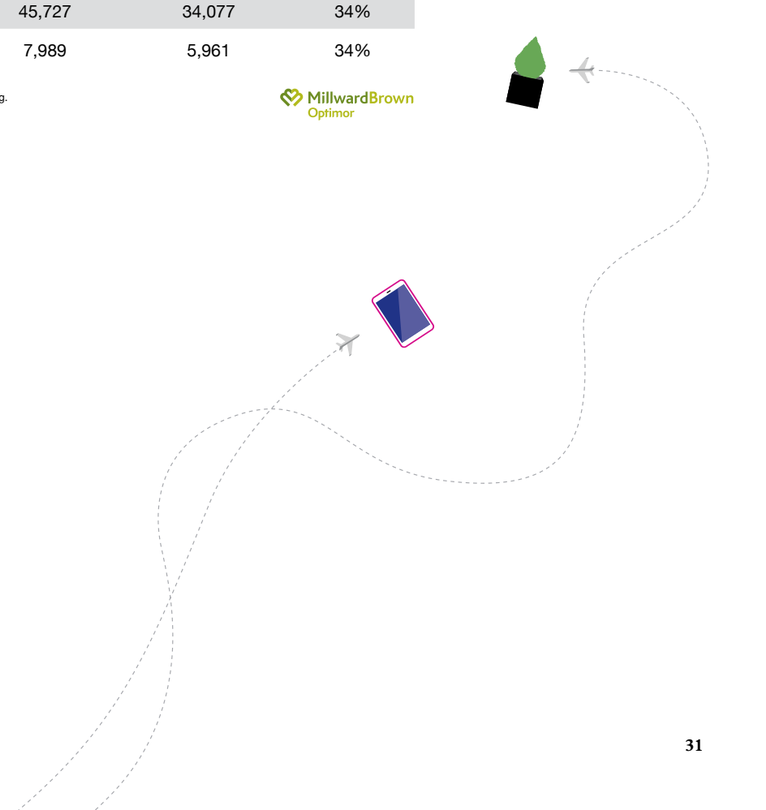
# Top Risers

| | Category | Brand | Brand value 2013 $M | Brand value 2012 $M | Brand value % change 2013 vs 2012 |
|---|---|---|---|---|---|
| 1 | Luxury | Prada | 9,454 | 5,788 | 63% |
| 2 | Beer | Brahma | 3,803 | 2,359 | 61% |
| 3 | Apparel | Zara | 20,167 | 12,616 | 60% |
| 4 | Apparel | Calvin Klein | 1,801 | 1,183 | 52% |
| 5 | Technology | Tencent | 27,273 | 17,992 | 52% |
| 6 | Technology | Samsung | 21,404 | 14,164 | 51% |
| 7 | Luxury | Gucci | 12,735 | 8,602 | 48% |
| 8 | Credit Card | Visa | 56,060 | 38,284 | 46% |
| 9 | Retail | The Home Depot | 18,488 | 12,968 | 43% |
| 10 | Entertainment | Disney | 23,913 | 17,056 | 40% |
| 11 | Retail | eBay | 17,749 | 12,663 | 40% |
| 12 | Beer | Stella Artois | 6,319 | 4,529 | 40% |
| 13 | Beer | Skol | 6,520 | 4,698 | 39% |
| 14 | Apparel | Next | 4,121 | 2,973 | 39% |
| 15 | Global Banks | Citi | 13,386 | 9,760 | 37% |
| 16 | Personal Care | Nivea | 6,322 | 4,642 | 36% |
| 17 | Beer | Heineken | 8,238 | 6,058 | 36% |
| 18 | Regional Banks | Commonwealth Bank of Australia | 17,745 | 13,083 | 36% |
| 19 | Retail | Amazon | 45,727 | 34,077 | 34% |
| 20 | Global Banks | Barclays | 7,989 | 5,961 | 34% |

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.

MillwardBrown Optimor

The diversity of categories represented in the Top Risers affirms that strong brands can emerge in all sectors of the economy



# Newcomers

| 2013 rank | Category | Brand | Brand value 2013 $M |
|---|---|---|---|
| 52 | Regional Banks | ANZ | 16,565 |
| 68 | Luxury | Gucci | 12,735 |
| 80 | Retail | Woolworths | 11,039 |
| 88 | Regional Banks | Westpac | 10,070 |
| 92 | Technology | Yahoo! | 9,826 |
| 93 | Global Banks | J.P. Morgan | 9,668 |
| 94 | Telecoms | BT | 9,531 |
| 95 | Luxury | Prada | 9,454 |

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.

MillwardBrown Optimor

# THREE AUSTRALIAN BRANDS MAKE RANKING

THREE AUSTRALIAN brands appear in the BrandZ™ 2013 newcomer ranking: two banks, ANZ and Westpac; and a retailer, the supermarket brand Woolworths.

In addition, the Australian supermarket brand Coles is listed in the retail category, although it does not appear in the Top 100. Newcomers are brands that appear for the first time, or after an absence, in the BrandZ™ Top 100 ranking.

Last year, the BrandZ™ 2012 newcomer ranking also included an Australian bank brand, Commonwealth Bank of Australia, a glimpse of a trend more fully realized in BrandZ™ 2013. Commonwealth Bank rose to number 48 in the BrandZ™ 2013 ranking, up from number 60 in the 2012 ranking.

The growing brand value of brands from Australia indicates the strength of the country's economy relative to other developed markets, and how the country's proximity to fast growing Asia markets is influencing growth.

The impact of Chinese consumer purchasing power was among the drivers of brand value growth of the two luxury brand newcomers, Gucci and Prada. Gucci last ranked in BrandZ™ Top 100 in 2010. Both Gucci and Prada appeared in the luxury category ranking a year ago, in BrandZ™ 2012.

No brands from BRIC countries appear in the BrandZ™ 2013 newcomer ranking. Two years ago, in BrandZ™ 2011, seven BRIC brands made the list: five from China and one each from Brazil and Russia. A year ago, the BrandZ™ 2012 newcomer ranking included two Chinese brands, one Indian brand and one brand from South Africa.

The newcomer ranking generally includes at least one technology or telecom brand. This year it's Yahoo!, which benefited from the appointment of a new CEO from Google, and continued leadership in Japan.

BT raised its global profile with its smooth execution of all the communications for the Olympics and Paralympics in the London 2012 Summer Games. Investment in fiber optic infrastructure strengthened the brand competitively. Strong revenue and profits pushed newcomer JP Morgan into the BrandZ™ Top 100 2013 ranking.

The growing brand value of brands from Australia indicates the strength of the country's economy relative to other developed markets





# Category Changes

| Category | Brand value % change 2013 vs 2012 |
|---|---|
| Beer | 36% |
| Global Banks | 23% |
| Apparel | 21% |
| Insurance | 19% |
| Retail | 17% |
| Regional Banks | 15% |
| Personal Care | 11% |
| Luxury | 6% |
| Cars | 5% |
| Soft Drinks | 5% |
| Fast Food | 5% |
| Telecoms | 1% |
| Technology | -1% |
| Oil & Gas | -4% |

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.

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# BRAND VALUE RISES FOR MOST CATEGORIES

STRONG category-by-category brand value growth reflects the overall 7 percent increase in the 2013 BrandZ™ Top 100 Most Valuable Global Brands.

A year ago, the overall brand value of the Top 100 remained flat in the BrandZ™ 2012 report, with a rise of less than 1 percent. Half the categories grew in brand value and half declined. One remained even. No category grew in brand value by more than 15 percent.

In the BrandZ™ 2013 Top 100 report, every category is up year-over-year except for two—technology and oil and gas, which declined modestly. Six categories improved brand value by more than 15 percent.

Some categories improved dramatically. The brand value of the beer category grew 36 percent compared with a decline of 1 percent a year ago. Insurance is up 19 percent compared with last year's 16 percent decline. The overall brand value growth resulted from many factors, including:

- Strengthening of the global economy, despite continued weakness in Europe and slower growth in the BRICs
- Strong recovery of some categories (banks), incremental progress in others (cars)
- Brand strength that enabled brands to endure difficult times and flourish during the early stages of economic recovery

The strong brand value rise in the beer category illustrates the power of brand strength. Not surprisingly, beers generally score high in Brand Contribution, the amount of brand value attributed to brand alone rather than financial and other factors. With the exception of luxury, beer is the category where the product most depends on the emotional connection with the consumer.

Several factors influenced brand value growth in the apparel category. First, consumers were more willing to spend money. Second, they spent cautiously, and brand influenced what they purchased.

The BrandZ™ 2013 ranking divides the category formerly called financial institutions into global banks and regional banks. The total brand value of the regional banks was more than double that of the global banks. Both groups experienced strong brand value appreciation. The regional banks improved 15 percent in brand value, the global banks, 23 percent.

The rising brand values for banks, reflect both improvements in the economy and brand building efforts, such as products and services aimed at finding new customers, better serving their needs and regaining their trust. Similar factors influenced the brand value rise of the insurance category.

Both the soft drink and fast food categories registered a 5 percent rise in brand value. These categories remained under pressure as consumer concern with healthy eating increases. The leading brands introduced new products, including lower calorie options.

The car category's 5 percent growth in brand value follows a 7 percent decline a year ago. The positive swing in brand value reflects an industry that's still stuck in neutral in Europe, moving forward in China, and rapidly gaining speed again in the US, based on the economic recovery and brand reinvention by the Detroit Three.

# STRONG BRAND EQUITY DRIVES SUSTAINED MARKET ADVANTAGE

NINE OF THE 15 brands listed in the BrandZ™ 2013 Brand Contribution ranking also appeared last year.

The repeat performances of these brands—Pampers, Baidu, Guinness, Natura, Skol, Coca-Cola, Falabella, Chanel and Louis Vuitton—underlines the durability of Brand Contribution strength.

Brand Contribution is a salient component of brand value. It is the portion of brand value driven by brand itself, rather than financial or other factors. Brand Contribution measures a brand's ability to stand out and generate desire and loyalty in the mind of the consumer.

BrandZ™ methodology bases Brand Contribution on in-depth, quantitative interviews with over two million consumers in 30-plus countries. This rigorous, objective and consumer-facing research distinguishes BrandZ™ as the most authoritative brand valuation methodology. BrandZ™ scores Brand Contribution on a scale of 1 to 5, with 5 being the most positive. (For a full explanation, please see Methodology on page 134).

Most of the BrandZ™ 2013 Brand Contribution Top 15 also rank in the Top 100. Some appear only in the category rankings. All outperformed the average Brand Contribution levels of their respective categories. The mix of strategies and tactics for achieving this competitive advantage vary by brand and category.

Beer and luxury are the most represented categories in the Brand Contribution ranking with three brands each. Brand Contribution is especially important in these categories, where the product depends so much on effective marketing communication and the emotional response of the consumer.

The Brand Contribution leader, Aguila, is a Colombian beer brand owned by SABMiller. It appears for the first time in BrandZ™ 2013, in the beer category ranking. Guinness enjoys strong Brand Contribution in part because of its consistent brand proposition. Diageo, the alcoholic beverage company, markets its Guinness brand worldwide as a premium beer.

Skol is a local Brazilian brand owned and marketed by AB InBev, the world's largest brewer. The personal care brand Natura also is Brazilian. The presence of Skol and Natura indicate how local brands can build consumer preference even when the market includes global competitors.

The slowdown in China's economic growth affected luxury brands, but Gucci sales remained strong in most regions, even Europe. And an increase in Brand Contribution contributed to Gucci's substantial rise in brand value.

Chanel and Louis Vuitton illustrate how luxury brands cultivate Brand Contribution in various ways. Chanel emphasizes the brand's exclusivity, while Louis Vuitton tends to be more accessible, widely celebrating its heritage in travel and evoking the elegance of earlier periods.

The presence of a retailer in the Brand Contribution ranking reflects the high profile of the department store Falabella, particularly in its home market, Chile, but also throughout South America.

The Coca-Cola brand continues to score high in Brand Contribution even as the company's carbonated beverages remain the focus of consumer health concerns. The strength of Coca-Cola's Brand Contribution score illustrates the power of an iconic brand to help support the business it signifies. Z

Brand Contribution measures a brand's ability to stand out and generate desire and loyalty in the mind of the consumer





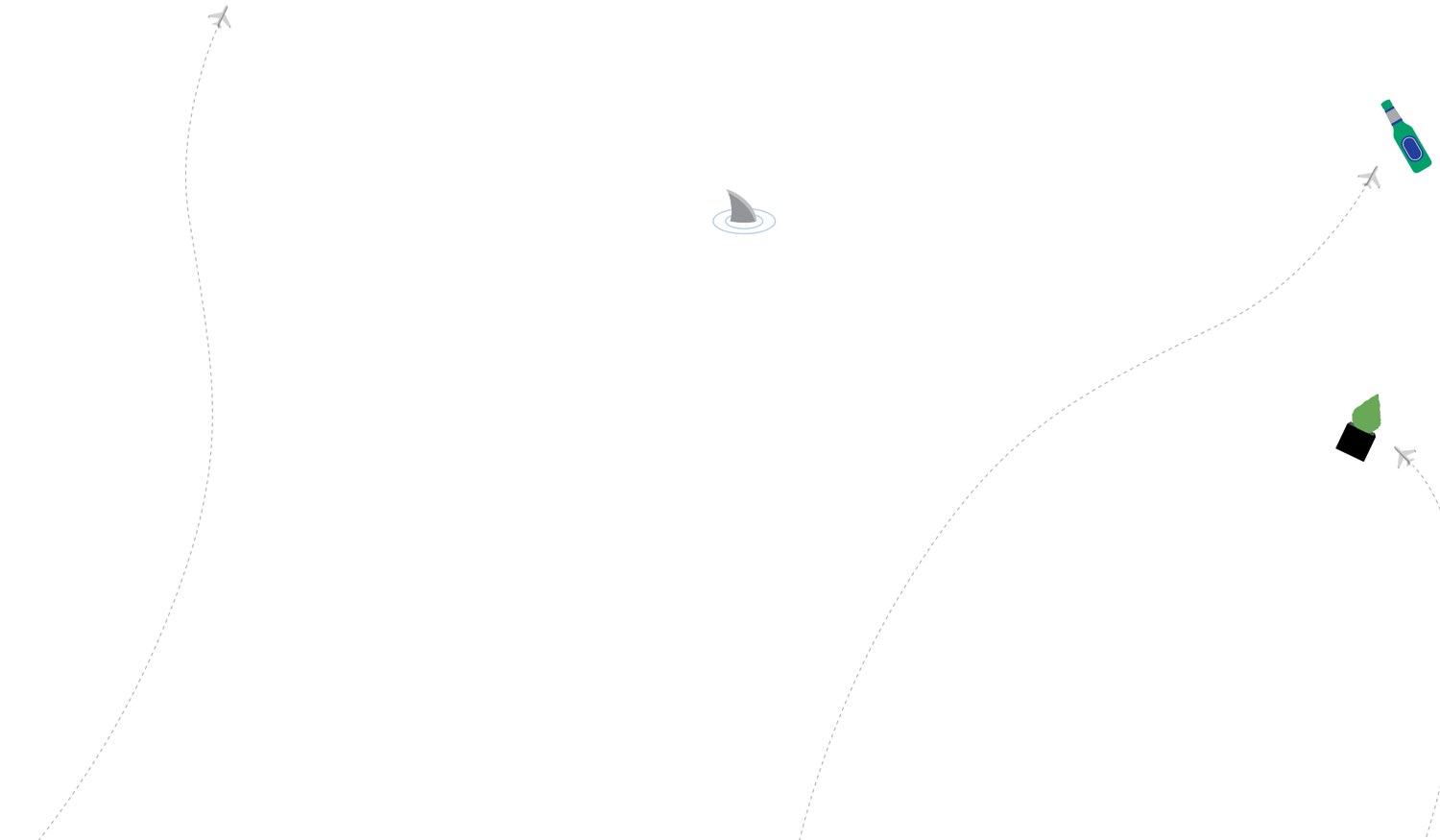


# Brand Contribution

| | Category | Brand | Brand value 2013 $M | Brand value 2012 $M | Brand value % change 2013 vs 2012 | Brand contribution |
|---|---|---|---|---|---|---|
| 1 | **Beer** | **Aguila** | 3,903 | New | New | 5 |
| 2 | **Fast Food** | **Panera** | 3,025 | New | New | 5 |
| 3 | **Baby Care** | **Pampers** | 20,594 | 18,299 | 13% | 5 |
| 4 | **Technology** | **Baidu** | 20,443 | 24,326 | -16% | 5 |
| 5 | **Luxury** | **Gucci** | 12,735 | 8,602 | 48% | 5 |
| 6 | **Logistics** | **UPS** | 42,747 | 37,129 | 15% | 5 |
| 7 | **Beer** | **Guinness** | 4,473 | 4,044 | 11% | 5 |
| 8 | **Personal Care** | **Natura** | 3,707 | 3,307 | 12% | 5 |
| 9 | **Beer** | **Skol** | 6,520 | 4,698 | 39% | 5 |
| 10 | **Fast Food** | **Chipotle** | 4,972 | New | New | 5 |
| 11 | **Personal Care** | **Crest** | 3,680 | 3,379 | 9% | 5 |
| 12 | **Soft Drinks** | **Coca-Cola** | 78,415 | 74,286 | 6% | 5 |
| 13 | **Retail** | **Falabella** | 5,611 | 5,263 | 7% | 5 |
| 14 | **Luxury** | **Chanel** | 7,075 | 6,677 | 6% | 4 |
| 15 | **Luxury** | **Louis Vuitton** | 22,719 | 25,920 | -12% | 4 |

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).

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# Regions

## ASIA UP, LATAM DOWN, OTHER REGIONS MODERATE

ALMOST HALF of the brands in the BrandZ™ Top 100 ranking are based in North America. They account for two-thirds of the Top 100's $2.6 trillion in brand value. Brand value growth in North America was flat, however.

Growth rates fluctuated by region: Asia, Continental Europe, Latin America, North America and the UK. The BRIC markets drove the greatest swings, with the Top 10 brands from Asia up 13 percent in brand value, while the Latam Top 10 declined 13 percent. The key reasons for the contrast in growths rates across regions were:

- Strong individual brand performances in China, despite a slower national economic growth rate, and brand growth in Korea, Japan and Australia;
- The slowdown of the Brazilian economy and the impact of government policy on strategic categories, including energy and banking; and
- Modest growth in the value of leading technology brands based in North America, relative to prior years

In addition, the resilience of luxury and apparel brands based in Continental Europe balanced the overall impact of the region's troubled economies. And a couple of global banks based in the UK improved sharply in brand value.

### Asia appreciates in brand value

Many of China's leading brands continued to appreciate in brand value, despite the slowdown in the rate of economic growth. The country's most valuable brand, China Mobile increased 18 percent in brand value. China Mobile won more 3G subscribers than its rivals with its aggressive marketing. It is also expanding its 4G network.

Tencent, with a 52 percent rise in brand value, continued to draw more users to its instant messaging service and other offerings. The success of its Galaxy smartphones drove the improved 51 percent in Samsung's brand value and burnished the Korean brand across its wide range of home appliances and digital devices.

Toyota reclaimed the number one position in the BrandZ™ car category ranking, suggesting that the Japanese brand has recovered from the product recall crisis of 2009. The presence of two Australian banks, Commonwealth and ANZ, reflects the country's economic strength relative to other developed markets.

### Latam declines in brand value

The brand value decline by the Top 10 Latam brands resulted from the impact of the troubled Brazilian economy and the government's response with policies aimed at expanding the middle class and controlling inflation.

These factors negatively impacted Petrobras, the government-controlled oil and gas company, and major Brazilian bank brands, including Bradesco and Itaù. At the same time, government policies to stimulate spending helped consumer products. The Brazilian beer Skol increased 39 percent in brand value.

Corona, the Mexican beer, improved 29 percent in brand value. In addition, two Colombian brands entered the BrandZ™ category rankings for the first time, the beer brand Aquila and Ecopetrol, an oil and gas brand.

### Continental Europe and the UK experience modest growth

Despite economic problems across the continent, the Top 10 brands based in Europe increased 5 percent in brand value, in part on the strength of apparel. Fast fashion apparel brand Zara improved 60 percent.

In a year when the technology category improved only modestly in overall brand value, Germany-based SAP appreciated 34 percent as the business-to-business sector recovered and SAP introduced solutions for using big data for enterprise transformation.

The 4 percent brand value rise in by Top 10 UK-based brands resulted primarily from the financial rebound of banking. Barclays, with a 34 percent rise in brand value, worked to restore trust. Improving 24 percent in brand value, HSBC refocused on developing its profitable international trade business.

### North America up slightly

The Top 10 North American brands are also the BrandZ™ Top 10 Most Valuable Global Brands, with one exception. GE appears at number 11 in the BrandZ™ Top 100, following China Mobile, in tenth place with a slightly higher brand value.

The collective brand value of the North American Top 10 totals over $900 billion. Although these large and stable brands improved a modest 2 percent in brand value, 2 percent of almost $1 trillion is a lot of brand value.

Some of the more recent arrivals like Apple (established in 1976) and Google (established in 1998) grew so quickly that their brand value growth is beginning to resemble the pace of a more mature brand.

That said, GE (established in 1892) grew 21 percent in brand value because of the strength of the brand and recovery in some of its key industries, such as jet engines, with strong demand from fast growing markets. Z





### Top 10 North America

**↑ Up 2%**

| | Brand | Brand value 2013 $M | Brand contribution | Brand value change 2013 vs 2012 | Rank change |
|---|---|---|---|---|---|
| 1 | **Apple** | 185,071 | 4 | 1% | 0 |
| 2 | **Google** | 113,669 | 3 | 5% | 1 |
| 3 | **IBM** | 112,536 | 3 | -3% | -1 |
| 4 | **McDonald's** | 90,256 | 4 | -5% | 0 |
| 5 | **Coca-Cola** | 78,415 | 5 | 6% | 1 |
| 6 | **AT&T** | 75,507 | 3 | 10% | 2 |
| 7 | **Microsoft** | 69,814 | 3 | -9% | -2 |
| 8 | **Marlboro** | 69,383 | 3 | -6% | -1 |
| 9 | **Visa** | 56,060 | 4 | 46% | New |
| 10 | **GE** | 55,357 | 2 | 21% | 0 |

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).

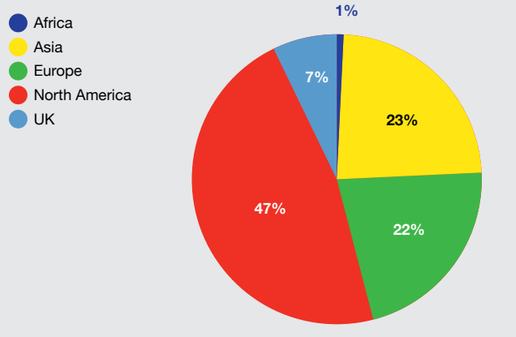
MillwardBrown Optimor

Some of the more recent arrivals like Apple and Google grew so quickly that their brand value growth is beginning to resemble the pace of a more mature brand

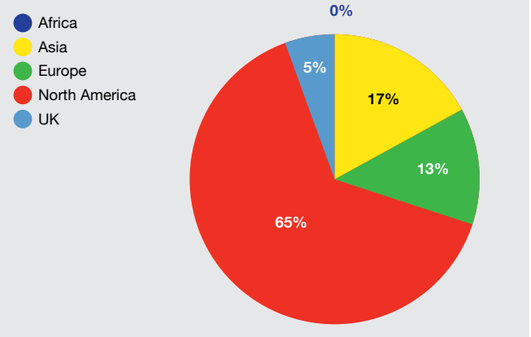
## North American brands dominate in number, value

Almost half of the brands in the BrandZ™ Top 100 ranking are based in North America. They account for two-thirds of the Top 100's $2.6 trillion in brand value. Just less than one-quarter of the BrandZ™ Top 100 brands are based in Asia, and they total 17 percent of the Top 100 total brand value.

**Top 100 Brands by Region**




**Top 100 Brands by Value Share**



## Top 10 Continental Europe

**↑ Up 5%**

| | Brand | Brand value 2013 $M | Brand contribution | Brand value change 2013 vs 2012 | Rank change |
|---|---|---|---|---|---|
| 1 | **SAP** | 34,365 | 2 | 34% | 2 |
| 2 | **BMW** | 24,015 | 4 | -2% | 2 |
| 3 | **Deutsche Telekom** | 23,893 | 2 | -11% | -2 |
| 4 | **Louis Vuitton** | 22,719 | 4 | -12% | -2 |
| 5 | **Zara** | 20,167 | 3 | 60% | New |
| 6 | **Hermès** | 19,129 | 4 | 0% | -1 |
| 7 | **L'Oréal** | 17,971 | 4 | 30% | 2 |
| 8 | **Mercedes-Benz** | 17,952 | 4 | 11% | -1 |
| 9 | **Orange** | 13,829 | 2 | -10% | -1 |
| 10 | **Movistar** | 13,336 | 2 | -22% | -4 |

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).

MillwardBrown Optimor

Despite economic problems across the continent, the Top 10 brands based in Europe increased 5 percent in brand value, mostly on the strength of luxury and apparel

## Top 10 UK

**↑ Up 4%**

| | Brand | Brand value 2013 $M | Brand contribution | Brand value change 2013 vs 2012 | Rank change |
|---|---|---|---|---|---|
| 1 | **Vodafone** | 39,712 | 3 | -8% | 0 |
| 2 | **HSBC** | 23,970 | 3 | 24% | 0 |
| 3 | **Shell** | 17,678 | 1 | -1% | 1 |
| 4 | **Tesco** | 16,303 | 4 | -9% | -1 |
| 5 | **BP** | 11,520 | 1 | 11% | 0 |
| 6 | **Standard Chartered** | 10,160 | 2 | 1% | 0 |
| 7 | **BT** | 9,531 | 2 | New | New |
| 8 | **Barclays** | 7,989 | 2 | 34% | 0 |
| 9 | **O2** | 5,965 | 2 | -30% | -2 |
| 10 | **Dove** | 4,927 | 3 | 5% | -1 |

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).

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The brand value rise by the Top 10 UK-based brands resulted primarily from the financial rebound of banking

## Top 10 Asia

**↑ Up 13%**

| | Brand | Brand value 2013 $M | Brand contribution | Brand value change 2013 vs 2012 | Rank change |
|---|---|---|---|---|---|
| 1 | **China Mobile** | 55,368 | 3 | 18% | 0 |
| 2 | **ICBC** | 41,115 | 2 | -1% | 0 |
| 3 | **Tencent** | 27,273 | 4 | 52% | 3 |
| 4 | **China Construction Bank** | 26,859 | 2 | 10% | -1 |
| 5 | **Toyota** | 24,497 | 4 | 12% | 0 |
| 6 | **Samsung** | 21,404 | 3 | 51% | 4 |
| 7 | **Baidu** | 20,443 | 5 | -16% | -3 |
| 8 | **Agricultural Bank of China** | 19,975 | 2 | 12% | -1 |
| 9 | **Commonwealth Bank of Australia** | 17,745 | 3 | 36% | New |
| 10 | **ANZ** | 16,565 | 3 | New | New |

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).

MillwardBrown Optimor

Many of China's brands appreciated in brand value, despite the slowdown in economic growth

## Top 10 Latin America

**↓ Down 13%**

| | Brand | Brand value 2013 $M | Brand contribution | Brand value change 2013 vs 2012 | Rank change |
|---|---|---|---|---|---|
| 1 | **Corona** | 6,620 | 4 | 29% | 3 |
| 2 | **Telcel** | 6,577 | 3 | -22% | 0 |
| 3 | **Skol** | 6,520 | 5 | 39% | 2 |
| 4 | **Petrobras** | 5,762 | 1 | -45% | -3 |
| 5 | **Falabella** | 5,611 | 5 | 7% | -2 |
| 6 | **Bradesco** | 5,446 | 3 | -19% | New |
| 7 | **Ecopetrol** | 5,137 | 1 | 21% | New |
| 8 | **Claro** | 4,454 | 2 | 3% | New |
| 9 | **Itau** | 4,006 | 2 | -39% | New |
| 10 | **Aguila** | 3,903 | 5 | New | New |

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).

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The Brazilian economy drove the brand value decline of the Top 10 Latam brands

# THE ERA OF ADAPTIVE MARKETING

## Using real-time data to sharpen brand relevance



**Norm Johnston**
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MINDSHARE

ACROSS THE globe, privacy has become a political hot button and governments are collaborating with industry leaders to come up with sensible solutions that balance understandable consumer privacy concerns with legitimate marketers' wishes to create a more effective and impactful online experience.

Why is this important? At the very heart of this issue is arguably the future of marketing itself. Without a proper—simple, intuitive, legal, ethical—online exchange of data, both consumers and brands will find far reaching implications to the way they buy, sell, create, and configure products and services.

The majority of consumers already realize that in return for some of their personal information, brands can do a much better job adapting their products and associated marketing to meet their unique needs. According to the data from the UK Direct Marketing Association: 75 percent of consumers would share personal information with a brand with which they have a relationship; 62 percent would share if they were simply in the market to buy something.





At Mindshare we have a name for this accelerated data-driven and consumer-focused mentality: Adaptive Marketing. It's an approach that enables marketers to truly adapt every part of a brand's marketing mix to meet its consumers' interests and needs. And it all depends on data.

### Optimizing advertising

Using Adaptive Marketing, advertisers can now optimize both their media and creative to ensure consumers are getting more relevant content both online and offline. TV advertising can be optimized based on assessing how viewers respond to a TV spot with their Twitter activity, Google searches, and Facebook posts.

For example, to maximize the impact of Kleenex's TV ads, our Mindshare UK team adapts the TV media plan to local markets by using Google search terms to identify locations experiencing flu outbreaks. A recent GroupM/Thinkbox study in the UK found that 20 percent of the total online response to a TV ad happens within 10 minutes after the ad is aired. That response rate is likely to rise with the growing second screen trend, in which people view TV while communicating with their social network on a tablet or other device.

In addition, content itself can be shaped instantly. With technology like WPP's Xaxis, Collective's Tumri, and Google's Teracent advertisers can assemble ads in real-time based on a target audience's behavior and preferences. Mindshare is even using social data to adapt ad units. Our Shanghai office recently launched Social DNA 1.0, a digital display ad unit that dynamically syncs with users' public profiles from QQ, Ren Ren and Sina—Chinese messaging, social media and micro blogging sites—to create a personalized branded experience for users.

### Dynamic, effective, pricing

Advertising is of course only one element of Adaptive Marketing. Consumers are using their personal data to adapt brand relationships in a variety of ways.

Pricing, for example, has become infinitely more dynamic. Companies like Staples adjust prices on their online shop based on a person's physical location and whether one of its competitors has a physical store nearby. Sporting teams have also started using online data, such as search volumes, weather forecasts, and player status to adjust ticket prices in real-time.

Marketers are using digital data to adapt their actual products. Nike lets runners customize their trainers via Nike ID, while Coca-Cola has introduced Freestyle vending machines, which enable consumers to create their own beverage by mixing together existing Coke products and then sharing their favorite creations via Facebook.

Is all this adapting worth it? It depends. Some luxury brands may actually benefit from their inflexibility and elusiveness. For others, the benefits of Adaptive Marketing can be enormous: many of our clients are seeing a dramatic increase in sales with lower cost-per-action (CPA), while others are building a powerful army of Facebook fan advocates.

### Serious structural changes

What all marketers should consider is the threat from new companies with adaptability built into their DNA. In an age of margin pressures and the constant threat of commoditization, some level of Adaptive Marketing may be a necessity rather than a luxury or one-off experiment.

Becoming an Adaptive Marketer can require serious structural changes including rethinking the entire media process to make it more fluid and "always-on" and developing a library of creative assets—images, calls-to-action, applications—that can instantly be deployed. Processes need to be revised to reflect the need for speed and rapid iteration. New technologies and new talent also may be required.

Finally, data must be ethically harnessed, liberated, and applied. Some of these changes are not easy, but the rewards can be enormous, indeed essential. As Jack Welch, the former CEO of GE once said: "There are only two sources of competitive advantage: the ability to learn more about our customers faster than the competition and the ability to turn that learning into action faster than the competition." Who knew Jack was our first Adaptive Marketer?

Mindshare is a global media and marketing services network with 113 offices in 82 countries.
**www.mindshareworld.com**

**Consumer & Retail**
44.....Apparel
48.....Cars
52.....Luxury
56.....Personal Care
60.....Retail

**Commodities**
94.....Oil & Gas

**Food & Drink**
66.....Beer
70.....Fast Food
74.....Soft Drinks



**Financial Institutions**
80.....Banks
86.....Insurance

**Technology**
100.....Technology
106.....Telecom Providers

# Part 3
# The Categories

# Apparel

## SUCCESSFUL APPAREL BRANDS STRESS CLARITY AND PURPOSE

### Consumers expect seamless experience

CONSUMERS SPENT more freely on apparel, both in store and online.

With a 21 percent increase in brand value, on top of a 13 percent rise a year ago, the apparel category continued its steady recovery since a 9 percent decline in 2009, during the depths of the financial crisis.

Shoppers sought value: either good quality at a fair price or exceptional quality that earned its premium. Brands in the middle got squeezed. Consistent with this trend, fast fashion continued to thrive while craftsmanship gained growing respect.

An attitude that The Futures Company, a strategic insight consultancy, calls "Considered Consumption" continued to constrain spending. But consumers abandoned that post-recession mentality when items seemed unique and worth the price.

Recognizing the importance of brand experience in refocusing the purchasing decision away from price alone, brands sought to tell compelling and unified stories in store and online. In addition, these related trends emerged:

**Differentiation**
Brands with physical stores leveraged that presence to offer location convenience and showcase the brand.

**Personalization**
Brands attempted to personalize products and services for individual customers rather than market segments.

**Margin improvement**
The more upscale brands, especially, attempted to both control costs and push up prices.

### Definition

The apparel category is comprised of mass-market men's and women's fashion and sportswear brands, but excludes brands viewed by consumers as luxury.



### Fast fashion set the pace

Illustrating the continuing appeal of fast fashion, Zara increased 60 percent in brand value to become the most valuable brand in the BrandZ™ apparel ranking.

Zara enjoyed strong like-for-like sales even in economically troubled Europe, and it continued its China expansion. Profit increased 12 percent year-on-year.

The Spanish-owned brand benefited from its presence in more than 80 countries and its rapid inventory turnover, which added urgency to the purchase decision because shoppers understood that merchandise available today may be gone tomorrow.

Zara opened a flagship store on New York's Fifth Avenue last year, a block away from H&M, the Swedish-based competitor, and adjacent to its rival Uniqlo, the Japanese apparel brand.




## Top 10 Apparel

| | | Brand value 2013 $M | Brand contribution | Brand value % change 2013 vs 2012 |
|---|---|---|---|---|
| 1 | **Zara** | 20,167 | 3 | 60% |
| 2 | **Nike** | 15,817 | 4 | -3% |
| 3 | **H&M** | 12,732 | 2 | -6% |
| 4 | **Ralph Lauren** | 5,618 | 4 | 10% |
| 5 | **Adidas** | 4,882 | 4 | 26% |
| 6 | **Uniqlo** | 4,627 | 2 | 25% |
| 7 | **Next** | 4,121 | 3 | 39% |
| 8 | **lululemon** | 3,764 | 4 | New |
| 9 | **Hugo Boss** | 3,524 | 4 | 8% |
| 10 | **Calvin Klein** | 1,801 | 3 | 52% |

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).

MillwardBrown Optimor

### Telling a brand story

To differentiate, Uniqlo explained how unique and innovative technology enables the brand to produce cold weather outerwear that's warm, and warm weather underwear that's cool—as well as affordable and stylishly designed. Color variety was a major part of the brand's excitement and in-store experience.

Uniqlo, which focuses on more utilitarian, basic clothing, rose 25 percent in brand value. Ads featuring celebrity models reinforced Uniqlo's proposition that customers can dress on trend without spending over budget.

The brand expanded aggressively with international net sales growing 63 percent, while sales in home market Japan were up only 3 percent. The 65 new stores in China accounted for more than 50 percent of the international new store openings. Uniqlo operates around 300 stores in 13 countries.

The more established H&M, founded in 1947, operates about 2,800 stores in 48 countries. The sluggish economy in some of those countries resulted in same-store sales declines. The company planned to grow its US presence with more stores and online shopping. In a much-viewed example of combining high fashion with low price, actress Helen Hunt wore an H&M dress to the 2013 Oscars.

### Newcomer faces competition

Lululemon appears on the list of most valuable apparel brands for the first time. The Canada-based specialist sportswear brand operates over 200 stores in North America and Australia. The brand transformed functional yoga and workout apparel into the uniform of health-conscious, fashionable women. Like-for-like sales increased 16 percent in 2012.

Lululemon protects the equity of its brand by rarely discounting its merchandise, even excess inventory. Instead, lululemon each year selects a city and stages an enormous sale in a major venue, such as a sports stadium. These much anticipated special events draw considerable publicity, attendance and sales.

Early in 2013, lululemon recalled a key item because of a manufacturing defect. The uncharacteristic stumble opened a potential opportunity for more established competitors, including Nike. Like the fast fashion brands, Nike focused on growing sales in China, where it has worked to redefine sports around self-expression and fun rather than the traditional Chinese approach, which sees sports as communal and obligatory.

### Seeking a higher purpose

As part of its strategic effort to grow the market, Nike has formed runners groups and invested in the construction of sports facilities. For Nike, the connection between athletics and health is fundamental. It introduces innovative technology, such as the Nike+ FuelBand, to advance this agenda. The wristband converts daily physical activity into a score that enables the wearer to track personal progress and compete with social friends.

Like Nike, apparel brands of all sizes connected with a higher purpose relevant to their brand essence. Patagonia, a purveyor of performance clothing, emphasized social responsibility. In an initiative called One for One, Patagonia partnered with TOMS Shoes, a company which matches every pair of shoes purchased, with a new pair of shoes for a child in need.

Product provenance was important but sensitive. Ralph Lauren gained tremendous brand exposure for designing the uniforms worn by US athletes at the summer Olympics in London. The brand's decision to source the uniforms in China received criticism in the US, however. Concern about ethical sourcing and safe labor standards heightened following fatal disasters at Bangladesh apparel factories. Z

Lululemon each year selects a city and stages an enormous sale in a major venue that draws considerable publicity, attendance and sales



**Insight**

### Desire opens wallets

Purchasing behavior remains rational week in and week out, particularly in Western Europe where the economy is difficult. But even there, people are prepared to forget their recession mentality if something is beautiful enough. If something is an object of desire all rational behavior goes out the window.

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**Insights**
**BrandZ BigData™**

### Brands get creative in tough economy

Alongside luxury, apparel is rated as the most "sexy" category in the BrandZ™ research. Since the recession, many of the top apparel brands are also considered strongly "creative." During the same period, brand promise has risen on average and price perceptions have become more favorable, reflecting the pressures of survival in a tough retailing climate.

Source: BrandZ BigData™, over 2 million consumer interviews regarding over 10,000 brands in 30-plus countries



**Insight**

### Provide a full brand experience

Brands need to think not just about product, but also about the way consumers are interacting with the brand. Brands need to think about the girl who wears the dress. What is her life like? What are her friends like? How does she behave in her social life?

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**Action Points**

**1. Be personal**
Apparel is not one size fits all. Customers want to feel that the service is bespoke even if the merchandise is mass. As much as possible, get to know customers individually through the data they supply or one-on-one in the stores.

**2. Be genuine**
Be whatever the brand stands for, but stand for something. The list of the most valuable brands includes some brands that emphasize social responsibility and others that extol style at a good price. What they share in common is this: they have a differentiated brand proposition and they deliver it.

**3. Be consistent**
Customers will shop the brand wherever it appears. All products, presentation, service and attitude need to feel the same across all customer touch points.

**4. Engage with bloggers**
Become familiar with the relevant bloggers. Who reads their posts? A large following is good but size isn't everything. A well-informed blogger reaching a key audience can also be helpful. Meet with the bloggers and show them new products as you might in a press briefing.

**Spotlight**

### BRIC consumers seek advice for purchasing

Consumers in Brazil, India and Russia are more likely to seek advice before purchasing things than consumers in the US or Europe. European consumers are least likely. The finding suggests that social shopping is more of a phenomenon in the BRICs. While the contrast may be cultural in part, it could also reflect the increased choice of products and brands facing consumers in fast growing markets.

**Purchasing advice seekers**

Any who agree: "I ask advice before buying new things"




Source: Global TGI 2012 (Europe: UK, France, Germany and Spain)

TGI

# Cars

## CARS TURN THE CORNER ON SALES WITH DEMAND RISING IN THE US

### Offer better quality and more features

CAR SALES improved in some regions, but they remained below pre-recession levels.

That was especially true in the US, where an improved economy drove a 13 percent year-on-year sales increase to 14.5 million cars. Sales spiked at the end of the year because of replacement demand following Hurricane Sandy.

Car sales rebounded in the UK as well, to over 2 million vehicles. The 5.3 percent sales increase compared with 2011 was the highest year-on-year rise since 2001, according to the Society of Motor Manufacturers and Traders.

Sales growth in China continued, although at a somewhat slower pace. Weak consumer confidence continued to inhibit sales in Europe. Registrations declined 8.2 percent year-on-year to 12.1 million cars, according to the European Automobile Manufacturers' Association.

The European slowdown impacted BMW's earnings and was in part responsible for the swap at the top of the rankings, as Toyota surpassed BMW to reclaim brand value leadership. The rise suggested that Toyota had rehabilitated a reputation for reliability compromised by the recall problems of 2010.

The brand value of the Top 10 brands improved 5 percent in the 2013 BrandZ™ ranking compared with a 7 percent decline last year. Brand value remained at only 71 percent of its pre-recession level. These other developments also shaped the category:

**Cost controls**
Carmakers continued to use common platforms for different brands to yield production economies.

**Luxury features**
Cars at all levels enjoyed the kinds of technological features once only available on luxury models.

**Hybrid growth**
Desire for price and performance was balanced with concern for the environment, although pure electric cars still sought acceptance.

### US surge raises most brands

With US sales of 2.1 million cars, Ford was the country's best-selling brand. Its closest competitor, GM's Chevrolet, sold 1.9 million cars. With a 35 percent increase in sales, the Volkswagen brand recorded its third consecutive year of



Up 5%

### Definition

The car category includes mass market and luxury cars but excludes trucks. Each car brand includes all models marketed under the brand name.

## Top 10 Cars

| | | Brand value 2013 $M | Brand contribution | Brand value % change 2013 vs 2012 |
|---|---|---|---|---|
| 1 | **Toyota** | 24,497 | 4 | 12% |
| 2 | **BMW** | 24,015 | 4 | -2% |
| 3 | **Mercedes-Benz** | 17,952 | 4 | 11% |
| 4 | **Honda** | 12,401 | 3 | -2% |
| 5 | **Nissan** | 10,186 | 3 | 3% |
| 6 | **Volkswagen** | 8,790 | 3 | 3% |
| 7 | **Ford** | 7,556 | 3 | 8% |
| 8 | **Audi** | 5,545 | 4 | 18% |
| 9 | **Hyundai** | 4,000 | 2 | 11% |
| 10 | **Lexus** | 3,472 | 3 | 2% |

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).

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double-digit US unit growth. Its Audi brand experienced its best year ever in the US, with sales growth of 19 percent.

Volkswagen also improved in Brand Contribution, a measurement of brand equity. Its overall brand value rose only moderately due to reduced profitability, resulting from increased investment in revamping its popular car models.

Toyota's US sales climbed 26 percent and Honda's 24 percent. Chrysler's sales improved 39 percent. Korea's Hyundai brand sold over 700,000 cars in the US. The buying surge was enough to raise most brands.

### Luxury features

With customers entering US car showrooms again, they also felt OK about buying luxury. The remaining question was, "what is luxury?" Cars at intermediate price points included features generally associated with luxury. The luxury distinction became the interior finishes and refinements.

Mercedes, BMW, Audi and other luxury brands relied on stories, heritage and authenticity to differentiate. At the same time, however, the threshold price point for luxury seemed to slip, with talk of a $30,000 luxury car intended to lure younger customers and cultivate a future clientele.

Many of the available features involved technology that further turned cars into another of life's computer command stations, a mobile phone on wheels. Cars offered remote starting, a helpful feature on cold mornings. For drivers approaching their vehicle with arms loaded down with packages, Ford offered this solution: An SUV tailgate that opens with the wave of a foot.

The electric car wasn't humming yet, mostly because of the technical issues involved with battery replacement. Shoppers seem pleased to purchase hybrids for the right price and without a diminished driving experience. Even high performance brands like Porsche and BMW were developing hybrid options.

### Slower sales in fast growing markets

For the first time, the number of new cars registered in China exceeded the number in Europe, which declined. But car sales in China grew at a slower rate because of weaker GDP expansion and government restrictions aimed at reducing pollution. Still, total car sales rose 4.3 percent year-on-year to 19.3 million, according to the China Automobile Association.

And China remained the key growth market for international car brands. Luxury brands, including BMW, Mercedes and Audi, enjoyed relatively strong sales in China, driven by the rise of Chinese millionaires and, to an extent, by government fleet purchases for officials. To promote the domestic Chinese car industry, the government planned to shift its contract purchases away from foreign brands to favor Chinese cars, such as Geely, Great Wall, BYD and Chery. Ford announced plans to introduce the Lincoln in China by 2014, as part of its effort to establish Lincoln as a global brand.



**Insight**

### Using social media to talk with customers

The car industry isn't often celebrated for its innovative marketing. But, in truth, some carmakers pioneered deep customer connectivity with now ubiquitous CRM programs. Today, through digital technology, the industry is showing clear leadership. Ford has been particularly out front in the transparency of its social media efforts, enabling both positive and critical comments about its products while building trust and authenticity along the way.

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The question is whether the carmakers will be able to sustain this momentum based on branding efforts, or will some manufacturers feel compelled to fall back on old habits of discounting, zero percent financing and other short-term tactics?

**Peggy Moylan**
Senior Vice President,
Director of Brand Strategy
Team Detroit Inc.

### Marketing to differentiate

Car brands adapted diverse communication strategies, as evidenced during the 2013 Super Bowl. Affirming its determination to make the Chrysler-Fiat hook-up work in America, the company promoted its Ram trucks with an emotional tribute to American farmers.

Ford, in contrast, emphasized the idea that it's a company of real people helping other real people. Its Super Bowl commercial for Lincoln referenced a related social media campaign. Much of Ford's communication happened in social media, where it made direct contact with customers, hoping to turn them into brand advocates.

GM's marketing emphasized two brands: Chevrolet, which spans several market segments, and Cadillac, positioned as a luxury car. It also focused on Buick. Both Chevrolet and Buick share the same platform as Opel. The GM marketing effort for Chevrolet connected the brand with baseball and an idyllic vision of America. Z

## Insights
**BrandZ BigData™**

### Value perception up for Top 10 car brands

The global market has been—and continues to be—challenging for cars. The BrandZ™ Top 10 car brands still are only 71% of the value they were pre-recession, five years ago.

But BrandZ™ data indicates the Top 10 car brands have adapted well to this challenge by increasing value perceptions. Out of key factors that influence a sale, price is less prominent for the BrandZ™ Top 10 car brands, compared with all cars. Only 18% of the reasons for purchasing one of the Top 10 brands relates to price; it's 30% for all cars.

As a result, consumers rate the Top 10 car brands as more significantly Meaningful (appealing and meeting needs) as well as Different (unique in a good way and setting trends) compared with all cars. The rating is important because meaningful difference drives market share.

Source: BrandZ BigData™, over 2 million consumer interviews regarding over 10,000 brands in 30-plus countries

### Meaningful difference

**Top 10 Meaningful** 107

**Top 10 Different** 117

All cars = 100
105+ is a significantly high score

## Action Points

**1. Signal seriousness**
Carmakers improved quality and added features consumers wanted. They set the bar higher. Their expectations raised, consumers want uncompromised quality and can easily switch brands if necessary.

**2. Accelerate gas savings**
Consumers want a driving experience at an affordable price. They also worry about their impact on the environment. And when their resolve falters, high gas prices remind them.

**3. Look both ways**
Sales expectations may fit the habits of older customers. But younger drivers are more open to sharing as well as owning. For them the car is not the status symbol it had been for their parents or grandparents. They still need wheels, but not quite in the same way.

**4. Look East**
That's where the sharpest growth is happening, that's where to find the greatest opportunity to meet new customers eager to learn about brands.

## Spotlight

### Multiple factors drive car purchase decisions in China

Over the past decade, China rapidly became the world's largest car market. Many Chinese are first-time car buyers. For them no one factor dominates the purchase decision. Rather, Chinese consumers weigh many factors roughly evenly. And safety, not price, is the top concern. The concern with fuel efficiency reflects the impact that operating a car has on monthly disposable income.

### Top decision factors

Main concerns when buying a car in China

1. Safety
2. Fuel Efficiency
3. Engine Performance
4. Price
5. Comfort
6. After Sales Service
7. Advanced Technology
8. Brand
9. Engine Size
10. Environmental Protection

Source: Global TGI 2011
Base of 18+

TGI

# Luxury

# LUXURY SEEKS TO BALANCE THE EXCLUSIVE AND INCLUSIVE

## Brand experience gets personal



LUXURY BRANDS became more accessible, collaborative and experiential.

On Facebook, Instagram, Pinterest and other social media platforms, brands across the luxury spectrum mediated the tension between the exclusivity that protects brand desirability and the inclusivity needed to attract new customers.

They personalized brand experience in ways that went beyond segmentation to focus intimately on the individual customer. Someone buying an affordable accessory might receive a thank you on Twitter, for example, while an invitation to an exclusive fashion show might be sent to a couture customer.

Authenticity was key. Long-established brands emphasized heritage. Newer arrivals developed compelling and authentic brand stories. The category overall experienced a new normality, however, as customers continued to spend on luxury, but carefully.

### Definition

The luxury category includes brands that design, craft and market high-end clothing, leather goods, fragrances, accessories and watches.

The US economic rebound helped. Still, the brand value of the luxury category overall rose 6 percent, compared with a 15 percent increase a year ago. These other trends and developments also influenced the category:

**China**
In China, luxury brands felt the impact of slowing economic growth, more discerning customers and government limits on official gift giving.

**Europe**
Purchases by Asian tourists buoyed luxury sales in the economically troubled markets of Western Europe.

**US**
Relaxed US visa requirements for Chinese and Brazilian visitors were expected to boost future luxury sales.

### Mixed results

This challenging economic environment produced mixed results. The Prada brand experienced strong sales and profits across all regions, even in the difficult economies of Western Europe where new stores and Asian tourist traffic drove activity.

Prada's brand sales increased 33 percent. With a 63 percent increase in brand value, Prada led all categories in brand value appreciation and entered the BrandZ™ Top 100 Most Valuable Global Brands for the first time.

**Up 6%**

## Top 10 Luxury

| | | Brand value 2013 $M | Brand contribution | Brand value % change 2013 vs 2012 |
|---|---|---|---|---|
| 1 | **Louis Vuitton** | 22,719 | 4 | -12% |
| 2 | **Hermès** | 19,129 | 4 | 0% |
| 3 | **Gucci** | 12,735 | 5 | 48% |
| 4 | **Prada** | 9,454 | 4 | 63% |
| 5 | **Rolex** | 7,941 | 4 | 11% |
| 6 | **Chanel** | 7,075 | 4 | 6% |
| 7 | **Cartier** | 6,377 | 4 | 32% |
| 8 | **Burberry** | 4,194 | 4 | 3% |
| 9 | **Fendi** | 3,636 | 4 | New |
| 10 | **Coach** | 3,276 | 2 | New |

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).

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Coach entered the BrandZ™ ranking of luxury brands for the first time in part due to strength in China, where the brand added 30 stores, ending 2012 with 69 Chinese stores. Coach faced heated competition in the US. It refined its use of social media and the Internet, emailing over 1.2 billion messages to selected customers. Fendi also appeared for the first time in the ranking of luxury brands.

The brand value of Gucci grew by a healthy 48 percent. Although sales softened in Asia, they remained strong in North America and even in Western Europe because of tourists from Asia and other regions. The brand value increase also reflects a rise in Brand Contribution, the portion of brand value attributed solely to brand and not to financial or other factors.

Already available online in 27 countries, Gucci announced its first mobile app, increasing the brand's accessibility. Accessibility may have hurt the highest valued luxury brand, Louis Vuitton, whose customer appeal depends on exclusivity. Hermès benefitted from its exclusivity and appeal to the high-end of the luxury market. Profit increased 24.6 percent on a sales increase of 22.6 percent. Its profit margin improved too.

## A delicate balance

With consumers enthusiastic about luxury, but mindful about spending, many brands acted like media owners, organizing audiences around shared interests and creating content to suit particular audience segments and even individuals.

Magazines and other traditional media remained important for reinforcing brand image. But brands developed and distributed more story-telling content themselves. Burberry relied on new stories and the latest technology to create a more personalized, twenty-first century image for a brand established in 1856.

In a program called Smart Personalization, Burberry embedded digital chips in some of its custom-made merchandise. When customers received their bespoke products they could activate the chip using a smartphone and view a video of their product being crafted and personalized with their name.

The brand also planned to introduce a program called Customer 360 that would empower salespeople with tablet devices containing customer preference and shopping history information. Burberry's brand value continued to appreciate, but at a lower pace as the global economy impacted like-for-like sales. Asia accounts for about 40 percent of the brand's revenue.

## Local brands emerge

At the same time, other brands appeared at the margins of the luxury category. Lacking heritage, and not yet of a scale to make the BrandZ™ ranking, these brands depended on compelling stories passionately communicated. Among the brands, mostly aimed at young people are: Sweden's Acne (Ambition to Create Novel Expressions); Bree, from Germany, and the American apparel brand Tory Burch.

Local luxury brands also appeared in China as the consumer attitude toward luxury evolved from an obsession with badge status to an appreciation of craft. These brands include Qeelin, a collection of fine jewelry based on Chinese heritage and sold in Paris, London and other world capitals. Z

Many brands acted like media owners, organizing audiences around shared interests and creating content



**Insight**

### The message is the medium

Fashion houses are becoming media owners. Brands used to expect the fashion magazines to create content. A picture in a magazine is no longer enough to tell the full brand story. Now brands are content creators. The trend is evolving quickly. With digital, brand content and brand experience is becoming almost the same thing.

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## Insights
**BrandZ BigData™**

### More consumers search Internet to find luxury

Sophisticated use of modern communications is an important driver of luxury brand growth, as brands increasingly democratize fashion by expanding access on the Internet and in other digital media. Across the category, the number of consumers "searching for information" on luxury brands is up 128 percent since 2006, according to BrandZ™ research.

On average, consumers consider the Top 10 brands in the BrandZ™ luxury category more "sexy," "desirable," and "idealistic" in their imagery—albeit also more "arrogant." The only apparent vulnerability of these luxury brands is a relative lack of differentiation among them, although Louis Vuitton and Hermès are exemplary in this regard.

Source: BrandZ BigData™, over 2 million consumer interviews regarding over 10,000 brands in 30-plus countries

## Action Points

**1. Protect the logo**
Owning luxury continues to be a source of validation for many customers who want logos that symbolize their membership in an esteemed group.

**2. Celebrate individuality**
Younger customers in particular, are increasingly turning to luxury brands that enable them to express their individuality and personality.

**3. Offer intimacy**
Customers seek intimacy from a luxury brand. Both global and local brands can achieve intimacy, which is about reducing the anonymity of mass production and restoring the sense of personal craftsmanship.

**4. Tell the story**
Brand heritage is like sacred scripture. Never stop retelling the brand story. And always make it relevant.

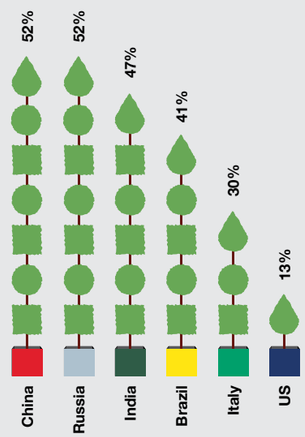
## Spotlight

### Designer labels exert strongest appeal in BRICs

More than half of adults in Russia and China, and 41 percent of Brazilians, believe that a designer label improves a person's image. That attitude compares with 30 percent in Italy, a country associated with fashion, and only 13 percent in the US. The contrast reflects the importance of luxury as a symbol of personal status in fast growing markets.

### Label improves image

Any who agree: "Designer label improves a person's image"




Source: Global TGI 2012
Base of 18+

TGI

# Personal Care

## PRODUCT REFINEMENTS, NEW TRENDS DRIVE GROWTH

### Clever marketing counters private label




PERSONAL CARE rebounded. Brand value for the category increased 11 percent in contrast to a decline of 5 percent last year.

Many brands introduced new and higher performing products to counter the lingering effects of the recession, which intensified the category's normally heavy promotional and private label activity and eroded brand loyalty.

Improved private label quality made it more difficult to convince consumers to kick the private label habit. Brands sharpened their marketing to build personalities and differentiation into their products.

To explain their perceived premium pricing, some brands emphasized the masterbrand, a strategy that added quality assurance and stretched marketing budgets.

**Definition**

The personal care category includes brands in health and wellness, beauty, and facial, skin, hair and oral care.

Brands' continued expansion into the fast growing markets where the rising middle classes represent enormous new customer potential. These other trends also influenced the category:

**Technology**
The confluence of cosmetics and pharmaceuticals formed a new and fast-growing segment of the category.

**Social attitudes**
Changing views of beauty influenced product offerings and evolving attitudes about masculinity increased interest in men's grooming.

**Marketing**
Without abandoning traditional media, brands took full advantage of digital marketing, in-store and online.

### Crossing categories

A fast-growing class of hybrid products, known as cosmeceuticals, combined the beauty and the health and wellness sectors. A cosmeceutical, for example, may be a moisturizer with a medical ingredient for enhancing skin health.

The interest in cosmeceuticals reflected the shifting attitudes toward beauty,

**Up 11%**

## Top 15 Personal Care

| | | Brand value 2013 $M | Brand contribution | Brand value % change 2013 vs 2012 |
|---|---|---|---|---|
| 1 | **L'Oréal** | 17,971 | 4 | 30% |
| 2 | **Gillette** | 17,823 | 4 | -6% |
| 3 | **Colgate** | 17,250 | 4 | 15% |
| 4 | **Nivea** | 6,322 | 3 | 36% |
| 5 | **Garnier** | 5,429 | 3 | 22% |
| 6 | **Lancôme** | 4,982 | 4 | 20% |
| 7 | **Dove** | 4,927 | 3 | 5% |
| 8 | **Clinique** | 4,000 | 4 | 17% |
| 9 | **Natura** | 3,707 | 5 | 12% |
| 10 | **Crest** | 3,680 | 5 | 9% |
| 11 | **Olay** | 3,593 | 4 | 6% |
| 12 | **Estée Lauder** | 3,545 | 4 | 18% |
| 13 | **Oral-B** | 2,346 | 3 | -6% |
| 14 | **Avon** | 1,981 | 3 | -27% |
| 15 | **Pond's** | 1,779 | 2 | New |

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).

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which increasingly were more about enhancement rather than cover up, looking like the best "you," and not attempting to imitate someone else's beauty ideal.

It also relates to several larger trends that cross categories. Today's multi-tasking consumers desire products that save time and add convenience. In that respect, cosmeceuticals are similar to soft drinks that perform more than one function, simultaneously quenching thirst and boosting energy.

Personal care brands active in cosmeceuticals included the three brands that appreciated most in brand value: L'Oréal and Garnier, which are owned by the L'Oréal Group, and Nivea, owned by Beiersdorf. L'Oréal led the BrandZ™ personal care ranking with a 30 percent rise in brand value. Garnier grew 22 percent in brand value and Nivea, 36 percent.



Insight

### A masterbrand brings benefits

Masterbrand strategies make sense in personal care for several reasons. First, many of the major players are present across many sub categories. A masterbrand leverages that presence. Second, the personal care category is constantly under price pressure from private label. A masterbrand strategy can assert the common benefits that earn a price premium.

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Brand value growth resulted mostly from strong financial performance. L'Oréal and Garnier also increased in Brand Contribution. Brand Contribution measures how much of brand value can be attributed to brand alone, rather than financial and other factors.

## Growth opportunities

The interest in products for men continued unabated. Among the many factors driving the men's grooming trend are: growing pressure to look fit; the struggle to find or keep a job in a difficult economy; and the evolving, more nuanced view of masculinity.

The sales potential attracted new competitors, including a recent market-disrupting direct-to-consumer entry with a proposition based on price and convenience. Called Dollarshaveclub.com, it offers an online subscription service and delivers relatively inexpensive blades by mail.

Meanwhile, the well-established Gillette brand appealed to younger men in an effort to convert new, life-long customers. Along with Crest and Natura, Gillette received the highest Brand Contribution score in the personal care category.

In contrast, brands that primarily target young men—like Unilever's Axe (Lynx in the UK and several other markets)—adjusted its messaging to keep young male customers interested in the brand as they age.

Do it yourself (DIY) represented another growth opportunity. DIY products expanded the category by offering an at-home solution for a service usually performed by a professional at a much higher price. Several brands introduced DIY electrolysis for hair removal. L'Oréal, Clinique and other brands offered improved, more precise applicators for lipsticks, eye shadow and other cosmetics.

## Integrated marketing

Because the category is so competitive and commoditized, brands sought new ways to differentiate. Celebrity remained a central convention. But some brands defied certain conventions in order to stand out. The DIY trend led to the widespread use of "how-to" videos as a new marketing channel on YouTube. Skin care brands partnered with popular bloggers and celebrity stylists to showcase the ease and convenience of using professional products at home.

Non-competing brands co-marketed in an effort to lift the entire category. To encourage shoppers to cross the aisles, Colgate-Palmolive and Kimberly-Clark cooperated in a back-to-school marketing effort called "Healthy Habits." The program combined social media with in-store presence to encourage good hygiene, like hand washing and teeth brushing. The brand value of Colgate increased 15 percent.

## Fast growing markets

Even as its rate of economic growth slowed, China continued to be an important growth engine for many personal care brands.

Estée Lauder worked to develop China as its second home market in 2012. Sales of the Estée Lauder brand significantly outpaced the Chinese economy. Estée Lauder increased 18 percent in brand value.

The Estée Lauder Companies introduced a brand called Osiao, specifically for China. A further iteration on the cosmeceutical trend, the Osiao brand combines Western science and Chinese medicine.

The Brazilian cosmetic brand Natura rebounded with a 12 percent increase in brand value following a decline of 28 percent a year ago. Its success came from linking a clearly communicated brand proposition, about health and a personalized ideal of beauty, with a well-executed direct sales structure.

Not usually thought of as a fast growing market, the US, with an improving economy, helped drive personal care sales. Luxury names like Lancôme, a high-end brand owned by L'Oréal, benefitted from the trend. Z



Insight

### Add strength with trust

Transparency needs to be mated with authenticity. If you do that consistently you develop trust. Positioning a brand as transparent and committed to helping the customer can be a strength.

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KANTAR **RETAIL**

Insights
BrandZ BigData™

### Brands ranked caring, desirable, responsible

Brands in the personal care category are now rated more desirable, caring and kind than brands over all, and even more than the BrandZ™ Top 100 Most Valuable Global Brands.

The personal care category brand value leaders also have a significantly higher ethical responsibility ranking when compared with all brands and with the Top 100. The personal care brand value leaders have increased steadily in these aspects since the BrandZ™ valuation began eight years ago.

Natura, the successful Brazilian brand that ranks in the Top 10 most valuable personal care brands, is particularly strong on ethical credentials.

Source: BrandZ BigData™, over 2 million consumer interviews regarding over 10,000 brands in 30-plus countries

## Action Points

**1. Have a point of view**
The personal care category could use a fresh viewpoint on the question of "what is beauty" that's sensitive to cultural differences and communicated in a memorable way.

**2. Innovate**
Because of commoditization, growth may come from innovation, meaning looking at existing product areas and adding a new element that fulfills an unmet need.

**3. Be healthy**
Consumers read ingredients closely. Claims that a product is healthy need to be fully supported by the facts or risk customer backlash, which can spread loudly and widely on social media.

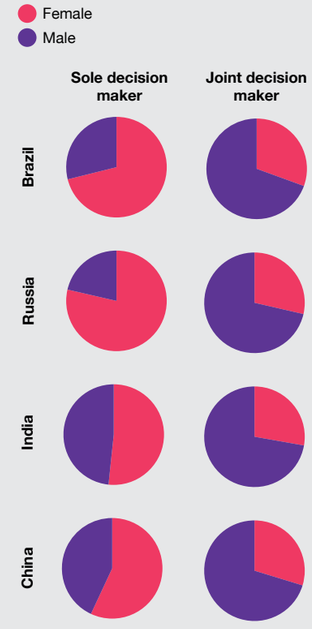
**4. Be social**
Consumers, especially young women, are using social media to learn about and evaluate new cosmetic products.

## Spotlight

### In BRICs, sole decision makers tend to be women

In BRIC market households, when one individual makes purchase decisions about personal care products, it's usually a woman. Sole decision-making responsibilities are most evenly split in India. Joint decisions about personal care purchases are male dominated in all BRIC markets.

**Decision makers**




Source: Mindshare, MindReader 2012 online survey

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# Retail

# OMNI-CHANNEL WORLD CHALLENGES RETAILERS

## Improving brand experience



THE RESURGENT US economy drove an impressive 17 percent brand value growth in the retail category last year. Brand value declined 5 percent a year ago.

But the US was only part of the story. Brand became a more important tool for differentiating retail organizations and attracting consumers who shopped anytime anywhere, often on mobile devices, even visiting more than one location simultaneously.

Retailers developed brand ecosystems for reaching consumers in a unified way across all channels. To draw traffic and build loyalty, retailers worked to improve the in-store brand experience.

The impact of all of these initiatives varied across geographic regions and store formats. Brands with a major presence in Europe, especially hypermarkets and food retailers, felt the impact of the Continent's financial troubles.

Amazon returned to the number one rank in brand value, ahead of Walmart. Other trends included:

**Media owners**
Retailers starting to act like media owners, organizing vast customer data, creating relevant content, and generating additional revenue from suppliers eager to target key audiences.

**Benefits of technology**
High margin brands were more likely to use technology to improve customer experience, while mass brands used technology more to focus on pricing and assortment.

**Price disruption**
Retailers struggled with constant pricing fluctuations by Amazon and other online retailers that were able to rapidly analyze sales data and adjust almost instantaneously to competitive conditions.

### New brands enter the ranking

The US brand Whole Foods entered the BrandZ™ retail ranking for the first time on the strength of the US economy and the brand's unique positioning. With more than 340 stores in North America, and a small presence in the UK, the brand stresses its commitment to healthy and organic product ranges.

Whole Foods achieved one of the highest Brand Contribution scores in the retail category. Brand Contribution measures the part of brand value directly attributed to brand alone, not to financials or other factors.

With the retail category redefined this year to include drug stores, Walgreens and CVS entered the BrandZ™ ranking for the first time. Walgreens operates about 8,000 stores in the US and last year purchased a major stake in UK-based Alliance Boots, which controls 11,000 retail outlets in 15 countries. The two companies formed a strategic partnership for global expansion.

Two Australian supermarkets, Woolworths and Coles, also entered the BrandZ™ retail ranking this year. And Woolworths appeared as number 80 in the Top 100 Most Valuable Global Brands across all categories.

### Definition

The retail category was expanded this year and includes physical and digital distribution channels in grocery and department stores and specialists in drug, electrical, DIY and home furnishings. Amazon appears in retail because it achieves approximately 90 percent of its sales from online retailing.

## Top 20 Retail

| | | Brand value 2013 $M | Brand contribution | Brand value % change 2013 vs 2012 |
|---|---|---|---|---|
| 1 | **Amazon** | 45,727 | 3 | 34% |
| 2 | **Walmart** | 36,220 | 2 | 5% |
| 3 | **The Home Depot** | 18,488 | 2 | 43% |
| 4 | **eBay** | 17,749 | 2 | 40% |
| 5 | **Tesco** | 16,303 | 4 | -9% |
| 6 | **Ikea** | 12,040 | 3 | 31% |
| 7 | **Target** | 11,879 | 3 | 13% |
| 8 | **Woolworths** | 11,039 | 3 | New |
| 9 | **Aldi** | 8,885 | 2 | -5% |
| 10 | **Lowe's** | 7,559 | 2 | 26% |
| 11 | **Carrefour** | 7,372 | 2 | -6% |
| 12 | **Costco** | 6,789 | 2 | 33% |
| 13 | **Whole Foods** | 6,728 | 4 | New |
| 14 | **Walgreens** | 5,925 | 2 | New |
| 15 | **CVS** | 5,620 | 3 | New |
| 16 | **Falabella** | 5,611 | 5 | 7% |
| 17 | **M&S** | 4,649 | 3 | 7% |
| 18 | **Asda** | 4,617 | 3 | 19% |
| 19 | **Lidl** | 4,524 | 2 | -2% |
| 20 | **Coles** | 4,416 | 3 | New |

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).

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**Up 17%**

With a 43 percent increase in brand value, following a 31 percent increase a year earlier, Home Depot benefited from the rebound in the US housing market and stronger sales to professionals, as well as operational investments made when the US economy was weakened. Lowe's, a competitor, increased 26 percent in brand value. The returning confidence of US consumers also influenced Costco's 33 percent increase in brand value.

### The new convenience

The brand strength of Whole Foods reflects several cross-category consumer trends including: concern with personal health, interest in niche offerings, and environmental awareness. In addition, the Whole Foods success in the US demonstrated the possibility of earning a price premium when the brand experience is executed well.



## Insight

### Use digital to influence sales

The idea of digital being about where people buy things is e-commerce. This idea of digital influencing how people buy is e-shopper marketing. That's a helpful divide. It's the difference between the e-store and the e-path to purchase. Retailers are spending a lot of time worrying about the e-commerce piece but often are shortsighted about understanding how digital can influence purchase.

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KANTAR **RETAIL**

In a similar way, the Walgreens presence in the BrandZ™ ranking illustrated the growing importance of another retail trend: the new convenience, which includes simplifying the in-store shopping experience with clearer navigation and faster checkout. In a test that's also indicative of the growing importance of mobile, Walmart tested a program enabling customers to self-checkout using their smartphones.

With a new strapline, "at the corner of happy and healthy," Walgreens announced intentions to integrate the in-store and online experience. The effort was most evident in its strategic use of mobile, which underscored the brand's omnipresence in the US. Customers can order prescription refills and have them sent to any of Walgreens' locations in 50 states for pick-up. Similarly, customers can send Instagram photos for printing to their local stores or to a location near a friend or relative anywhere in the US.

These kinds of online order and physical pick-up options continued to be popular in Europe where retailers offer click and collect as an alternative to home delivery, which can be difficult for customers to fit into busy personal schedules. Walmart tested click and collect in some of its stores. The Australian supermarket Woolworths also provided the service.

Physical locations, sometimes dismissed as expensive legacy real estate, seemed to offer new brand experience and convenience advantages. Amazon continued to install merchandise delivery lockers in UK High Street shops and in 7-Eleven convenience stores in the US.

### Slower growth regions

Struggling economies impacted the retail category. Tesco and Carrefour, brands known for their large surface stores, declined in brand value, in part because of weakness in overstored European markets. Tesco exhibited strength in fast growing Asian markets, however. And the turnaround plan of Carrefour's new management showed progress.

Physical locations, sometimes dismissed as expensive legacy real estate, offered brand experience and convenience advantages

Aldi and Lidl declined in brand value, too, suggesting that the economy hurt even the usually more resilient food hard discounters. Big box merchants continued to diversify their portfolios of stores to include smaller outlets for urban areas and other under served markets.

The slowdown in China's rate of economic expansion impacted global retail brands. Walmart, with over 375 stores in China, announced that it would reduce its expansion rate, opening 100 stores over the next three years. The chain will focus on reaching the country's lower tier cities. China remains a key market for Walmart, Tesco and Carrefour, the three largest global retailers in sales.

Walmart completed its acquisition of South African retailer Massmart. With the relaxation of India's foreign investment regulations last year, Walmart gained greater access to the market and planned to open its first Indian retail outlet within a few years.

Global brands received regulatory scrutiny. Amazon faced tax issues in the US and UK. Walmart tightened oversight following allegations of bribery related to its expansion in Mexico.

Most of the global brands advanced social responsibility initiatives. During this period of high unemployment, Walmart pledged to hire more than 100,000 veterans of the US armed services over the next five years. Z

## Action Points

**1. Simplify shopping**
Used to the "new convenience," clicking online rather than driving and parking, consumers expect a simplified experience when they visit physical stores. Navigation and checkout need to improve. Retailers need to make it easer for customers to walk, see, try, purchase.

**2. Build Brand**
Show rooming received disproportionate publicity. Roughly 50 percent of sales today are influenced by people researching online and then show rooming in-store. Meanwhile, less than 10 percent of sales happen online. Amazon is actually the biggest showroom. Strong brand proposition is the best antidote to show rooming.

**3. Provide value**
Shoppers aren't always looking for the absolute best price. Especially for relatively inexpensive products, shoppers often will be satisfied when a price allows them to feel if not smart, at least not stupid.

**4. Drive trips**
Within the regular assortment, identify the item that customers buy most often, and be definitively different. The trick for experiential stores is to find a way to be good at something that drives frequency. In the Apple store, the Genius Bar serves this function. It draws customers to the store more frequently than if they'd visit only for their purchasing needs.

**5. Execute relentlessly**
Shoppers sometimes leave a store with a different brand experience than they had in mind when they entered. Often that's not a good thing. That's because some retailers do a better job of attracting rather than retaining. The consistent delivery of brand experience is more difficult in retail than in many other categories. But it's crucial.

**6. Leverage data**
Retail brands also are a communication vehicle for suppliers. The supplier gains credibility being associated with a relevant retail brand. The retailer becomes the media owner, a gatekeeper to the community and the conversation. This braided marketing approach interlocks trade and retail for mutual gain.

## Insights
BrandZ BigData™

### Brands rate high in price, but desire, trust weaken

Big is certainly efficient and consumers recognize the good deal they are getting from the large global retailers, online and in-store. The BrandZ™ "price" rating for the most valuable retail brands is very favorable but their "desire" rating, while still being positive, has declined significantly.

The same applies to "trust," (how consumers feel about the brand's past performance), and "recommendation" (what consumers expect from current brand performance).

The most prominent characteristics of the retail brands are being "friendly"' and "straightforward," but these perceptions are no greater for the most valuable retail brands than for all retail brands. The retail brands that go further in putting the customer first stand to be able to gain over the pack.

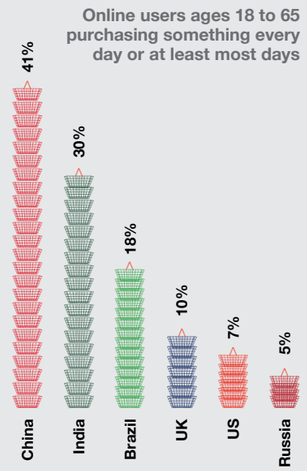
Source: BrandZ BigData™, over 2 million consumer interviews regarding over 10,000 brands in 30-plus countries

## Spotlight

### Mobile online buying highest in China, India

Levels of online purchasing using a mobile device vary by country. Although results reflect to a certain extent well-known cultural bias towards positivity for emerging markets, two factors may contribute to the higher levels in China and India: extensive mobile phone ownership compared with ownership of laptops or other technology for Internet access; and relatively limited product range in physical stores in rural areas.

### Mobile purchasing




Source: Mindshare, MindReader 2012 online survey

MINDSHARE

# SHAPING SEAMLESS RETAIL WITH UNIQUE EXPERIENCE SIGNATURES

## Combining the physical, human and digital





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FITCH

**The search for the elusive seamless retail offer should begin with an understanding of the Physical, Human and Digital (PHD) dynamics of each and every shopping experience. FITCH believes that retailers and brands will need to look beyond 'just digital' in order to create a 'unique experience signature' to build competitive advantage.**

HERE'S SOMETHING we're sure you've heard before… technology has changed the way we shop forever. People have more power to shop on their own terms, thrusting radical change and opportunities upon traditional retailers and making way for whole new kinds of retailers to enter the fray.

All these retailers are chasing the Holy Grail of seamless shopping – a future where multiple shopping channels work in concert to achieve two main goals for people:

**1. Improving the ease of shopping**
Solving various pain points from "choice anxiety" to delivery.

**2. Making shopping about more than the purchase**
Creating joy-filled experiences where people can dream of a better world for themselves, learn new things, have fun and fall in love with retailers.

Most retailers are busy creating omni-channel teams, revising organizational silos and mashing up skills in e-commerce, retailing and marketing functions. Because technology is such an important catalyst for seamless shopping, it has, understandably, stolen much of the spotlight.

### Beyond the "just add water" approach

We see a worrying imbalance taking place at traditional retailers. We call it the "just add water" approach to bringing technology in store. It's typified by placing a tablet-based catalogue next to a rack of products on display. These digital devices remain largely ignored in store and aren't used for their intended purpose of promoting the long-tail of products from that retailer. Clearly, a more holistic approach is required to reach consumers whether they're in a store, at home or on the move. While e-commerce is a more mature shopping vehicle, applying technology in stores is in its infancy.

As we inch closer to a seamless shopping future, we must appreciate how all the basic building blocks of a retail experience can combine to improve the ease of shopping, target different shopper mind states and create distinctive new experiences. FITCH has distilled the essential building blocks of any shopping experience into the following elements:





**Physical**
A structure that can be visited, be it a traditional shop, a pop-up store or something more nomadic.

**Human**
The dynamic interaction that only real people can provide, whether it is face-to-face, over the phone or through digital tools like instant messaging. We include interactions between retail employees and customers, but also between customers and any other peer involved in the decision-making or support process.

**Digital**
Technology tools to help shopping including broadcast, interactive and personal devices.

Each of the three PHD elements possesses certain advantages that are impossible to replicate in any other element. We all get excited about touching products we love, whether it's a mobile phone or new dress (Physical). Sometimes, when we need an opinion or an affirmation of how we feel about a product, we may turn to a salesperson or a friend (Human). On the other hand, there is no way for a physical setting like a store to replicate the endless product selection that's available in the digital setting of an e-commerce shop (Digital).

There are some absolutes that retailers can and should take advantage of. For example, traditional bricks and mortar retailers should remember that people still need to leave the house and take excursions. That's an opportunity to make the store visit more enjoyable and shift the chore-like tasks online if possible. Direct retailers with a call center need to recognize that scripted conversations are a poor cousin to dynamic genuine dialogue with real people.

### Planning the seamless experience

Thinking about the advantages specific to each PHD element helps us plan seamless experiences. The idea, of course, is to blend these elements to create different ways for people to shop. But the way we blend the elements creates big differences in the shopping experiences and helps define retail brands.

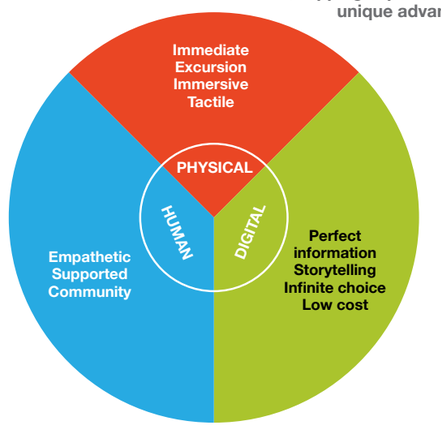
Consider the Human element, for example. The stated strategy of UK department store John Lewis places employees at the top of its priorities. Customers feel confidence and trust in the brand as a result. While the retailer has a considerable online business, it's the quality of the human interaction that creates the difference in the experience. Similarly, apparel retailer Zappos has built a $1 billion business on the strength of creating great interaction between its customers and employees. But Zappos is exclusively an online retailer. Zappos calls itself an online service leader and wants to be known for the absolute best service. While John Lewis and Zappos play in different channels, they both have recognized that human interaction is paramount to maintaining a unique experience and a unique brand.

The way in which each PHD element is deployed creates another level of difference. For example, Zappos and the fast fashion retailer Uniqlo both over index on the human element in the experience they engineer, but their employees are deployed in different ways. Zappos employees are highly trained in sales and problem resolution, and given a wide mandate to delight customers. Uniqlo floods its stores with employees, compared to its competition, but these employees are trained to help customers find what they are looking for, make easy returns and keep the merchandise looking great.

The combinations of the PHD elements create a unique "experience signature" that differentiates and produces competitive advantages for retail brands. Walmart and John Lewis both began life as single channel brands. Both have become multichannel brands. One day, both will create seamless experiences for their customers. But the difference in the way these retailers deploy their PHD elements will continue to define how they are perceived by people, what kind of purchases will be made and the level of involvement customers are willing to commit to the brands.

### PHD Elements

Each PHD element of the shopping experience has unique advantages




FITCH is a global design consultancy devoted to translating brand into consumer experience. Founded in 1972, FITCH has more than 350 people working across 14 studios in nine countries.
**www.fitch.com**

# Beer

# BREWERS EXPAND GLOBALLY WHILE SATISFYING LOCAL TASTES

## Consumers seek innovation

THE BRAND value of beer increased 36 percent, the greatest rise of any category in the BrandZ™ Top 100 Most Valuable Global Brands 2013.

The increase reflected brand strength and strong financial results in a highly consolidated category. The world's two largest beer brewers, AB InBev and SABMiller, collectively market several hundred brands. They and the next two largest brewers, Heineken and Carlsberg, produce about half the beer sold worldwide.

Also, US beer consumption rose 1.3 percent, according to the Beer Institute, a research source of the US brewing industry. The first improvement in several years, it helped balance sales in the softer economies of Western Europe. Consumption remained strong in fast growing markets.

At the same time, brewers faced higher ingredient costs and tax rates and continuing consumer price sensitivity. And the industry's traditional practices for expanding distribution and driving volume encountered new challenges from tightening regulations and changing drinking habits:

**US concerns**
Anti-competition concerns drew scrutiny from the US Justice Department, stalling the AB InBev acquisition of Mexico's Grupo Modelo, maker of Corona.

**Russian regulations**
In Russia, regulations restricting most beer advertising took effect in July 2012, in a government effort to reduce alcohol consumption.

**Home consumption**
The growth of home consumption inverted the standard beer marketing sequence of building a brand on premise first, especially in the UK.

### Definition

The beer category includes global and regional brands, which, in an increasingly consolidated industry, are mostly owned by four major brewers.



Like many categories, the beer industry felt the impact of a growing consumer preference for more differentiated and customized products. Craft beer rose 15 percent in volume in the US, during 2012, according to the Brewers Association, which represents the craft brewers.

A relatively small part of the market, craft is consistent with beer's heritage as a beverage brewed for local communities and tastes. The global brewers responded to these developments with product and marketing initiatives.

### Driving consumption

AB InBev offered craft brands and heavily marketed Bud Light Platinum, for example. Meanwhile, its most popular brands, Bud Light and Budweiser, rose




## Top 10 Beer

| | | Brand value 2013 $M | Brand contribution | Brand value % change 2013 vs 2012 |
|---|---|---|---|---|
| 1 | **Bud Light** | 10,840 | 3 | 30% |
| 2 | **Budweiser** | 9,458 | 4 | 26% |
| 3 | **Heineken** | 8,238 | 4 | 36% |
| 4 | **Corona** | 6,620 | 4 | 29% |
| 5 | **Skol** | 6,520 | 5 | 39% |
| 6 | **Stella Artois** | 6,319 | 4 | 40% |
| 7 | **Guinness** | 4,473 | 5 | 11% |
| 8 | **Aguila** | 3,903 | 5 | New |
| 9 | **Brahma** | 3,803 | 4 | 61% |
| 10 | **Miller Lite** | 3,093 | 3 | 34% |

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).

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in value 30 percent and 26 percent, respectively. Budweiser engaged in a fierce US market share battle with Coors Light, produced by Molson Coors.

Heineken, the third most valuable brand in the BrandZ™ beer category ranking, appreciated 36 percent value. The brand gained extensive publicity as the official beer brand of the James Bond film, Skyfall. Its 360 campaign included product placement in the film and extensive attention on social media.

Russian beer market leader Baltika responded to the government's beer advertising ban by marketing its non-alcoholic beer. Called Baltika 0, the non-alcoholic beer fits into the Baltika range, which is branded numerically. Baltika 3 is popular and for the mass market, for example, while Baltika 7 is considered premium.

## Broadened appeal

In other regions, brewers positioned non-alcoholic beer to reach people who desired the taste of beer but not the effect of alcohol. AB InBev calls its non-alcoholic Beck's beer, Beck's Blue. The non-alcoholic offerings are part of a move toward lighter beers and also beers with some novelty, such as the fruit flavoring.

The non-alcoholic beers also recognize that people socialize differently today, more in mixed company than in single-sex settings. Brewers offered more sophisticated brands like Peroni, a premium Italian brand that helped strengthen SABMiller's sales in a weakened UK beer market.

Brewers introduced beer at some fast food outlets and promoted efforts to pair beer with food. Recognizing the shift to home drinking, some brands launched for home consumption first rather than for on-trade. In the UK, Stella Artois introduced Stella Cidre, a premium cider, directly into the off-trade.

## Focus on fast growing markets

The global brewers focused much attention on Latin America. In Brazil, one of the few markets where beer is not seen specifically as a male drink, AB InBev owns two of the strongest local brands, Skol and Brahma.

Both brands grew sharply in brand value. AB InBev also markets Stella Artois and Budweiser in Brazil, positioning Stella Artois as a premium brand and Budweiser as an aspirational brand.

The Colombian brand Aguila, owned by SABMiller, appeared in the BrandZ™ beer ranking for the first time. The company introduced larger bottles for Aguila last year. SABMiller derives its largest share of profitability from Latin America, where it aims to introduce lower income consumers to higher quality beer.

Similarly, in Ghana, SABMiller marketed the Impala beer brand made from the cassava root. Guinness also introduced cassava beer in Africa. The beers are intended as safer alternatives to prevalent home brews. Heineken announced plans to build a brewery in Ethiopia.

Indicative of the interest in China demonstrated by the giant global brewers, a joint venture between SABMiller and China Resource Enterprise Ltd. owns Snow beer, and AB InBev owns the Harbin brand. Yanjing Brewery is part of a Chinese conglomerate, Beijing Enterprises Holdings.

But the Chinese market is actually a conglomeration of regional markets. No individual brand enjoys complete national distribution. Reflecting a major emerging cross-category trend, the development of Chinese brands for export, Tsingtao, China's oldest beer brand, is establishing a production facility in Thailand. **Z**



## Insight

### Inspire or lose the fizz

The way we socialize has changed fundamentally. First, we don't socialize in single-sex groups as much as we used to, with stereotypical male bonding-over-beer sessions far less frequent today. Men have also changed their habits when women are present, choosing to share wine or even cider rather than drink beer. Second, we've shifted our socializing to be more around food rather than just drinking, and beer isn't always a natural choice when people eat. Beer drinking is getting squeezed as a result. Beer brands need to adapt and respond with evolved brands and products that will answer to these changing needs. If they don't, they are in danger of losing their fizz forever.

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ADDEDVALUE

## Insights BrandZ BigData™

### Financial success drives brand equity

The global beer brands have experienced great financial success because of the scale achieved through industry consolidation. The brands enjoy minimal differentiation, but they share in common a few BrandZ™ brand archetype characteristics, like being viewed in most countries as "fun" and "playful."

Compared to other brands across all categories in the BrandZ™ Top 100 ranking, beers score modestly on being "meaningful" (appealing and meeting needs) and derive most of their brand equity from salience, (famous, stands out), reflecting the relatively high advertising and promotional spend in most countries.

Source: BrandZ BigData™, over 2 million consumer interviews regarding over 10,000 brands in 30-plus countries

## Action Points

**1. Embrace innovation**
With centuries of brewing heritage, the beer category evokes tradition. Innovation doesn't come as naturally. But core beer customers, young men in their twenties or thirties, have come to expect innovation.

**2. Evoke emotion**
Beer is an emotive category where brands matter and communication drives brand differentiation. When the consumer holds a smart phone loaded with personal apps in one hand and a glass of beer in the other, which brand does he feel more strongly about?

**3. Build strong brands**
It may still be possible in some bars to order three beers by holding up three fingers and accepting whatever lager is on tap. As people increasingly consume beer at home, however, they're not signaling a bartender. They're personally selecting brands. Brand becomes even more important.

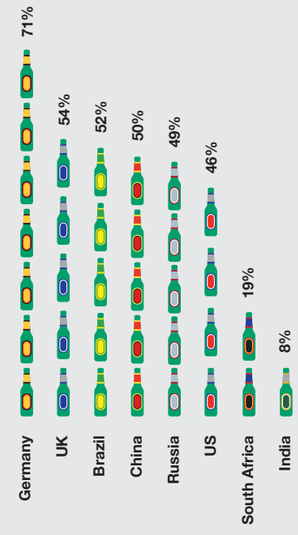
## Spotlight

### Beer consumption patterns point to India, South Africa

Germany continues to outpace other nations in beer consumption. Among the fast growing markets, beer consumption is strong in Brazil, Russia and China, with more room for development in India and South Africa.

### Beer drinkers

**"Have you consumed beer in the past month?"**




Source: Global TGI 2012
Base of 18+

TGI

# Fast Food

## WITH TRAFFIC FLAT, BRANDS IMPROVE HOSPITALITY, LOCATIONS AND MENUS

### Snacks become a meal option

THE BRAND value of the fast food category increased last year, but only by 5 percent compared with 15 percent a year ago.

The Quick Service Restaurant (QSR) business felt the effects of flat traffic in the US and economic sluggishness in Europe, without a boost from the fast growing markets, particularly China, which dependably drove sales even during the recession.

Brands continued to rely on promotional tactics to drive short-term gains with value-oriented options, tempting customers to trade up to higher margin menu items. They also implemented strategic improvements to meet changing consumer expectations for the restaurant experience.

Snacking became an important "day part." Snacks produce strong margins and leverage locations during the underused afternoon hours after lunch and before dinner. Brands experimented with ways to offer traditional items in smaller and less expensive portions. They marketed specialty beverages, like coffees and fruit drinks, as snacks. Brands also took these initiatives:

**Menu**
Many brands expanded baked goods as part of the snacking focus and to drive and complement profitable coffee sales.

**Social Media**
Most brands engaged heavily in social media both to drive traffic and strengthen brands.

**Expansion**
International brands accelerated expansion, with several brands entering or adding outlets in India.

### Definition

The fast food category includes Quick Service Restaurant (QSR) and casual dining brands, which vary in customer and menu focus, but mostly compete for the same day parts.

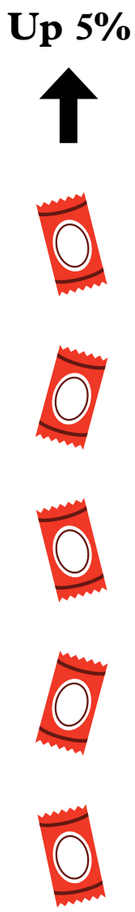


### Broadening appeal

The presence of Panera Bread in the BrandZ™ fast food ranking for the first time this year illustrated the shift in consumer expectations. Considered part of the fast-casual restaurant sector, Panera's 1,600+ outlets in the US and Canada emphasize fresh ingredients and onsite baking in a hospitable environment.

In an attempt to project similar appeal, McDonald's tested all-day sale of baked goods and remodeled certain units to resemble cafes, attempting to create a space for community interaction similar to what Starbucks has accomplished.

Starbucks announced plans to acquire the French pastry bakery brand La Boulange. The company expects the acquisition to help drive food sales and




### Top 10 Fast Food

| | | Brand value 2013 $M | Brand contribution | Brand value % change 2013 vs 2012 |
|---|---|---|---|---|
| 1 | **McDonald's** | 90,256 | 4 | -5% |
| 2 | **Starbucks** | 17,892 | 4 | 5% |
| 3 | **Subway** | 16,691 | 4 | 12% |
| 4 | **KFC** | 9,953 | 3 | 12% |
| 5 | **Pizza Hut** | 6,014 | 3 | 11% |
| 6 | **Chipotle** | 4,972 | 5 | New |
| 7 | **Tim Hortons** | 3,380 | 4 | 1% |
| 8 | **Panera** | 3,025 | 5 | New |
| 9 | **Burger King** | 2,437 | 2 | New |
| 10 | **Taco Bell** | 1,992 | 3 | -3% |

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).

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grow another brand. Starbucks continued the rollout of its updated logo that retains the familiar Siren but removes the word coffee to broaden brand appeal.

Dunkin' Donuts expanded its sandwich menu with items intended to grow the breakfast and lunch business. Tim Hortons, the large Canadian chain known for its coffee and donuts, remodeled locations.

Burger King also invested in a multi-year remodeling rollout. It's part of a brand growth strategy that includes menu improvements, marketing changes and operational efficiencies to attract more women and older customers. During the recession, Burger King suffered from its relatively narrow core customer base of young men.

Burger King is in the midst of an effort to infuse the brand with entrepreneurial zeal by shifting from corporate control to a 100 percent franchise model. The brand returned to the BrandZ™ fast food category ranking in 2013.



**Insight**

## Count calories

Issues like calorie and fat content are likely to draw greater consumer concern as the economy improves. Many of the chains are advancing initiatives regarding sustainability and other aspects of social responsibility. Chains are looking closely at sourcing. Panera has several test stores where pricing is roughly based on the amount that people can afford. The chains also have been addressing health issues.

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MillwardBrown

### Brands promoted value to drive traffic

Location upgrades and menu expansions challenged the QSRs to stretch their brands without losing the price message that attracts core customers. The brands attempted to accomplish this feat by promoting value options.

Subway continued to position the brand as a healthy option in the QSR space. McDonald's addressed the ongoing concern with healthy eating with menu options that included vegetables, fruit and grain. The brand actively interacted with mothers on social media sites.

In an index that tracks brand presence on Facebook, Twitter and YouTube, the industry publication Nation's Restaurant News (NRN) ranked Starbucks number one, with Panera and McDonald's also listed as leaders in driving the most engagement on these social media platforms.

Taco Bell achieved a high social media standing following a promotion for its Doritos Locos Tacos with taco shells made of Nacho Cheese Doritos. The Mexican food brand Chipotle also ranked high in the NRN list.

Chipotle appeared for the first time in the BrandZ™ fast food category ranking. Celebrating its 20th anniversary in 2013, Chipotle operates around 1,400 Mexican grill restaurants in the US and Canada, and is gradually expanding into European markets like London and Paris.

### Expansion focused on fast growing markets

The major brands continued global expansion, especially in fast growing markets. Under the leadership of a new CEO, McDonald's increased its presence in China, ending 2012 with 1,705 Chinese units compared with 1,500 a year earlier.

Yum! Brands, parent of KFC, Pizza Hut and Taco Bell, generated almost half of its operating profits from China in 2012. It operates more than 5,700 restaurants in China, of which 4,260 are KFC branded and 987 Pizza Hut branded. However, sales growth softened after media in China reported that KFC's chicken contained excessive amounts of antibiotics. KFC responded by strengthening its oversight of suppliers.

Yum! Brands is accelerating efforts in India where it operates 280 KFCs and 310 Pizza Hut locations and has traded for almost 20 years. Yum! Brands plans to expand into India's smaller cities with a total of 1,000 Indian outlets by 2015. The company just introduced Taco Bell to India.

Dunkin' Donuts and Starbucks entered India in 2012. McDonald's, with around 270 restaurants in India, announced plans to open its first vegetarian units. Subway operates about 300 outlets in India, including three that serve only vegetarian food.

Burger King again became a publicly traded company in 2012. In a complex deal, 3G Capital, which acquired the chain in late 2010, retained a majority stake. Burger King is accelerating its international expansion, establishing joint ventures with strong local partners, keeping a minority interest but investing no capital. Transactions in 2012 included China, Russia, South Africa and Central America.

3G Capital, founded by Brazilian financier Jorge Paulo Lemann, was earlier involved in combining Belgium's InBev and Anheuser-Busch into AB InBev, the world's largest brewer. Early in 2013, 3G Capital teamed with Warren Buffett's Berkshire Hathaway to buy global food producer H.J. Heinz.

Burger King operates around 13,000 restaurants in 86 countries, with almost 7,200 locations in the US. McDonald's operates close to 35,000 locations in 119 countries, including around 14,160 in the US. Subway opened around 1,700 restaurants last year. It operates the greatest number of outlets worldwide, over 39,000 in 101 countries. Z

## Insights
**BrandZ BigData™**

### Serving up personality

McDonald's has owned "fun" and "playfulness" and exported its brand personality with consistency and great clarity across the globe. Its brand value exceeds by one and a half times, the brand value of all the other brands in the BrandZ™ fast food category Top 10.

This dominance in brand value means that differentiation by personality is one route to survival and potential growth for its competitors, which have various advantages, according to analysis based on BrandZ™ personality archetypes.

Long-established Tim Hortons owns "trust" because of its caring and kindly image. Subway scores on "creativity" and Taco Bell is relatively "rebellious." Notably, two successful newcomers to the ranking are also distinctive: Chipotle, a Mexican grill, is "adventurous." Known for fresh ingredients, Panera is rated high in "idealism."

Source: BrandZ BigData™, over 2 million consumer interviews regarding over 10,000 brands in 30-plus countries

## Action Points

**1. Take leadership**
Concern about healthy eating is a long-term trend that will accelerate. Staying in front of the trend makes better business sense than trying to catch up. Health conscious eaters may be relatively marginal today, but they're the core customers of tomorrow.

**2. Update value**
Value always draws the attention of individuals and families, and especially during difficult economic times with unemployment high. Keep reframing—and updating—value.

**3. Cut calories**
Customers expect food that tastes good. Continue to deliver good taste, naturally, but reduce the calories and fat contained in menu options and provide taste in healthier ways.

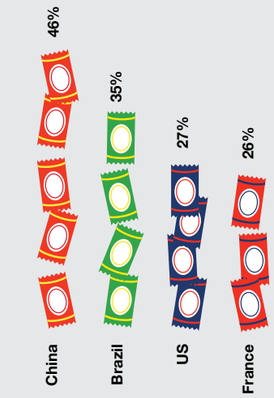
**4. Broaden appeal**
Customers looking for value and taste come from all income levels. That makes QSR the most democratic of meal options. It suggests that while respecting and fulfilling the needs of core customers it's possible to broaden appeal.

## Spotlight

### Calorie intake, a global concern, varies by country

The worldwide concern with healthy eating and calorie intake varies by country. In the US and France, about a quarter of the population says it considers calories when eating. More than one-third of Brazil's population thinks about calories, and almost half of China's.

### Calorie counters




Source: Global TGI 2012

TGI

# Soft Drinks

# BUBBLE BURSTING FOR COLAS BUT OTHER BEVERAGES FLOW

## Health concerns remain key issue



COLA BRANDS promised to deliver the trifecta of hydration, refreshment and taste.

But consumers in developed markets wanted more. To fit the needs of their over-scheduled lives, they expected the brands to multitask, adding functional benefits, like an energy boost to the basic thirst-quenching proposition. And consumers continued to worry about the healthiness of carbonated soft drinks (CSD).

The new, more inclusive definition of the BrandZ™ non-alcoholic beverage category recognizes these trends. The highly valued juice, coffee and tea brands that now appear in the ranking reflect both the attitudes of consumers who prefer these drinks and those who select them as alternatives to carbonation.

CSD sales were especially challenged in markets like Western Europe, with an aging population and sluggish economy. To balance slacking demand, Coca-Cola and Pepsi looked to fast growing markets, like China and India, where consumers are less likely to have a soda drinking habit and tea is a more traditional drink.

Among strategies implemented by the beverage brand leaders were:

**Shopper marketing**
Brands continued heavy investment to win share, especially in the flat cola sector.

**Pairing with food**
They attempted to increase volume by marketing connected to meal occasions.

**Brand extension**
Brands added new options to meet consumer desire for healthier and more functional beverages.

### Definition

The soft drink category was expanded this year and includes these non-alcoholic ready-to-drink beverages: carbonated soda drinks (CSDs), juice, bottled water, functional drinks (sport and energy), coffee and tea (hot and iced).

**Up 5%**

## Top 15 Soft Drinks

| | | Brand value 2013 $M | Brand contribution | Brand value % change 2013 vs 2012 |
|---|---|---|---|---|
| 1 | **Coca-Cola** | 64,698 | 5 | 7% |
| 2 | **Diet Coke** | 13,717 | 4 | -2% |
| 3 | **Red Bull** | 10,558 | 3 | 6% |
| 4 | **Pepsi** | 9,799 | 4 | -5% |
| 5 | **Nescafé** | 5,639 | 3 | New |
| 6 | **Tropicana** | 4,808 | 4 | New |
| 7 | **Nespresso** | 4,478 | 4 | New |
| 8 | **Sprite** | 4,127 | 2 | 9% |
| 9 | **Fanta** | 3,974 | 2 | -1% |
| 10 | **Gatorade** | 3,750 | 3 | 9% |
| 11 | **Mountain Dew** | 2,495 | 4 | -3% |
| 12 | **Minute Maid** | 2,296 | 3 | New |
| 13 | **Dr. Pepper** | 2,236 | 4 | 5% |
| 14 | **Diet Pepsi** | 2,230 | 3 | -2% |
| 15 | **Nestea** | 1,852 | 3 | New |

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).

MillwardBrown Optimor

### Marketing to win share

Facing these growth challenges in both the developed and developing world, brand leaders Coca-Cola and Pepsi remained locked in a market share battle, with Coca-Cola positioned as the timeless iconic brand and Pepsi as the brand focused on the immediate excitement.

Coca-Cola continued its "Open Happiness" campaign, using viral social media to communicate the international exploits of a Coca-Cola truck that delivered Coca-Cola, food and good feelings. Pepsi launched its first global campaign called "Live for Now," connecting the brand with pop culture worldwide, an iteration on the successful "Pepsi Generation" positioning of the 1960s.



**Insight**

### Consumers seek health and mood benefits from drinks

Health in all its manifestations is a massive trend. When we reach for a soft drink, we're sometimes simply looking for a convenient form of refreshment or hydration and we're not focused on the healthiness of what we are drinking. But, in an increasing number of occasions, consumers want the beverage to be a vehicle for other benefits beyond basic hydration and refreshment, many of which are health or mood related.

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the futures company

Pepsi was the official drink of Major League Baseball in 2012. In a dramatic expression of its ability to leverage its Power of One philosophy, Pepsi signed these brands—Pepsi, Quaker, Tropicana, Gatorade and Frito-Lay—to a 10-year sponsorship deal with the National Football League (NFL).

Not surprisingly, the most daring marketing effort last year came from Red Bull with its sponsorship of Felix Baumgartner, who gained the world's attention with a 24-mile free-fall to earth from the edge of space. Red Bull moved ahead of Pepsi as the third most valuable brand in the category.

### Linking drink and food

Coca-Cola paired the brand with food, including snacks. In supermarkets, it displayed beverages near pizza, for example, merchandising Coca-Cola brands as part of a meal solution.

Coca-Cola also opened its Shopper Innovation Experience Center during 2012, a laboratory for testing cross-category sales drivers. Pepsi developed liquid meal replacements, combining its Pepsi expertise with the corporation's Quaker brand.

The high proportion of drinking occasions associated with breakfast helped drive consumption of tea and juices, including brands like Tropicana, Minute Maid and the Nestlé offerings linked by the brand-like prefix Nes—Nescafé, Nespresso and Nestea. The focus on coffee quality, innovative coffee machines and personalized customer service offerings enabled Nespresso to consolidate its foothold in Western Europe and expand its success to almost 60 countries worldwide.

Although breakfast is not a time usually associated with carbonated drinks, Mountain Dew, a Pepsi energy drink brand, recently launched Mountain Dew Kickstart, a caffeinated—and carbonated—breakfast drink aimed primarily at Millennials.

The attempt to link drink and food relates to larger trends, such as the increase in at-home entertainment, which influences when and where consumers drink and eat. The trend affected beer brewers as well, as all beverage producers depend on driving liquid volume.

### Meeting health and energy concerns

Soft drink brands responded to the growing consumer focus on health with new juices, smoothies and enhanced waters, including coconut water, which enjoyed wide distribution in the UK and parts of the US.

The leading brands marketed cola products intended to improve healthiness without compromising taste. Pepsi Max and Coca-Cola Zero are both aimed at male drinkers who want good taste, fewer calories but not the diet label. Dr Pepper Snapple Group launched Dr Pepper Ten in the last quarter of 2011, with the slogan "It's not for women."

With the launch last year of Pepsi Next, the brand attempted to find a mid-calorie position that reduced calories, while maintaining taste. In most markets, Pepsi Next was promoted as containing 60 percent less sugar. Coca-Cola replaced Sprite, in the UK, with a reformulated version using a natural sweetener. Introduced early in 2013, the new Sprite addresses obesity concerns by reducing the calorie count of the lemon-lime drink by 30 percent.

Coca-Cola, owner of Minute Maid, is developing an orange juice not from concentrate, and investing in the technology to create consistent taste despite the variations that occur naturally. Pepsi addressed the healthiness issue with its 1998 acquisition of the Tropicana brand of orange juice not made from concentrate.

The interest in additional energy benefits drove the performance of Red Bull. Gatorade marketed Gatorade G Series Pro Carb Energy Chews, gum-like squares intended for chewing prior to and during athletic exercise. But desire for functional drinks also included products to reduce energy and encourage relaxation, so-called dream water to manage stress. Z

## Insights
BrandZ BigData™

### Strong character buoys brands

The recession has been a cathartic experience for many brands, forcing a rethink in terms of their relevance. Soft drinks faced a simultaneous challenge—the increasing consumer concern with health. It is noticeable that this category on average is much less "meaningful" (appealing and meeting needs), but is still very "salient," meaning that it's famous and stands out in the mind of the consumer.

The high profile has been maintained partly by greater definition of brand character. The overall character "clarity" score (the depth and distinctiveness of brand personality) has increased 24 percent since the recession, compared with an increase of just 8 percent for all brands. Three notable exponents of character building are Coca-Cola, Nespresso and Red Bull.

Source: BrandZ BigData™, over 2 million consumer interviews regarding over 10,000 brands in 30-plus countries

## Action Points

**1. Be transparent**
Being clear and straightforward is important as Millennials—more informed about food and health issues than their parents—move into household and family formation life stages.

**2. Be proactive**
Address consumer health concerns head-on. If customers are raising questions about sugar or caffeine, for example, then take a position. Communicate about reducing the levels of those ingredients or acknowledge them as an acceptable indulgence in moderation.

**3. Be strategic**
Discounts and promotions have conditioned consumers to time purchases for when a product is offered at what seems to be the lowest price. Develop a merchandising ladder that explains the value at rising price levels.

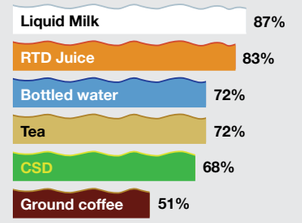
## Spotlight

### Beverage penetration, consumption vary widely by country

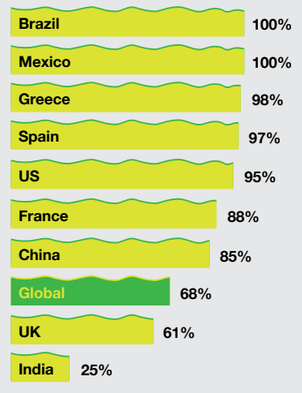
Liquid milk is the most consumed non-alcoholic beverage worldwide, followed by ready-to-drink juice, bottled water, tea, carbonated soft drinks and ground coffee.

The penetration of carbonated soft drinks varies widely, depending on local tastes and the efficiency of distribution systems. Carbonated drinks are highly desired in Mexico, more than water or juice, while Indian consumers prefer tea.

#### Beverage penetration




#### CSD penetration




Source: Kantar Worldpanel 2013 Brand Footprint Report

KANTAR WORLDPANEL

# E-COMMERCE BECOMES EVERYWHERE COMMERCE

## Brands face stark choice: adapt or die



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YESTERDAY'S DEFINITION of e-commerce is dead. The rough definition—buying and selling over the Internet—is inadequate for today's commerce companies.

Today's shoppers expect to shop anytime/anywhere, to buy every kind of product, to use whichever device or channel suits them at that moment and to be recognized and valued for their custom. Today's business leaders (whether brands, retailers or B2B businesses) are grappling with increased shopper expectations, rapidly evolving technology and new sources of competition.

So, should we now drop the "e" and call this form of transaction just "commerce?" Since all commerce today involves electronic systems and the lines between the online and offline worlds are blurred, the "electronic" in e-commerce may be redundant. Another approach would be to redefine it as "everywhere commerce" so that we can focus on the big opportunities and challenges in e-commerce today.

To assess whether a company is adequately recognizing this shift in commerce and taking the necessary steps to be present everywhere, business leaders need to ask themselves these key questions:

### Every country
Are we offering international shoppers a seamless experience? Are we reaching potential shoppers in fast growing markets? Are we personalizing the shopper's experience based on his/her location?

### Every device
Does our e-commerce platform support the wide (and increasing) variety of devices and browsers? How are shoppers using their devices? Are they using a smartphone and laptop at the same time and in complementary ways or at different times and then keeping them in sync?

### Every channel
Are we supporting every possible route into an e-commerce transaction? These include: social networks, brand marketing, physical stores or branches, wholesalers, Amazon, eBay and other marketplaces, aggregators and choice engines that simplify options to help consumers make better decisions.

### Every shopper
Are we personalizing the shopper's experience based on the current context plus his/her past and predicted behavior? And are we catering to both B2C and B2B shoppers?

### Every interaction
Are we delighting our shoppers every time they interact with our brand (whether on our own web properties or elsewhere)? Are we delivering excellent service right through the customer experience: from brand awareness, to product awareness and purchase, as well as the delivery, returns and customer service processes?

### Every product
How effectively are we managing product information, pricing, inventory and returns across our own, third party and drop ship supplier locations?

### Every piece of data
Are we gaining enough insight from the mass of data available on our shoppers' interactions? What new opportunities are offered by the exponential growth in data from smartphones and social media (big data) and from information disclosure?

### Every business model
Have we just taken our pre-Internet business model online or have we really exploited the new opportunities offered by the Internet? Which aspects of our old business model can be blended with digital to offer a differentiated proposition? Can we integrate with our legacy systems? How do we keep up to date with new developments like Google Shopping Express?

### Every delivery option
Are we meeting the needs of those shoppers who want the product in the next hour or the next day as well as those who are willing to wait until next week? And what about those shoppers who want a one-hour delivery slot or want to pick up from a nearby location at their convenience, not ours?

Based on the answers to these questions, business leaders need to decide on priorities and start making changes to adapt to this new environment. The name change from electronic commerce is important, not just because the term too narrowly defines the today's reality, but also because it confines thinking. The term focuses thinking on the wrong problem.





Retailers need to think about how strategic use of technology, mobile location-based services and big data can improve life for the customer, unify the brand experience across all venues and provide a competitive advantage.

"Everywhere commerce" is here already and the choice for today's commerce companies is stark: adapt or die.

### The 6 E's of Everywhere Commerce for retailers, brands and B2B businesses

**1. Execution**
Now that everyone agrees that e-commerce is strategic, executing at speed is the major challenge for large businesses. An agile approach will help deliver business benefits quickly, while remaining open to future change.

**2. Easiness**
Make it easy for all shoppers to shop with you, anytime, anywhere, any device.

**3. Excellence**
Customer experience of excellence is highly correlated with improved customer loyalty and better financial performance. Structure the business to deliver this efficiently and consistently.

**4. Experience**
Bringing the in-store experience online can help retailers offer a differentiated proposition. Brand owners can use digital channels to create emotionally engaging experiences for their end consumers (and collect valuable data) even when the purchase transaction is completed elsewhere.

**5. Emergence**
An emergent approach to strategy will help keep you aware of evolving trends and technologies. Innovative ideas can come from anywhere inside or outside the company and an emergent approach allows these to be incorporated in the company strategy.

**6. Exploitation**
Be careful not to introduce new technology for its own sake. Focus first on understanding customer behavior and then how technology can enhance this. Exploit existing technology before buying new.

Salmon is a highly innovative e-commerce digital agency helping leading retail, wholesale and manufacturing brands define, deliver and exploit enterprise-scale e-commerce and multichannel operations.
**www.salmon.com**

# Banks

## BANKS LOOK INWARD, RECALIBRATE STRUCTURE, PRODUCTS AND BRAND

### Financial results improve

LAST YEAR was a time of introspection and renewal for bank brands.

Having emerged from the paralyzing shock of the global financial crisis, the banks experimented with new initiatives for growing their businesses in a more regulated, low interest rate environment. They attempted to win back consumer trust.

Then the Libor scandal erupted. Banks admitted to increasing trading profits by manipulating an interest index called the London Interbank Offered Rate.

Both financially sophisticated consumers, and those who didn't quite comprehend the arcana, grasped the basic message—banks again had failed to earn their trust. Surprisingly, that didn't seem to matter. Most banks reported strong financial results and experienced rising share prices.

The drivers included economic recovery in the US, expansion in fast growing markets, internal reforms aimed at becoming more transparent and customer responsive, and the success of new business ventures, many aimed at high-wealth customers. Plus, consumer inertia outweighed dissatisfaction.

#### Rebuilding trust

Banks attempted to rebuild trust by reshaping communications and restructuring organizationally. On his second day on the job, the new CEO of Barclays declared his intention to transform the profit-driven culture to one based on customer service and respect.

The bank experienced a 34 percent rise in brand value, the second strongest result, after Citibank, among banks in the BrandZ™ global bank ranking. The improvement reflected both a recovery of value and confidence that planned changes, including cost cutting, will unlock growth potential.

Banks focused intensively on regaining the trust of the people most debilitated by its loss—bank staff. Even ad campaigns aimed at consumers were designed to help lift internal morale and win back the confidence of staff, potentially important brand ambassadors.

In celebrating its 200th anniversary in 2012, Citibank aimed its narrative, about funding human progress, both at customers and employees. Citibank brand value rose 37 percent. Santander alerted staff to watch its key TV campaigns and emphasized staff's critical role in fulfilling the promises made in the ads.



### Definition

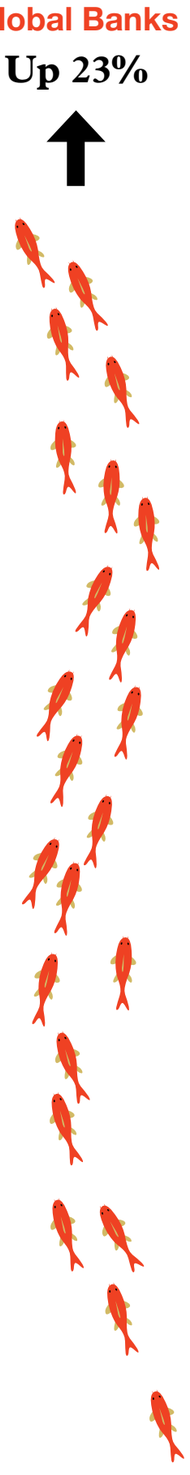
The bank category, which includes both retail and investment institutions, has been split into two tables, with the brands now classified as either global or regional. Global banks are defined as deriving at least 40 percent of revenue from business outside their home country.

### Top 10 Global Banks

| | | Brand value 2013 $M | Brand contribution | Brand value % change 2013 vs 2012 |
|---|---|---|---|---|
| 1 | **HSBC** | 23,970 | 3 | 24% |
| 2 | **Citi** | 13,386 | 2 | 37% |
| 3 | **Chase** | 10,836 | 3 | 25% |
| 4 | **Standard Chartered** | 10,160 | 2 | 1% |
| 5 | **J.P. Morgan** | 9,668 | 2 | New |
| 6 | **Santander** | 9,232 | 3 | 8% |
| 7 | **Barclays** | 7,989 | 2 | 34% |
| 8 | **ING Bank** | 7,596 | 3 | New |
| 9 | **UBS** | 7,429 | 2 | New |
| 10 | **Goldman Sachs** | 7,351 | 3 | New |

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).

MillwardBrown Optimor



Banks tried to reduce the functional divisions of their typically siloed organizations. They expected the simpler corporate structures to foster cooperation, increase speed and improve governance, making it easier to spot problems earlier.

### Growing new business

Fewer siloes also enabled more cross selling as the banks introduced new sources of revenue. To drive growth in an era of low interests rates and consumer resistance to fees, banks developed rewards programs and other strategies for gaining additional business from customers and credit card holders.

Most global banks developed programs for higher wealth customers to grow income for the client and generate fees for the bank. While seeking immediate return from their most profitable customers, banks also cultivated younger prospects with future earning potential.

Banks delivered their products and services with improved technology. Most global banks offered simplified checking deposit using mobile apps, an innovation first introduced by Chase. The latest ATMs accepted checks for deposit without paper deposit slips and envelopes.

In search of new business, some banks transformed their branches from convenient customer transaction points, to financial services centers for selling investments, mortgages and other products.

### Direct banks compete

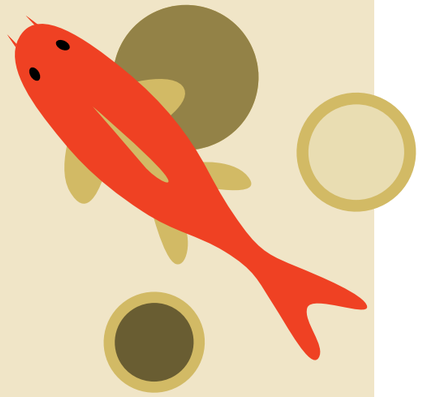
In the US, direct banks eliminated the need for any physical banking presence. Operating only online, these organizations offered consumers the advantages of convenience and higher interest rate returns.

The direct banks appealed to an attractive demographic of younger, higher income consumers that does not feel tethered to a more traditional banking experience. The direct banks include brands such as Ally, Capital One 360 and USAA.

In the UK, online banking options also took advantage of the trust deficit. Free site MoneySavingExpert.com included in its menu of products and services advice about financial products.

# Economy, trust drive regional brand value

The BrandZ™ ranking of regional banking leaders reflects two key trends: the influence of fast growing markets; and the benefits derived from building trusted brands.



Four of the Top 10 regional banks brands are Chinese. The enormous size of their home market primarily accounts for their presence in the ranking. The brand value percentage increase of the Chinese banks was strong but more modest than for other regional bands. That's because of their high brand values and the slower growth of China's economy, which flattened share prices.

Australia's three leading banks appear in the BrandZ™ Top 100 Most Valuable Global Brands 2013 ranking. Two of the Australian brands—Commonwealth Bank of Australia and ANZ—also appear in the Top 10 regional bank ranking. A third Australian bank, Westpac, with a slightly lower brand value, does not make the Top 10 regional bank category ranking, but it appears in the Top 100.

The presence of these banks indicates how Australia's proximity to fast growing Asian markets has benefited the investment and banking businesses of the country's financial institutions.

The two Canadian banks, RBC and TD, received the highest Brand Contribution scores of any banks in the BrandZ™ ranking of regional banks. Brand Contribution measures the impact of brand alone on brand value, exclusive of financials or any other factors. TD was one of the few brands focused on serving the low-income unbanked.

In part because of Canadian government regulations, the country's banks were less impacted by the subprime fiasco that hurt US banks. Their high Brand Contribution scores may reflect residual consumer trust based on performance during the banking crisis. A third Canadian bank, Scotiabank, appears in the Global Top 100, but not in the regional ranking.

The US bank Wells Fargo, which leads the BrandZ™ ranking of regional banks, received the third highest Brand Contribution score in the regional bank ranking, after the Canadian brands. Smoothly completing a large and complicated acquisition, Wells Fargo effectively married its technological strengths with the customer satisfaction and loyalty reputation of Wachovia.

Two other banks that did not quite make the ranking of regional brands appear in the in Top 100 Most Valuable Global Brands: US Bank and Russia's Sberbank.



**Insight**

## Motivate staff with internal communications

An emergent trend focuses on internal communications. As service organizations, banks are dependent on reputation and recommendation. If the staff who are in direct touch with consumers lack competence, then it doesn't matter how much brands spend on advertising, they will not impress their target audience. It's important now to motivate and refocus staff who have been demoralized by the negative events in the finance category.

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GREY LONDON



**Insight**

## Create and provide content

Brands are becoming more active in creating content and delivering it to interested consumers via both paid and owned channels. Global banks have some advantage here owing to their deep understanding of international markets. We expect to see more curating of content to engage consumers around economic trends, demonstrating expertise that's related to consumer experience to attract new high-net worth customers.

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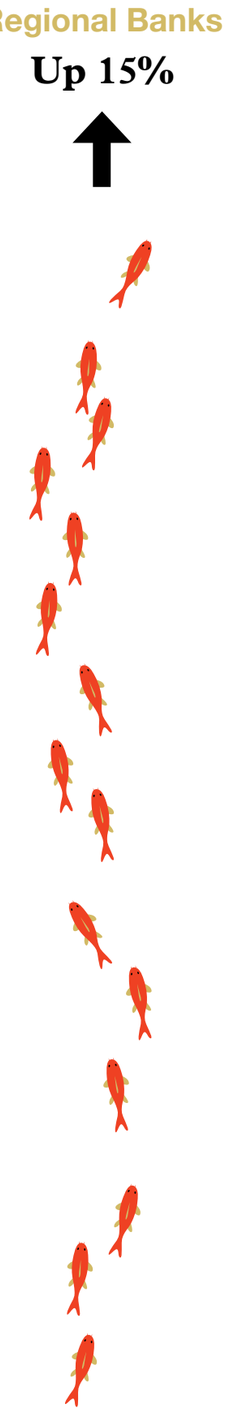
MINDSHARE

## Top 10 Regional Banks

| | | Brand value 2013 $M | Brand contribution | Brand value % change 2013 vs 2012 |
|---|---|---|---|---|
| 1 | **Wells Fargo** | 47,748 | 3 | 20% |
| 2 | **ICBC** | 41,115 | 2 | -1% |
| 3 | **China Construction Bank** | 26,859 | 2 | 10% |
| 4 | **Agricultural Bank of China** | 19,975 | 2 | 12% |
| 5 | **RBC** | 19,968 | 4 | 16% |
| 6 | **TD** | 17,781 | 4 | 22% |
| 7 | **Commonwealth Bank of Australia** | 17,745 | 3 | 36% |
| 8 | **ANZ** | 16,565 | 3 | New |
| 9 | **Bank of China** | 14,236 | 2 | 10% |
| 10 | **ICICI Bank** | 14,196 | 1 | 12% |

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).

MillwardBrown Optimor



The US regional banks, such as First Niagara, turned consumer distrust of banks into an opportunity by projecting local appeal. Many US regionals invested in customer service education for branch and call center staff.

### Fast growing markets

The global bank brand leaders continued to benefit from strength in fast growing markets, particularly in Asia, despite the somewhat slowing rate of China's economic expansion.

Lacking the legacy systems of Western brands, banks in fast growing markets were freer to innovate. In India and the Middle East, some banks acted like consumer goods companies, building brands around customer needs. To accommodate families, for example, bank branches might include play areas for children.

Certain bank brands tried to create a unified consumer-friendly experience both online and in the physical location. Brands that took related initiatives include Zuno, an online bank that operates across the Commonwealth of Independent States (CIS) including Russia, Sberbank and VTB of Russia, and India's ICICI.

Meanwhile, the pace of consolidation continued. The Commercial Bank of Qatar purchased banks in several countries in the Middle East, where Chinese banks also sought partners. Z



**Insight**

## Trust can make a material difference

Sometimes it seems as if trust doesn't matter in banking: consumers don't trust banks, but banks still make a lot of money. That formula misses the point. Because consumers don't trust banks, they hedge their bets and spread their financial activities beyond banks to alternatives such as mutual, PayPal, etc. So actually banks make less money than they could. Only trusted banks will capture a larger share of customers' assets and spend, coming much closer to reaching full earning potential.

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**Insight**

## Cultivate the rising rich

Many US banks are seeking to develop their relationship with affluent households beyond checking and savings accounts. However, banks are challenged by satisfactory long-term relationships with investment institutions. Given the maturity of these existing relationships with investment services firms and the low likelihood to switch providers, banks can benefit from activities that cultivate the rising rich and help them achieve affluence.

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TNS

## Insights
BrandZ BigData™

### Regional banks enjoy higher trust level

Consumer trust in the banking category declined during the global financial crisis. The restoration of trust is happening more quickly for regional (local) banks than for global banks.

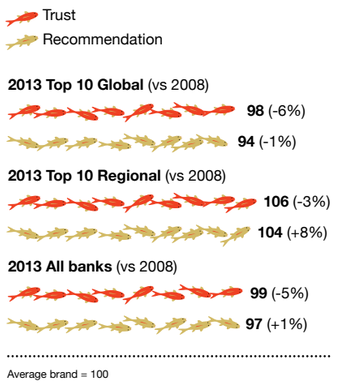
BrandZ™ data measures both trust (how consumers feel about the performance of the brand over time) and recommendation (how consumers expect the brand will perform today).

Global banks are significantly less trusted and recommended by their customers than regional banks. Consumer trust in the global banks is comparable to their trust level for all banks. But in recommendation, global banks lag all banks.

The regional Top 10 are well ahead of global banks in both the levels of trust and recommendation. And the level of recommendation for regional banks actually is higher now than it was five years ago.

Source: BrandZ BigData™, over 2 million consumer interviews regarding over 10,000 brands in 30-plus countries

### Trust and recommendation




Average brand = 100

## Action Points

**1. Be out front.**
In the past, CEOs kept a low profile consistent with the ethos of a conservative industry. Today, the CEO is the personification of the brand. He or she is the lightning rod for the consumers' anger or approbation.

**2. Add a human touch**
Technology can do a lot, but not everything. In a commodity business like financial services, the human touch adds interest.

**3. Be transparent**
Don't always wait for regulations to force revelations. Exercise leadership and proactively share more information. Don't give consumers more reason to doubt the bank's integrity. Do give investors more confidence in the bank's performance.

**4. Demonstrate thought leadership**
Create content. Engage consumers by offering financial information that helps them while at the same time it demonstrates the bank's expertise.

**5. Eliminate siloes**
A more open structure results in transparency that minimizes the potential for hidden problems. It also facilitates cross selling.

**6. Communicate internally**
Help staff be knowledgeable and positive about the brand. Stress staff's importance in delivering the brand promise. Be especially sensitive to the morale of people who interact directly with customers.

## Spotlight

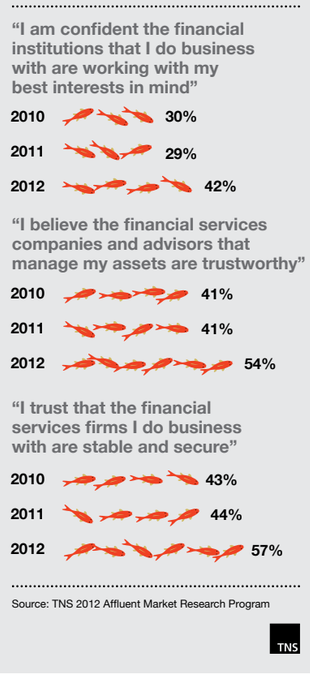
### Trust in financial institutions grows among affluent

Attempting to rebuild trust, which eroded during the global financial crisis, financial institutions have improved transparency and communications.

More affluent customers heard the message. Financial institutions have focused more on this group as a way to grow revenue in an environment of low interest rates and fee restrictions.

The trust that affluent households felt towards financial institutions increased measurably in 2012, following two years without change.

### Increasing trust




Source: TNS 2012 Affluent Market Research Program

TNS

# Insurance

## CUSTOMER 360-VIEWS REVEAL OPPORTUNITIES

### Data generates new products




INSURANCE BRANDS increasingly adopted new technology to recruit and retain customers.

They organized and analyzed customer data to understand how the needs of various life stages can signal new business leads. This development affected both life and property and casualty sectors of the category.

It represented a sea change for an industry traditionally driven by entrepreneurial agents more incentivized to write new business than sell more products to existing customers.

Until now, customer data had been abundant but dispersed, a legacy of insurer agent networks and siloed organizations. Increased analysis potentially enables insurers to offer products and calibrate rates that are personalized for individual clients rather than devised for a demographic segment.

No company has yet integrated all its data into coherent and comprehensive 360-views of individual customers. But it is likely that one or two top tier providers will achieve this goal by the end of 2013.

These other developments also affected the insurance category:

**Trust**
Hurricane Sandy battered the northeastern US in October 2012, causing as much as $50 billion in damage, which impacted property and casualty carriers. The hurricane's location, in the world's largest media market, magnified any dissatisfaction with payout speed.

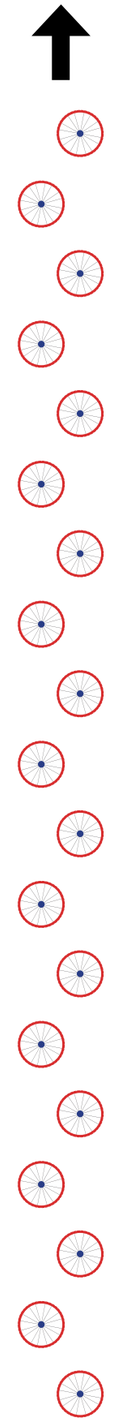
**Price**
Financial pressures shaped consumer decisions about discretionary spending, turning the conversation about life insurance to price.

**Telematics**
Auto insurers experimented with telematics. When customers agreed to have an electronic device installed in a vehicle to record their driving habits, the insurer could customize rates according to the results.

### Definition

The insurance category includes brands in both the business-to-consumer—life, property and casualty—and the business-to-business sectors. Health insurance is excluded.

**Up 19%**



## Top 10 Insurance

| | | Brand value 2013 $M | Brand contribution | Brand value % change 2013 vs 2012 |
|---|---|---|---|---|
| 1 | **China Life** | 15,279 | 3 | 5% |
| 2 | **Ping An** | 10,558 | 3 | 4% |
| 3 | **State Farm** | 7,881 | 2 | 1% |
| 4 | **AIA** | 6,813 | 2 | New |
| 5 | **AXA** | 3,934 | 2 | 18% |
| 6 | **CPIC** | 3,705 | 2 | 9% |
| 7 | **Allianz** | 3,596 | 2 | 25% |
| 8 | **Geico** | 3,255 | 2 | 19% |
| 9 | **Travelers** | 2,403 | 3 | New |
| 10 | **Zurich** | 2,174 | 2 | 15% |

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).

MillwardBrown Optimor

### Focused marketing

More sophisticated data analysis will enable insurers to tailor messages to the needs of particular customers or potential customers. Agents will receive more reliable leads and be paired with customers who are more relatable according to age and other demographics.

This kind of interaction should help insurers more effectively differentiate and build their brands around service. Today, brands generally compete on price and the speed with which they can offer consumers rate information or respond to claims. Aggregating sites, which are especially active in the UK, intensify price shopping.

Along with data analysis, social media is also changing the potential—and the vocabulary—of insurance marketing. The idea of customer social lifetime value is supplanting the simpler notion of customer lifetime value.

This newer metric considers not just the lifetime purchase potential of the individual customer, but that potential compounded by the size of the customer's network of contacts.

### Social media reaches new clients

Social media is especially critical for reaching the uninsured and young people, often less inclined than their parents to invite an insurance agent into their home for a conversation about term life around the kitchen table.

Brands like Geico, State Farm, Allstate, and Progressive were active in social media. The Internet and social media are transforming the traditional view of insurance, from being a product sold to people, to being a product people buy.

Leading brands also developed mobile apps for smartphones and tablets, particularly in property and casualty, where apps sometimes can be used to file claims. And brands continued multi-channel communication strategies that included telemarketing and direct mail as well as agents.

### Non-traditional channels

Insurers also tried to reach young people and the uninsured through non-traditional channels. Some of these potential customers are more comfortable in a "third space," neither home nor office. State Farm experimented with a storefront espresso bar in Chicago called Next Door. Visitors can enjoy refreshments and free Wi-Fi, while gaining access to financial counselors, with no hard sell.

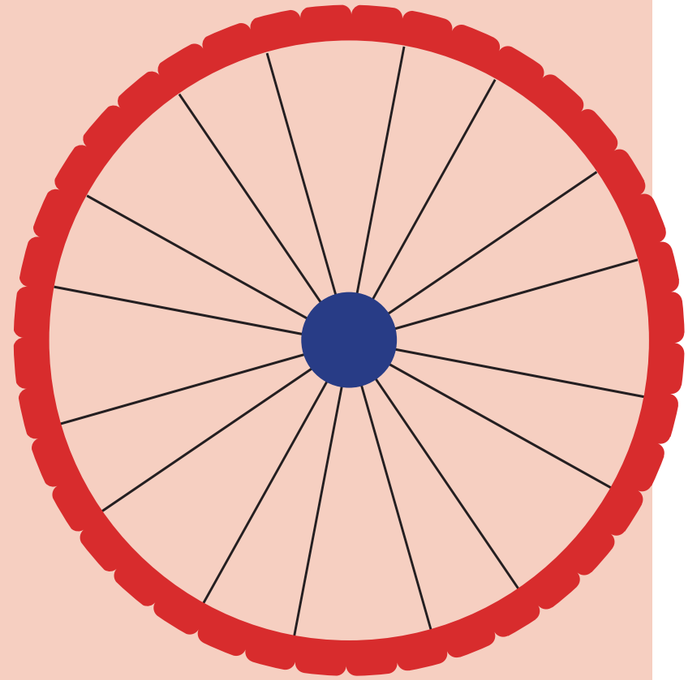
Efforts to reach the under-or-non-insured included a program by MetLife to sell insurance packages in a box, which began testing in pharmacy departments at several hundred Walmart stores late in 2012.

Customers who purchase policies, which come with relatively low face values, subsequently call a toll-free number for a health screening from MetLife. If they pass the screening, the credit on a pre-paid card is activated. Those who fail to qualify for the insurance can either receive a refund or use the credit anywhere that accepts Discover. Z

Social media is especially critical for reaching the uninsured and young people, often less inclined than their parents to invite an insurance agent into their home







# Strength in Asia, North America drive brand value rebound

The insurance category grew 19 percent in brand value, recovering from a decline of 16 percent a year earlier, when a perfect storm of economic uncertainty and large payouts depressed financial results.

The brand value of German-based insurer Allianz bounced back 25 percent, the greatest gain in the BrandZ™ insurance ranking, driven by stronger performance in the US and rate increases in Germany that improved earnings.

The brand value of Zurich, the Swiss-based insurer, and France's AXA grew by 15 percent and 18 percent, respectively, following declines a year ago. AXA made two significant acquisitions to increase its presence in fast growing markets, particularly Asia, where it's a partner of China's largest bank, ICBC. ICBC-AXA Life mainly offers medical insurance plans for expatriates in China.

The three Chinese insurance brands in the BrandZ™ insurance ranking increased in brand value compared with declines a year ago. Despite the slower expansion of China's economy, all the Chinese insurers continued to benefit from insurance demand among China's rising middle class.

China Life, the country's largest insurer, developed telemarketing and online distribution channels. In its transition to a financial services brand, Ping An continued to strengthen its Ping An Bank and integrated Shenzhen Development Bank into its operations. CPIC, China Pacific Insurance Company, added new products and attempted to improve customer experience.

Travelers appeared in the ranking for the first time this year. The US property and casualty and life insurer, with the well-known red umbrella logo, has enjoyed steady earning growth and share price appreciation over the past several years.

AIA, established only two years ago as a spin-off from AIG, appeared in the ranking for the first time. The insurer's profits increased 89 percent in 2012, based on investment income and operating results in its 16 Asian markets, primarily Hong Kong and China. Its share price has appreciated about 66 percent since the brand's October 2010 IPO.



## Insight

### Differentiate with brand

There's been a rush to incorporate big data and the ensuing predictive models into every marketing interaction. That kind of quantitative analysis is unquestionably valuable. But as a marketer I still need to sell one thing at a time to a human being. And I need to reach that part of the person's brain that says this company appeals to me or it doesn't. No one has a product or service advantage any more for more than 15 minutes, which means that the way you communicate to the individual is more important than ever. The branded consumer experience is the place to differentiate: how the brand recognizes me, talks to me and most importantly, listens to me.

**Barry Kessel**
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wunderman



## Insight

### Organize a 360-customer view

Only few carriers now have the 360-view of the customer. They have the data in their systems, but they're unable to integrate it in a useful way. Connected data will reveal a full picture of the customer: the customer's history, interactions and the products that would be most relevant today. This kind of information will enable more effective consumer engagement and better informed communication throughout the entire lifecycle and through all relevant channels. When interactions are informed, timely and relevant, customers and prospects will respond. This will in turn improve your overall metrics and improve customer satisfaction.

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KBM GROUP

## Insights
BrandZ BigData™

### Brand importance rising in insurance

Historically, insurance is a low involvement category with products sometimes purchased out of necessity, not choice. As a result, brand plays a smaller part in driving value.

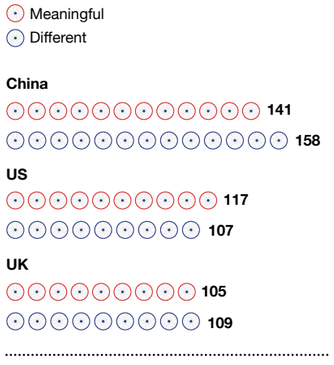
But judging by the emergence of powerful insurance brands in fast growing markets, this may not have to be the case in future. In China, for example, brand plays a significant part in the insurance category, according to BrandZ™ research.

The brands from China in the Top 10 Insurance category ranking outperform the insurance brands from the US and UK in key BrandZ™ measurements of "meaningful" (appealing and meeting needs) and "different" (unique in a good way and trend setting).

Source: BrandZ BigData™, over 2 million consumer interviews regarding over 10,000 brands in 30-plus countries

### China brand strength

- Meaningful
- Different




Average brand = 100

## Action Points

**1. Be selective**
It's not about finding every prospect out there. It's about finding the right prospects, those who resonate with the brand and will remain loyal to it over a lifetime, as customers for products that fit their changing insurance needs.

**2. Be personal**
It's critical to reach target audiences through every available channel: direct mail, retail, mobile, online, telesales and agents. But the competitive advantage goes to the brand that can connect the data dots into a message that's relevant and sounds like it's for a person, not a demographic.

**3. Be online**
That's where people shopping for insurance are likely to be. Especially young people. For them a compelling website is more persuasive than a lot of brochures scattered over the kitchen table. Post reviews. People are interested in seeing what others have to say about the brand. Ratings and reviews increase conversion rates.

**4. Be a first mover**
In a conservative category being a first mover doesn't come naturally. And, realistically, it buys a competitive advantage for only a limited time period. First mover innovation, supported with brand building, however, can become a sustained differentiator.

**5. Value customers**
It's difficult to measure the lifetime value of a customer. But on average, it costs 10 to 12 times more to gain a new customer than to retain an existing one.

**6. Value customer networks**
It's probably impossible to measure the lifetime social value of a customer. But it can be enormous. Many customers influence large social networks. Inspire these customers to become brand advocates. Their networks hold tremendous long-term value.

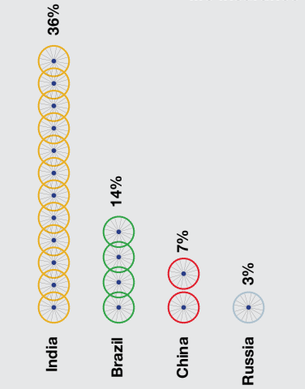
## Spotlight

### Life insurance ownership low in most BRICs

Life insurance ownership in the BRIC countries remains at a relatively low level, with the exception of India, but is likely to increase rapidly with the expansion of the middle class.

### Life Insurance owners

People who own life insurance




Source: Global TGI 2012
Base of 18+

TGI

# LEVERAGING FINANCIAL SERVICES BRANDS

## To restore reputation



**Terry Tyrrell**
Worldwide Chairman
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ASK A CEO of a financial services organization whether he cares about his brand and you will get a vigorous affirmative nod and shown the door to the marketing department where, in his view, the brand lives. Ask him if he cares about the reputation of the organization and you will be told that it is among his top three strategic priorities. Somehow connecting the dots between brand and reputation is a stretch that senior managers find it difficult to make. Brands are regarded as tangible—logos, advertising, branch environments—a positive reputation on the other hand is the Holy Grail that moves the share price. In this context your reputation is your brand.

So, against the backdrop of a catastrophic loss of trust in banks as a result of their role in the global economic crisis, how can a brand-led approach help restore shattered reputations?

### 1. Differentiate through what you stand for not what you sell

There has never been a more critical time to question why you exist. Are your values valued, do they guide your behavior and do they help define the type of experience customers have of you? It's not good enough just to have amazing products. Long-term success is dependent on a culture that is nurtured and alive. Culture is the environment in which your strategy and your brand thrives or dies.





### 2. Look at everything you do through the customer experience

Maya Angelou, the renowned American author and poet, famously said, "I've learned that people will forget what you said, people will forget what you did, but people will never forget how you made them feel." This is not about "putting the customer at the heart of everything you do." It's deeper than that; it's about an intimate and intuitive understanding of the hierarchy of customer needs and the complexities of their lives. It's about engaging with them not patronizing them, it's about delivering on those moments of truth in a way that is personal and memorable, it's about aligning your employee behaviors with your customers' behaviors and it's about putting customers in control of their money and providing peace of mind.

### 3. Employee first, customer second

Customer experiences are influenced by interactions with the brand across multiple touch points, people being arguably the most influential. If your employees aren't engaged, if they are left in limbo not knowing whether their future is secure, if they aren't involved with the conversations that will determine how the bank will restore its reputation and their role in that process, it is almost certain that customers will sense these tensions.

Brands are about promises delivered. Employees are the primary conduits for delivering the brand promise. They must understand what this means every day when they turn up for work, they should contribute to the process of determining what they should stop, start and continue doing. They must feel that they are the ambassadors of the brand and fundamental in the process of restoring reputation. Winning hearts and minds of your employees and restoring their pride must come first, even before your customers.

### 4. Dull is good

Banking was never meant to be sexy or exciting. Banks wanted that, not customers. In the future, successful banks will focus on doing the basics well, they will be values driven not profit driven. Bank brands will be built around attributes that will build long-term advocacy and loyalty. At the forefront will be transparency, simplicity, clarity, flexibility and agility, and responsiveness.

### 5. Crisis, what crisis?

Building brands from the ashes of a catastrophic loss of trust is akin to restoring the health of a body on a life support machine. Switch the machine off in a moment of forgetfulness and the patient may never be restored to full health. Perhaps it's unfair to suggest that the financial services industry feels it can now put "the crisis" behind it and "get back to making money."

We would all like to think that lessons have truly been learned. The penny seems to have dropped that tweaking the values won't be enough. We're talking about a cultural revolution, a revolution where the focus must be on:

- Building a distinctive culture where values are valued
- Thinking outside the bank and identifying what customer delight really means
- Doing what you say, not saying what you do. Making promises that you can deliver on
- Recognizing that your people are your brand

The Brand Union delivers knowledge, inspiration and expertise from across the globe to build brands that thrive in the real world, using a balance of brand strategy, creativity and execution.
**www.thebrandunion.com**

# Oil & Gas

## HIGH RISK, HIGH RETURN GETS MORE COMPLICATED

### Geopolitics adds to exploration challenges

A HIGH-RISK CATEGORY became even more challenging early in 2013, with the terrorist attack on an Algerian oil field and the deaths of hostages, including four employees of Norway's Statoil.

Less than three years after the Deepwater Horizon oil spill disaster in the Gulf of Mexico, the attack demonstrated how political instability compounds the already difficult task of extracting natural resources safely and responsibly.

Despite slow global economic growth, the major international oil company (IOC) brands—ExxonMobil, Shell, BP and Chevron—generally performed well financially.

Results of the major country-owned national oil companies (NOCs) varied.

**Definition**

The oil and gas category includes both private International Oil Companies (IOCs) and state-owned National Oil Companies (NOCs).

The oil and gas category lost 4 percent in brand value. The greatest decline of all BrandZ™ categories, it was driven in part by Petrobras, Brazil's national oil company, which experienced its first quarterly loss in 13 years.

These other trends influenced the category:

**Exploration difficulty**
Shell received US government approval to drill off the coast of Alaska, but suspended its operations after an accident incapacitated one of its ships.

**Joint ventures**
To share the potential risk of exploration in the Arctic and Siberia, leading Russian and IOC brands formed joint ventures.

**Focus on gas**
Brands shifted away from renewable energy sources in favor of extracting natural gas with fracking, the process of using hydraulic pressure to fracture rock and release gas trapped underground.

### NOCs experience mix results

The BRIC economies impacted the oil and gas category, most notably the performance of Brazil's Petrobras. The state-controlled company faced conflicting pressures from its mission to simultaneously serve the public welfare and make a profit. As Brazil's economic growth slowed, job creation became a priority for a government focused on the rise of more people into the middle class. By contracting almost exclusively with Brazilian companies to fulfill its infrastructure and equipment needs, Petrobras helped keep the unemployment rate low. But it also sustained inefficiencies and expenses that impacted financial performance.

Similarly, the increase in car ownership in Brazil drove greater demand for gasoline, but government controls regulated the prices Petrobras could charge at the pump. A new CEO joined Petrobras early in 2012, but not before Ecopetrol, a Latin American competitor, increased its market share. Owned by the Colombian government,



## Top 10 Oil & Gas

| | | Brand value 2013 $M | Brand contribution | Brand value % change 2013 vs 2012 |
|---|---|---|---|---|
| 1 | **ExxonMobil** | 19,229 | 1 | 5% |
| 2 | **Shell** | 17,678 | 1 | -1% |
| 3 | **Petrochina** | 13,380 | 1 | 11% |
| 4 | **Sinopec** | 13,127 | 1 | -6% |
| 5 | **BP** | 11,520 | 1 | 11% |
| 6 | **Chevron** | 9,036 | 1 | 5% |
| 7 | **Gazprom** | 6,182 | 1 | -8% |
| 8 | **Petrobras** | 5,762 | 1 | -45% |
| 9 | **Ecopetrol** | 5,137 | 1 | New |
| 10 | **Lukoil** | 5,011 | 1 | New |

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).

MillwardBrown Optimor



**Insight**

### Roadside presence builds brands

While the downstream part of the oil and gas business is not the key revenue driver, it contributes to brand building. More people visit one leading petrol station forecourt around the world in a single day than visit a McDonald's outlet! They experience the brand in a tangible way. You can't discount the potential impact that those impressions make (or could make) every single day.

**Rosie Riley**
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MillwardBrown

**Down 4%**

Ecopetrol appears in the BrandZ™ ranking for the first time this year.

Similarly, government gas price controls impacted the results of China's Sinopec, which experienced a decline in net profit. Pressed by rising domestic demand, PetroChina, China's largest oil and gas company, continued its international exploration efforts, especially for natural gas, because of the government's commitment to improving air quality.

### IOCs face challenges

Economic duress in Europe and Japan, along with slower growth in China, impacted the financial results of the major international oil and gas brands last year. The IOCs also faced these two key challenges: too few major new oil exploration projects; and too much natural gas, which depressed prices.

ExxonMobil and Chevron, the two largest US producers, reported strong profits, however, based on their refining businesses. Major long-term exploration investments hurt Shell's profit. Along with the suspension of drilling off of Alaska, Shell's business was also negatively impacted by political instability in Nigeria. ExxonMobil encountered production problems in Kazakhstan and the North Sea. It acquired a Canadian exploration business to access gas deposits in the shale rock of Western Canada.

Chevron, among the brands most engaged in fracking to extract shale gas in Europe, acquired a major stake in a private Lithuanian oil and gas company. Environmental concerns limited fracking in France and other parts of Western Europe.

### Ventures with Russian brands

The need to combine technical expertise and potential reserves produced several collaborations between IOCs and Russian brands. In joint ventures formed with Rosneft, ExxonMobil will explore several Arctic off shore locations and Siberian fields, and Rosneft will gain access to several ExxonMobil fields in Texas.

In a deal with BP, Rosneft purchased the British-owned oil and gas brand's Russian holdings, TNK-BP, and BP increased its stake in Rosneft to about 20 percent. The companies expected the new relationship to increase exploration capability and produce operating synergies.

Russia's Gazprom worked on a long-term deal to meet China's growing gas needs. Gazprom supplies a significant amount of Europe's natural gas. The European Union targeted the company for anti-competitive practices. Gazprom's stock price declined.

Higher prices drove a 6.2 percent increase in net income to $11 billion for Lukoil. Russia's second largest oil producer appeared for the first time in the BrandZ™ ranking of oil and gas brands.

### Expansion depends on brand and reputation

Reputation was the critical currency that the international companies relied on when negotiating with governments for exploration rights. Brand remained the consumer-facing expression of the company in its retail gas station locations.

Shell operated 44,000 retail locations worldwide, for example, roughly 10,000 more than McDonald's. Sinopec controlled about 29,000 gas stations, mostly in South and Eastern China.

While the financial impact of these downstream operations may be less critical than the benefit derived from upstream exploration and refining, brand presence is significant. Generally, oil and gas companies viewed their petrol station businesses as cash generators for supporting the huge expense of exploration.

Brand becomes especially important as oil and gas companies establish themselves in countries and attempt to be understood as good local citizens. Typically companies aim advertising at influencers and engaged audiences.

Shell, which has operated in Iraq for about five years, but has a long-term commitment in the country, introduced a marketing campaign aimed at the Iraqi public. Launched late in 2012, the campaign positioned Shell as a contributor to the country's wellbeing, not simply an extractor of its resources. Z



Insight

### Brand plays a key role

Reputation is internal as well as external. It is a driver of recruitment, motivation, retention. It includes brand equity and stakeholder relations, particularly governments and potential partners. And it can serve as insurance against calamity. In the oil and gas category, brand is one important part of reputation. It's more about building and supporting reputation than it is about differentiation.

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Ogilvy



Insight

### Cultivate reputation

Exploration is increasingly difficult and happening in environmentally sensitive places like the Arctic. Given the tension between wanting to protect the environment and the desire for the energy to keep the lights on, it's likely that any problems will generate significant attention. Reputation can help moderate public opinion.

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JWT

## Insights BrandZ BigData™

### Brands draw investor praise, consumer scorn

The oil and gas category has a polarizing effect. Business people and investors surveyed in the BrandZ™ research rate the top brands as an excellent investment, while acknowledging the less than attractive public image of the industry.

Consumers, hugely influenced by the increasing price of gas at the pump, and concerned about the environment, are generally quite negative about the oil and gas category brands, saying they are "arrogant," "uncaring" and even "dishonest."

The multinationals attract most opprobrium and achieve very low levels of "trust," while the national oil corporations score well above average.

Source: BrandZ BigData™, over 2 million consumer interviews regarding over 10,000 brands in 30-plus countries

## Action Points

**1. Innovate**
Innovation implies technological competence. That means not just doing something on time, but also doing something no other organization can do; something that's never been done before. That kind of innovation attracts the best workers and helps win major contracts.

**2. Develop partnership skills**
The cost and complication of oil and gas exploration means that one company alone seldom completes a major project. Success requires effective partnership. It's important to be known for reliably delivering on promised work on time, on budget and with a high degree of excellence.

**3. Support local businesses**
It's a good thing to do. And it's smart. When working internationally, supporting local businesses improves good will and reduces costs. And it's much cheaper than flying everything in from the other side of the world.

**4. Help local communities**
It's another cost of doing business. To be successful, a long-term business engagement requires a complementary commitment to improving local living conditions with investments in health care, education and other underfunded needs.

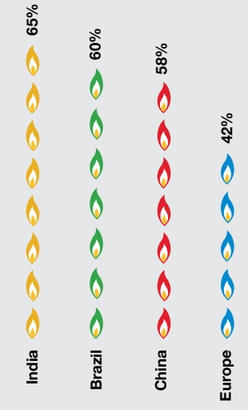
## Spotlight

### BRIC consumers will compromise to help environment

A majority of consumers in Brazil, India and China say they are willing to consider the environmental impact of their lifestyle choices and make compromises if necessary. A lower proportion of European consumers say they are willing to compromise. The contrast may reflect the greater environmental challenge in fast growing markets as well as the remediation and regulation already in place in Europe.

### Willing to compromise

Any who agree:
" I am prepared to make lifestyle compromises to benefit the environment"




Source: Global TGI 2012 (Europe: UK, France, Germany and Spain)

TGI

# TOTAL DISRUPTION AT RETAIL

## Digital impacts everything 24/7/365



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KANTAR **RETAIL**

MANY RETAILERS and suppliers measure the impact of e-commerce on retail by the percent of total sales it represents, often dismissing it as "growing, but small." The challenge to this burying-head-in-the-sand approach is that online behavior is sticky and today 100 percent of shopping experiences are impacted by digital. Companies must approach digital with a 100 percent impact lens, as a digital ROI based solely on e-commerce just measures the tip of the iceberg.

### Digital Impact

Kantar Retail's 10/50/100 framework crystallizes the true impact of digital on the retail landscape. For organizations struggling to come to terms with digital, the disconnect starts with the common misconception that digital's impact on a business is represented by the e-commerce share of total sales. As the 10/50/100 framework illustrates, the impact of digital is more significant:

**10 percent**
**Sales** E-commerce sales are reaching critical mass. Growing quickly and surpassing 8 percent of total retail sales in the US and the UK in 2012, e-commerce will soon represent 10 percent of overall sales. When one of every $10 spent is online, it matters—even if your products may be part of the 90 percent purchased offline. Online behavior is sticky and shoppers are developing new habits.

**50 percent**
**Influence** A number of Kantar studies across a wide range of categories suggest that online influences over 50 percent of total retail sales today. As shoppers leverage social media and digital tools to help research, plan, and shop, online impacts one of every two purchases fulfilled in the physical store. With 50 percent of sales influenced by online, but only 10 percent purchased, which is the real showroom? Bricks and mortar stores, or Amazon?

**100 percent**
**Impact** Online experiences and new shopping behavior has 100 percent impact on all shopping experiences today. Even if a shopper goes into a store to purchase, the penalty for out-of-stocks is significantly higher when the item could have been purchased online or on-the-go without setting foot in a store. Digital has 100 percent impact on how everything is bought and sold today. And understanding this impact on shoppers is a critical insight required to go to market.

### The Amazon catalyst

While the impact of digital is broader than Amazon, Amazon is the dominant online player as measured by traffic (eyeballs) and sales, and is also the most valuable retail brand in the 2013 BrandZ™ Most Valuable Global Brands ranking. With over 200 million customers worldwide, not to mention the millions of shoppers that use Amazon for research to help make the purchase decision, Amazon shopping continues to shape shopper experiences and set new standards for retail.

Bricks and mortar retailers describe their competitive advantage based on physical proximity as "immediate," but the Amazon value proposition gives this word new meaning. Immediate—does it mean at this moment, or in the next hour? For many Amazon shoppers, "immediate" means ordering an item with one click today and having it delivered in one-to-two days to their doorstep.





**Digital Impact**




Source: Kantar Retail analysis

Ratings and reviews have been the hallmark of the Amazon shelf since it launched as a book retailer in 1994. Today, those ratings and reviews are critical influences to purchases with reviews by strangers often more influential than input from a brand, retailer, sales associate, or friends and family. They exert so much influence, many shoppers will not purchase a product without ratings. And bricks and mortar retailers are looking for ways to bring reviews into the store to assist in closing the sale.

### The Amazon share of mind

Shopping frequency and the Amazon experience is another Trojan horse, as frequency breeds behavioral loyalty. According to Kantar Retail's Shopperscape®, 18 percent of US primary household shoppers—and 31 percent among Gen Y/Millennial shoppers—shop Amazon weekly. This frequency results in changes in both shopping and purchasing behavior.

Shopping and purchasing rates vary across 30 categories tracked, with women's apparel topping the list for both shopping and purchasing rates. Remember when conventional wisdom was that apparel would never be purchased online because people need to see, touch, and try on clothing? Both shopping and purchasing rates increase dramatically among those who shop Amazon monthly.

Amazon Prime members are especially loyal. These members pay $79 per year in the US for two-day free shipping plus unlimited access to Amazon Instant Video and monthly Kindle book rentals. According to Kantar Retail's' Shopperscape®, as of December 2012, 14 percent of US primary households were Amazon Prime members. These members trust Amazon and dramatically expand their share of wallet and categories purchased once becoming members.

As Amazon strengthens the Amazon Prime ecosystem with more value-add services, the retailer continues to grow more than larger share of wallet—it grows larger share of life; presenting challenges—and lessons in digital retailing—for retailers worldwide.

### Challenges of retail branding in an omni-channel world

Shoppers' expectations of the retailer brands have grown significantly, yet retailer capabilities have not kept pace. Shoppers are omni-channel—leveraging channels, devices, and touch points to connect with retailers. Retailers are multi-channel. Building retailer brands is challenging in the best of circumstances. This growing gap makes it more difficult.

Great marketing and advertising can often make a brand, but retailer brands are unique. Retailer brands are experiential and inextricably tied to the manifestation of the brand within the four walls of the store. Retailers are notoriously risk-averse because they understand the impact that a negative experience can have on the overall brand.

Historically, retail brands have been built around three main pillars: the manifestation of the brand in store; representation (marketing) outside the store; and conversation with shoppers (often via loyalty cards, and/or customer service). In today's digital world there are two shifts happening that make it more challenging for retailers to deliver on their brand promise:

1. There is another store, an e-commerce store. For 99 percent of multi-channel retailers, there is a fundamental disconnect between the physical store brand and experience vs. the one online. Retailers continuing to ignore this disconnect should be reminded that your brand is only as good as its weakest link.

2. Each one of the three brand pillars has a traditional and digital component. How should retailers manage the mix? Take representation of the brand outside the store as an example. Processes and organizations have been built around traditional media (TV, print, circulars, etc.). How should retailers incorporate digital media into the mix? Easier said than done. From a conversation perspective, how does a retailer incorporate social media into the relationship with shoppers and engage in a two-way conversation?

From the store to the retailer brand, digital has 100 percent transformed the way shoppers engage with retailers and elevate their expectations of retail brands. In 2013, it will be critical for retailers to invest significantly in building multi-channel capabilities to reduce the gap between how customers shop and how retailers sell; to fulfill customer expectations of the retailer brand and grow brand value.

Kantar Retail is the world's leading shopper and retail insights and consulting business. The agency works with over 400 clients and has 20 offices in 15 markets around the globe.
**www.kantarretail.com**

# Technology

## Consumer

# INCREMENTAL CHANGE IN INNOVATIVE CATEGORY

### Brand values fluctuate



THE BRAND VALUE of the technology category remained flat, down 1 percent compared with a rise of 2 percent a year ago.

A period of product iteration rather than innovation failed to excite consumers or investors. The latest tablets sold well, but did not inspire like the inaugural iPad.

The fortunes of brands changed suddenly and unexpectedly. Skepticism about Apple depressed its share price. After Facebook's much anticipated IPO, its stock dropped dramatically. Meanwhile, Samsung enjoyed a 51 percent rise in brand value on the sales success of its mobile devices.

Social media's popularity drove the brand value of China's Tencent up 52 percent. Yahoo! joined the BrandZ™ Top 100 Most Valuable Global Brands after the appointment of a new CEO, from Google, lifted expectations. This development, along with Yahoo's investment in the Chinese e-commerce site Alibaba, helped drive the share price and the appreciation of brand value.

These developments happened in a complicated environment characterized by these trends:

**Ubiquitous technology**
The cloud, mobile and social media enabled people to seamlessly integrate their personal and business lives.

**Iterative change**
To beat competition to market, brands introduced products that were more iterative than innovative, but which offered features intended to entice consumers to trade up.

**Consumer sophistication**
New and shiny was not enough. More knowledgeable and discerning consumers, acting as if they headed personal IT departments, expected a reasonable return on their technology investments.

## Definition

The technology category includes business-to-consumer and business-to-business providers of hardware, software, portals, consultation and social media platforms. The diversity of the technology category reflects the convergence occurring as brands develop integrated systems of products and services.

## Top 20 Technology

| | | Brand value 2013 $M | Brand contribution | Brand value % change 2013 vs 2012 |
|---|---|---|---|---|
| 1 | **Apple** | 185,071 | 4 | 1% |
| 2 | **Google** | 113,669 | 3 | 5% |
| 3 | **IBM** | 112,536 | 3 | -3% |
| 4 | **Microsoft** | 69,814 | 3 | -9% |
| 5 | **SAP** | 34,365 | 2 | 34% |
| 6 | **Tencent** | 27,273 | 4 | 52% |
| 7 | **Samsung** | 21,404 | 3 | 51% |
| 8 | **Facebook** | 21,261 | 4 | -36% |
| 9 | **Baidu** | 20,443 | 5 | -16% |
| 10 | **Oracle** | 20,039 | 2 | -11% |
| 11 | **Accenture** | 16,503 | 3 | 2% |
| 12 | **HP** | 16,362 | 2 | -29% |
| 13 | **Intel** | 13,757 | 2 | -12% |
| 14 | **Siemens** | 12,331 | 1 | 16% |
| 15 | **Cisco** | 11,816 | 2 | -11% |
| 16 | **Yahoo!** | 9,826 | 3 | New |
| 17 | **Sony** | 7,786 | 3 | -9% |
| 18 | **Dell** | 4,939 | 2 | -25% |
| 19 | **Philips** | 4,739 | 2 | New |
| 20 | **Canon** | 4,539 | 2 | -33% |

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).

MillwardBrown Optimor

**Down 1%**

### Toy or tool

Technology made life less compartmentalized and location irrelevant. People worked and conducted personal business interchangeably at their job, at home, at a coffee house, anywhere. This blending influenced the ongoing transformation of technology in the workplace.

Initially shaped by business use and the requirements of corporate IT departments, the technology category became increasingly "consumerized." People who enjoyed speed and simplicity in their use of technology at home expected no less at work. Their impatience with IT mystique led to a broader acceptance of BYOD, Bring Your Own Device.

Microsoft introduced Windows 8 to help consumers integrate their private and business lives. Some brands, like Dell, introduced convertible devices that worked as both laptop and tablet. A typical business traveler might work on a laptop, a tool, and then take an entertainment break to view a movie on a tablet, using it as a toy.

### Apple remains number one

Based on underlying brand strength, Apple remained the most valuable technology brand, despite a steep drop in share price. The stock declined after Apple fumbled the introduction of iPhone 5. The replacement of Google Maps with a troubled Apple version ignited investor concern that the brand's capacity for creative design and smooth execution ended with the death of founder Steve Jobs.

Google benefited from that skepticism. As Apple stock fell, Google stock rose to record highs. The share price appreciated based on the performance of Google's multiple businesses including: ad revenue from online search, the market dominance of its Android operating system for mobile devices, and the ubiquity of Gmail.

The increase also reflected confidence in Google's potential to enter and quickly assume leadership in other technology businesses. With a 5 percent hike in brand value, Google became the second most valuable global brand across all categories, after Apple and just above IBM.

Apple's weakness also helped Samsung, although Samsung also helped itself. Samsung's brand value rose sharply primarily because of its Galaxy smartphone. Consumers responded well to the product experience and also to commercials that positioned the device as the choice of the young and hip, while poking fun at Apple iPhone as the brand choice of the parents.

### Competing ecosystems

Apple's future depends on more than who makes the best devices, however. The consumer brand universe is divided into two groups: those that produce products and services; and those whose products and services exist as part of the brand's platform or ecosystem.

This second group of brands includes Apple and Google along with Amazon, Facebook and Microsoft. Each brand represents an ecosystem of branded devices, an operating system, and content.

Amazon, for example, sells the Kindle, but the device is part of the larger ecosystem that includes content in the form of e-books, music, movies, and a repository of product information and customer opinions stored in the Amazon Cloud. (Because Amazon derives most of its revenue from e-commerce, the brand is listed in the retail category ranking.)

Facebook Home, introduced in March 2013, is actually software that fits over an Android platform, preempting other apps. Phones loaded with the software open to the Facebook newsfeed. Although Facebook Home isn't a device, it acts like one, making all of Facebook's content instantly mobile, not even a click away.

A fundamental distinction regarding ecosystems is whether a system is open—generally accepting of applications from other brands—or closed. Part of the skepticism surrounding Apple was the notion that its closed system advantage—quality control and consistent performance—erodes as devices reach rough parity in quality and reliability. That formulation, however, discounts the intangible hold that Apple may have on adherents drawn to its combination of product innovation, design leadership and retail presence—to the overall Apple brand experience.



Insight

**Expect more regulation**

The technology category is moving toward saturation, and successful companies have to be useful to consumers without being intrusive or irritating. At the same time, similar to the way the US government intervened after companies became rich during the Gilded Age, we'll see more regulatory and political concern around these rather large organizations.

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### Chinese brands shift, too

The value of technology brands fluctuated in China as well. In contrast to the decline of Facebook's brand value, the band value of its Chinese equivalent, Tencent rose 52 percent, making it one of the Top 10 Risers in the BrandZ™ Top 100 Most Valuable Global Brands.

Tencent reports almost 800 million active users of its QQ instant messaging service in China. But the brand value increase was in part driven by excitement around WeChat, which enables users to send both voice and text messages from the mobile devices over the Internet, avoiding SMS charges, similar to WhatsApp.

In contrast to Tencent's brand value appreciation, Baidu declined in value 16 percent. China's dominant search engine, with an estimated 75 percent market share, invested to position the brand for the transition from PC to mobile. The investment lowered earnings and impacted the share price. Z





Based on underlying brand strength, Apple remained the most valuable technology brand, despite a steep drop in share price after Apple fumbled the introduction of iPhone 5



Insight

**Blending is a key trend**

We had fixed day parts to our lives. At breakfast we'd consume media as a consumer. At work we'd consume media as a businessperson. At lunch we'd be a human being and eat and run errands. There's been a blending of being a consumer and businessperson. Brands need to facilitate blending, not present barriers.

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# Technology

## Business

# SOME BRANDS RISE ON CLOUD, BIG DATA

### Others pulled by gravity of change

CONVERGENCE AGAIN influenced the fate of technology brands—but in a different way.

The need to analyze enormous amounts of information to drive business transformation converged with growing corporate willingness to make IT investments deferred during the recession.

Ready with pricing approaches they had devised to cope with the economic slowdown, brands improved the affordability of their products and services by offering more flexible, incremental, or subscription options.

Some brands quickly discovered opportunities in the rapid shift in data storage from on-location to the cloud, while other brands faced intensified challenges. Innovation remained key to brand success.

### Faster data analysis

SAP experienced a 34 percent rise in brand value and an increase of almost 30 percent in its average share price. The performance coincided with SAP's shift in focus from helping customers become more efficient to helping them transform. The change was most evident in SAP's in-memory offering, which it calls HANA.

In-memory computing makes access to data stored in diverse corporate siloes more instantaneously available to more people. For example, it enables a sales person to interact with a customer while checking a tablet for the individual's purchase history and the company's inventory levels. This technology can improve not only business efficiency, but also customer experience.

Oracle offered a version of in-memory computing called Exalytics. The company was one of the early pioneers in business data analysis thirty years ago when it introduced relational databases. Relational databases organize data into tables that the user can combine in various ways depending on business function. Oracle remains a powerhouse in its core business, but faced mounting competition from younger companies that claimed to be faster and cheaper at organizing big data.

### Slower European sales

Siemens experienced a challenging year financially because of the economic slowdown in Europe, a key market. Late in 2012, it announced a companywide program of cost control, organizational simplification and other measures expected to move Siemens forward effectively over the next few years. Siemens divides its business into four sectors: healthcare; industry; energy; and infrastructure and cities.

Siemens experienced a well-publicized success for a business it calls Vertical IT, which is the technology that enables intelligent machines to interact with each other; to have a series of assembly lines coordinate for maximum efficiency, for example.

The Mars Rover, which landed on Mars in July 2012, was built based on a virtual model designed and tested using Siemens Vertical IT software. Siemens' brand value improved 16 percent.

### Adjusting for growth

IBM's 2012 revenue from its SmartCloud, which is aimed at business clients, increased 80 percent, amid suggestions

that SmartCloud would become a substantial long-term business. IBM's Smarter Planet initiatives continued to assign technology to a higher purpose as an agent for creating a better world.

With its core business devoted to linking devices to networks, Cisco adapted to a world of wireless and cloud computing. The company continued to report strong financial results, even as it moved away from hardware, to software and services.

The shift to the cloud and mobile negatively impacted some of the premier brands in the technology category. Often founded by visionaries who caught the earliest waves of computing technology, the brands too often became narrowly defined, and constrained, by the devices that led to their initial success.

## Cloudy forecasts

The world's number one laptop manufacturer, and a leading name in printers and servers, HP, struggled to find a viable proposition as the cloud cast its shadow on devices. HP's brand value declined because of pressure on earnings as the company experienced slower sales and invested for a turnaround.

Intel, the leading maker of semiconductor chips used in laptops, continued to invest in research, looking to apply its core business expertise in new ways, such as developing chips for high performance computing on mobile devices.

Microsoft launched Windows 8, an operating system for working on both PCs and tablets. It also introduced Surface Pro, a hybrid device with the lightweight and touch screen benefits of a tablet combined with the power and software suite of a laptop.

In contrast, faced with heated competition in its consumer business, the Dutch-owned Philips sold its consumer products division to Funai Electric of Japan to focus on expanding its business-to-business strength. The move strengthened the brand's position, and Philips appeared in the BrandZ™ technology ranking for the first time. Z

Some brands quickly discovered opportunities in the rapid shift in data storage from on-location to the cloud, while other brands faced intensified challenges

## Insights
### BrandZ BigData™

### BrandZ™ Top 10 brands attract growing interest

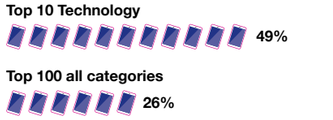
The last five years have seen growing reliance on technology and its integration across all sectors. BrandZ™ data show that consumer interest in the Top 10 technology brands has rocketed during that period.

The number of people reporting that they sought information about one of the BrandZ™ Top 10 technology brands rose 49 percent over the past five years, compared with a 26 percent rise for the Top 100 brands across all categories.

At the same time, the average media awareness of the BrandZ™ Top 10 technology brands increased 23 percent, while slipping 3 percent for the Top 100 brands. Budget shifts and greater media efficiency have benefitted technology brands.

Source: BrandZ BigData™, over 2 million consumer interviews regarding over 10,000 brands in 30-plus countries

### Growth in consumer interest
(2009 to 2012)




## Action Points

**1. Deliver utility**
Provide products and services that people actually need and can depend on for their efficacy.

**2. Protect trust**
In a socially connected world, brand viability depends the implicit contract with customers who supply personal information in exchange for a product or service of roughly comparable value. The contract is both vital and fragile. When violated, it's hard to restore.

**3. Make more than money**
Advancing a mission beyond profitability is not only good citizenship, but also competitively advantageous. It deepens brand appeal to consumers and investors. And it distinguishes the brand in the quest for the best and the brightest talent. This category is especially well positioned to accomplish these goals because of technology's power to improve lives.

**4. Be socially conscious**
People are more mindful that their purchasing activities have consequences—good and bad—across the globe. Young people entering the work force prefer companies that adhere to a Hippocratic oath—Do no harm. The prescription applies across most categories, but it's critical in technology, because of the competition to attract the most highly motivated, brainy young people.

**5. Be simple**
Consumers move fluidly back and forth between their business and private selves. Or they might be in both spaces simultaneously. They expect their technology to move with them.
Make it easy for customers to move among aspects of their lives without waiting for technology to catch up.

**6. Innovate effectively**
All technology companies innovate. It goes with the territory. But all innovations are not equal. The most successful innovations need to be relevant to the customer, add value and be well timed. The best innovations add a sense of discovery.

**7. Cultivate permission**
There's often a time gap between consumer expectation and the brand innovation. Brand strength gains consumer permission for the gap to exist. Consumers tend to be more patient with brands known for continuous transformative innovation.

**8. Be consistent**
Stand for something. Don't keep reinventing the brand. Constant reinvention too often is symptomatic of brands that lack a deep sense of identity and instead shape their identity in reaction to the competition.

**9. Change constantly**
Be consistent about who you are, but change what you do all the time to meet the needs of consumers and the demands of the market.

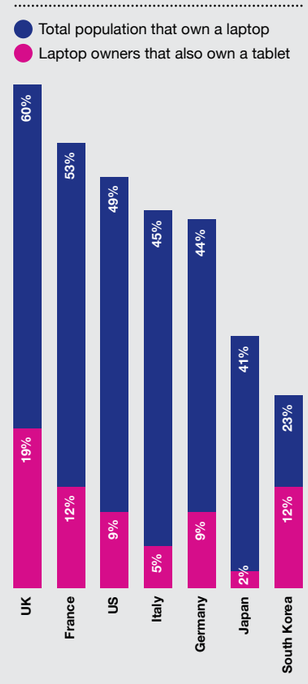
**10. Harness optimism**
Despite the impact of the recent financial crisis, technology still inspires people to feel that future possibilities are infinite. Brands associated with that belief benefit from its momentum.

## Spotlight

### Tablet ownership by laptop owners varies by country

The likelihood that a laptop owner also owns a tablet varies by market. In the UK, a high proportion of the population, 60 percent, own a laptop. Of that group 19 percent, also a relatively high proportion, own a tablet. In contrast, 41 percent of Japan's population own a laptop and just 2 percent of that group also own a tablet. In South Korea, only 23 percent of the population own a laptop, but a relatively high proportion of those laptop owners, 12 percent, also own a tablet.

### Laptop owners with tablets




Source: Global TGI 2012

TGI

# Telecom Providers

## ECOSYSTEMS EVOLVE FROM TALK TO REALITY

### Telecoms expand mission

TELECOMS OUTGREW their name.

Voice communication—the very activity that defined telecoms—grew more slowly than other types of data transmitted on telephones and other mobile devices that people used to organize their lives.

This change followed development of communications ecosystems that integrate the creation of digital content, its distribution over networks, and delivery on mobile and stationary devices.

For telecoms, the ecosystems present an opportunity to expand their narrow distribution utility. Telecoms sought partnerships and acquisitions to brand content or devices and engage more closely with the end consumer. Some telecoms companies attempted to form their own branded ecosystems.

The existing ecosystems were organized around the largest consumer technology brands— Apple, Google, Amazon, Microsoft and Facebook—because they offered the full menu of content, distribution, and devices.

In the context of this transformation, brand value of the telecom providers overall rose only 1 percent last year, but the increase followed a 7 percent decline. These other trends also characterized the category:

**Monetizing data**
Telecoms attempted to monetize the information they have about the preferences of their customers, as regulations allowed.

**Mobile payment**
In emerging markets, telecoms often leapfrogged banks to become the proprietors of mobile payment solutions.

**Consolidation**
Mergers and acquisitions continued to rationalize the category in mature markets.

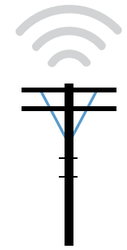
### Global scale

Indicative of the scale of the telecom category, the first four brands in the BrandZ™ telecom ranking—AT&T, China Mobile, Verizon and Vodafone—also are among the Top 20 most valuable global brands across all categories.

With the purchase of Cable & Wireless, Vodafone positioned itself for convergence. It gained greater capacity for serving business clients and a fiber-optic network in the UK that strengthened its position against BT. BT entered the ranks of the BrandZ™ Top 100 Most Valuable Global Brands this year, although it fell just short of the Top 10 telecom category ranking.



Up 1%



### Definition

The telecom provider category includes brands that primarily develop, maintain and market hardwire or wireless infrastructure networks for voice and data transmission.

## Top 10 Telecom Providers

| | | Brand value 2013 $M | Brand contribution | Brand value % change 2013 vs 2012 |
|---|---|---|---|---|
| 1 | **AT&T** | 75,507 | 3 | 10% |
| 2 | **China Mobile** | 55,368 | 3 | 18% |
| 3 | **Verizon** | 53,004 | 3 | 8% |
| 4 | **Vodafone** | 39,712 | 3 | -8% |
| 5 | **Deutsche Telekom** | 23,893 | 2 | -11% |
| 6 | **Orange** | 13,829 | 2 | -10% |
| 7 | **Movistar** | 13,336 | 2 | -22% |
| 8 | **MTN** | 11,448 | 3 | 23% |
| 9 | **MTS** | 10,633 | 3 | 11% |
| 10 | **Airtel** | 10,054 | 3 | -13% |

Valuations include data from BrandZ™, Kantar Worldpanel, Kantar Retail and Bloomberg.
Brand Contribution measures the influence of brand alone on earnings, on a scale of 1 to 5 (5 highest).

MillwardBrown Optimor

As the provider of communications services for the 2012 London Summer Olympics and Paralympic Games, BT increased its profile worldwide. The brand invested in developing fiber-optic broadband infrastructure in fast growing markets to offer customers globally managed IT networked services. BT generates an increasing percent of its revenues from outside of the UK.

The need to compete effectively also produced these other corporate hook-ups: the purchase of 70 percent of Sprint by the Japanese telecom SoftBank and T-Mobile's acquisition of MetroPCS.



**Insight**

## The second screen phenomenon

The second screen phenomenon is a key driver of the Age of Data, especially on the consumer side. Fueled by growing device ecosystems and a wide array of video programming, consumer data consumption has grown geometrically. Key to this is simultaneously viewing—people watching TV while using a tablet to interact with the TV show or communicate about it with friends. Similarly, data consumption in the business community has grown in leaps and bounds, as whole industries (e.g. Healthcare) move their operations to digital platforms situated in the Cloud.

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Landor

### Regional variations

Brand value changes varied by geographic region. MTN, a South African multinational brand, rose 23 percent in brand value, the greatest appreciation in the BrandZ™ telecom category.

The brand, which operates throughout Africa and in parts of the Middle East, enjoyed strong revenue and earnings growth following a 15 percent increase in subscribers and a 58.5 percent hike in revenue derived from data.

China Mobile, China's most valuable brand, across all categories, increased 18 percent in value. As the expansion of telecommunication networks continued to accelerate in China, China Mobile won more 3G subscribers than its rivals with its aggressive marketing strategy. Responding to a dramatic increase in mobile data transmission, the brand launched its Wireless City Wi-Fi data plan in more than 300 cities last year. It is also expanding its 4G network.

Russia's largest telecom, MTS focused on operational improvements that helped drive a profit increase. In a strategic initiative to leverage its retail presence of 4,200 locations and extend financial services to Russia's large population of unbanked consumers, the brand has recently increased its interest in MTS Bank, the majority of which is still owned by their common parent Sistema.

Europe's economy depressed results for Deutsche Telekom, Orange, and Spain's Movistar, while Japan's NTT DOCOMO felt the effects of slow growth in Japan.

### Differentiation and trust

Telecoms implemented strategies to differentiate and compete effectively against each other and over-the-top challengers. These operators, such as Skype, Google, and increasingly app-based brands like Viber and WhatsApp, enable consumers to make free calls over telecom networks.

Some of the telecom providers—Verizon and BT are good examples—attempted to transform from being conduits of data into diversified technology businesses, providing software solutions, data integration and consulting services. These kinds of offerings potentially embed telecoms more deeply into the lives of customers.

The rise of telematics is an important related opportunity for telecoms. Telematics is about the Internet of things, the automatic gathering, storing and transmitting of data between smart machines. Telecoms benefit from this development because they are the conduits of the data, but they also face a larger opportunity.

Telematics is a growing factor in healthcare, automotive, insurance, education and other businesses. Insurers, for example, use telematics to record individual driving habits and set customized rates based on the data. Telecoms potentially can play a role in the entire process, including the data gathering, transmission and data analysis stages of telematics.

### Consumer focus

In addition to the business-to-business telematics opportunities, telecoms also sought new revenue-generating businesses on the consumer side, in the growth of the smart home concept, for example.

Using mobile phones, consumers can regulate the heating and cooling of their homes or adjust the settings of appliances. Each interaction draws down data and drives revenue for a telecom.

Second screen, or simultaneous viewing, was one of the biggest trends driving consumer use of data. The term describes the growing habit of watching TV on a large screen while interacting about the broadcast on a small-screen device, perhaps messaging within a social network.

Recognizing this trend, AT&T introduced a program it calls Mobile Share, in which customers pay for talk and text on a phone but can share any data on all their mobile devices for no extra charge. Verizon led with an offering it calls the Share Everything plan. Verizon also advanced its 4G LTE network. Z

## Insights
**BrandZ BigData™**

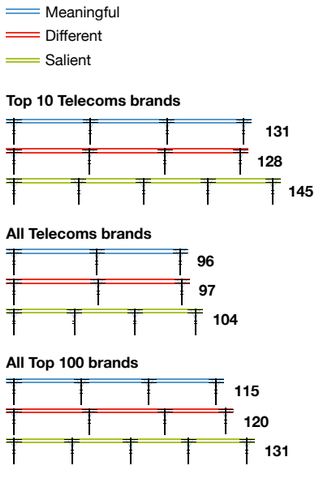
### Leaders strengthen their brand equity

The essential and pervasive nature of communications in our lives has shown up in the BrandZ™ research in the dramatic increase in brand equity strength among the top telecom brands. Eight years ago, the top brands were less characterful, desirable and distinct one from another.

Today, the Top 10 most valuable telecoms are much more "meaningful," (appealing and meeting needs), "different" (unique in a good way and trend setting) and "salient" (famous, stands out) than other brands in the category. In these key aspects of brand equity that drive sales, the Top 10 telecoms also outperform the Top 100 Most Valuable Global Brands overall.

Source: BrandZ BigData™, over 2 million consumer interviews regarding over 10,000 brands in 30-plus countries

### Key aspects of brand equity




Average brand = 100

## Action Points

**1. Tell a story**
Story telling is important for all brands, but particularly those in a category for a long time defined by a short story about pipes delivering voice and data. Tell a more up-to-date story. The story needs to be clear so people understand it, compelling so people want to act and credible, meaning that it sounds right coming from the brand.

**2. Be different**
In a commoditized business, tangible delivery of brand experience is requisite. It's like an airline. Consumers expect the plane to fly and get them there on time. There are tangible, rational deliverables that are required. Then there's service around how the customer gets connected, the in-store experience. Then there's account management and any loyalty incentives. Differentiate your service to drive brand value.

**3. Stress service**
People's lives are busy enough. They want an experience, a promise that they'll get everything—cable, phone and Internet. When the experience meets their expectations they won't think of the provider as a utility. They'll connect with the brand.



## Spotlight

### How consumers use mobile phones varies by country

Across the world, people use their mobile phones mostly for its primary purpose, to make calls. The frequency with which people use other functions varies by country. The camera is always important. After that, differences may reflect the equipment available to consumers as well their daily priorities. Recreational use seems higher in the BRICs.

### Cell/mobile phone functions used recently




Source: Global TGI 2012

TGI




## Part 4

# The Fast Growing Markets

# Brazil

# GLOBAL ECONOMY, BRAZIL MONETARY POLICY IMPACT BRANDS

## Value growth or decline varies by sector



THE PROMISE of Brand Brazil met the reality of slower growth.

The overall brand value of the BrandZ™ Top 10 Brazilian brands declined 16 percent, more than other BRIC markets. Many brands lost value, but others improved substantially.

After years of economic expansion, GDP grew less than 1 percent last year, because of weakened commodity demand, especially from China, and pressure on exports, which resulted from economic stress in developed markets, particularly Europe.

In response, the government implemented policies to stabilize Brazil's economy, continue the rise of more people into the middle class, and reduce the society's income disparity between rich and poor.

The combination of external and internal forces—the global economic environment and the government's reaction—affected every sector of the Brazilian economy, helping some and hurting others.

Government policies to create jobs and stimulate spending drove sales in consumer categories, including food, beer, retail and shopping malls. The highest valued Brazilian brand, Skol beer, rose 39 percent in brand value, for example.

The same government policies, however, hurt the profits of Brazil's financial institutions and the state-controlled energy giant, Petrobras. Number two in the BrandZ™ ranking of the most valuable Brazilian brands, Petrobras declined 45 percent in brand value.

### Burnishing Brand Brazil

Government programs also focused on preparing Brazil for two major upcoming sports events. The FIFA World Cup™ football competition takes place in Brazil next year, and Rio de Janeiro hosts the Summer Olympics in 2016.

Hosting these events requires substantial infrastructure development and improvement. This spending should stimulate the economy and produce jobs. The events also place Brazil before a global audience that will get a first-hand impression of Brand Brazil. The stakes are high.

Stadium construction and airport expansion are behind schedule. The challenge of providing transportation and communication infrastructure adequate to handle a surge in voice and data demand is of special concern. Failure would draw immediate media criticism.

Meanwhile, brands are planning their communications for these events. And the government is attempting to accelerate the transformation of the country's inadequate infrastructure, which lags Brazil's recent rapid economic improvement.

### Some categories helped

Government initiatives that stabilized income and kept people employed left consumers with money to spend and helped buoy the brand value of many consumer brands.

The personal care brand Natura increased 12 percent in brand value following a decline last year. Among the first cosmetic brands to emphasize natural ingredients and environmental responsibility, the brand has become closely associated with Brazil. The brand markets throughout Latin America with over 1.4 million door-to-door direct sales people.

Signaling its global aspirations, Natura acquired a major stake in the Australian beauty retailer Emeis Holding, which operates over 60 stores in 11 countries under the name Aesop. The brand also is sold in department stores.

Brand value of the mid-market Brazilian discount department store chain Lojas Americanas increased 37 percent. The company opened 111 new stores in 2012, ending the year with a total of 729 locations. Like-for-like sales improved 8 percent.

The luxury end of the Brazilian market continued to thrive. Sao Paulo's newest luxury mall, JK Iguatemi, opened last year and includes global luxury brands such as Chanel and Gucci and flagship stores of Burberry and Prada.

The local beer brands enjoyed the greatest year-on-year increase in brand value across all categories. Along with Skol, these brands include Antarctica and Brahma, which rose 51 percent and 61 percent, respectively. Brand awareness benefited from the marketing effort of owner AB InBev, the world's largest beer brewer, which also promoted its Budweiser and Stella Artois brands in Brazil.

### Other categories hurt

The policies that helped consumer products and retail hurt financial institutions. Banks struggled to maintain their profitability in a low interest environment engineered by the government to stimulate spending and control inflation, the historical threat to Brazil's economy.

## Top 10 Brazil

| | Category | Brand | Brand value 2013 $M | Brand value % change 2013 vs 2012 |
|---|---|---|---|---|
| 1 | Beer | Skol | 6,520 | 39% |
| 2 | Oil & Gas | Petrobras | 5,762 | -45% |
| 3 | Regional Banks | Bradesco | 5,446 | -19% |
| 4 | Regional Banks | Itaú | 4,006 | -39% |
| 5 | Beer | Brahma | 3,803 | 61% |
| 6 | Personal Care | Natura | 3,707 | 12% |
| 7 | Food | Sadia | 1,993 | 33% |
| 8 | Regional Banks | Banco do Brasil | 1,427 | -69% |
| 9 | Beer | Antarctica | 1,284 | 51% |
| 10 | Retail | Lojas Americanas | 1,046 | 37% |

BA BrandAnalytics MillwardBrown Optimor

Consequently, Bradesco, Itaú and Banco do Brasil each declined in market capitalization and brand value, although they remain fundamentally sound financial institutions. They focused on developing new customers among people rising into the middle class, what the Brazilian government designates as the C class.

The banks offered credit lines and micro-credit. Bradesco, in particular, positioned itself as having ubiquitous presence, a promise it attempted to fulfill with conveniently located physical branches and a customer friendly website.

While appealing to the new middle class, Bradesco also cultivated prime customers with personal attention and specialized products and services. Itaú advanced similar initiatives and also focused a lot of attention on technology.



**Insight**

### The real stories are behind numbers

The story of brand value in Brazil is really two stories. The consumer brands have improved in brand value because of spending driven by government policies to stimulate the economy. The financial sector and commodities declined in value because of these government policies and because of the general slowdown in international business. Meanwhile, investment by global brands, like Coca-Cola or Santander, is substantial, and Brazil remains fundamentally strong.

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In another initiative to control inflation, the government moderated the price of gas sold at the pump by Petrobras, the government-controlled oil and gas company. Petrobras sacrificed profit by absorbing rising costs, importing oil to meet domestic demand, and keeping prices below the world market.

Petrobras reported its first quarterly loss in 13 years. Its stock recovered somewhat in March 2013, when the government allowed the company to raise diesel prices.

## Underlying confidence

A more confident view of Brazil's economy appeared at around the same time, when a Brazilian private equity fund, in partnership with renowned investor Warren Buffett, purchased H.J. Heinz, the global food company, for $23 billion.

The key principal of the private equity fund, Jorge Paulo Lemann, is the Brazilian financier who developed the beer brewer AmBev and combined it with Interbrew of Belgium, forming the basis of what became AB InBev, the world's largest brewer, and owner of Brazil's leading beer brands.

In another corporate display of long-term confidence in Brazil, France's Groupe Casino took control over Groupo Pão de Açúcar, one of Brazil's most valuable brands and its largest retailer, with holdings in grocery and several hardline specialties. The transaction reduced the power of the founding Diniz family.

And Brazilians maintained their traditional optimism. Despite the challenging economy, they increased their positive feelings about both the country's financial situation and their own, according to The Futures Company Global Monitor survey.

## Going global

Although Brazilians also have high regard for many local brands, few are known outside of Latin America. Exceptions include Havaianas, the maker of fashionable flip-flop sandals, and aircraft manufacturer Embraer. The mining brand Vale, Sadia, the food producer, are active globally, but known primarily within their industries.



**Insight**

### Some concern, but optimism prevails

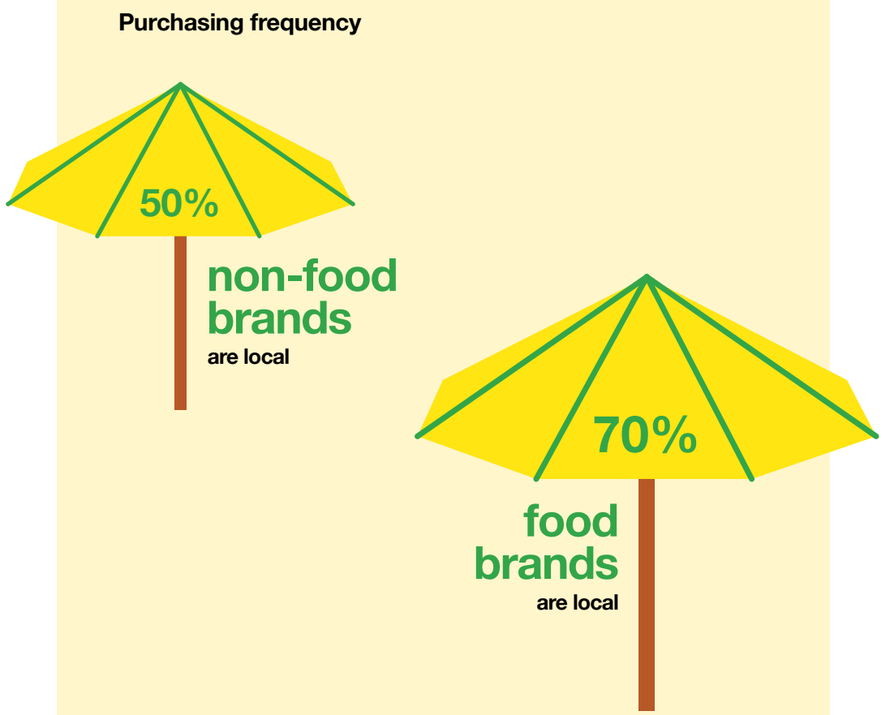
The prevailing mood is cautious but optimistic. Brazilians hope and believe that all the preparations for the Olympics and the The FIFA World Cup™ will be successfully completed. But time is passing, and we expect that a lot will happen at the last minute. Failure to complete the planning successfully will have a terrible effect on Brand Brazil because many of the country's brand leaders are depending on these high-profile events to build publicity and positive momentum. It's a huge opportunity. And the execution of these events can help or damage a brand's image.

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More consumer brands aspire to become international. Along with Natura's move to expand internationally, the Brazilian cosmetic brand Boticário is developing sub-brands for new products to position itself for export.

In contrast, some global brands are attempting to become more Brazilian. Avon, for example, had used international celebrities to promote its image in Brazil. As the company works to strengthen its position in Brazil, it's changed its approach and uses Brazilian spokespeople instead. Z




## FMCG trends in Brazil

The FMCG basket declined in value in 2012, due to frequency decreases and rising prices, with many categories, including health and beauty, moving toward a premium offer.

The four biggest Brand Footprint categories are bread, carbonated soft drinks (CSD), biscuits and milk. Frequency decreases were seen in bread and CSD. Brand Footprint is a Kantar Worldpanel global measure of the most bought consumer brands. Yoghurt is the fastest growing Brand Footprint category, up 6 percent. Morning goods and breakfast cereals are also growing their household penetration, as is water, thanks in part to larger pack sizes and soy-based beverages where the trend is to add fruit.

About 70 percent of the biggest Consumer Reach Points food brands are local, compared with 50 percent for non-food. Brands embracing innovation are growing. Consumer Reach Points is a new metric of brand strength by Kantar Worldpanel. It's a combination of how many households buy a brand and how often.

Source: Kantar Worldpanel 2013 Brand Footprint Report

## More WPP Resources about brands in Latin America




### BrandZ™ Top 50 Most Valuable Latin American Brands 2012

The report profiles the most valuable brands of Argentina, Brazil, Chile, Colombia and Mexico and explores the socio-economic context for brand growth in the region.

To download a free mobile app please go to www.brandz.com/mobile. Find the interactive iPad magazine by searching BrandZ Latin America on iTunes.

# China

# KNOWING MORE ABOUT BRANDS, CHINESE EXPECT GREATER CHOICE

## Internet, travel broadens perspective

WHEN IT COMES to brands, Chinese consumers know more and expect more.

Access to the Internet and international travel has widened their consideration set of available products, services and brands.

Mobile communications and word of mouth helped spread this knowledge throughout the country from the major urban centers like Shanghai, Beijing and Guangzhou to less prominent cities.

Chinese consumers have explored the brave new world of products from the West. They now want to mold it to fit more organically into the 5,000 years of Chinese history and culture, which preceded the last several decades of explosive industrial and technical expansion.

After years of climbing toward the middle class, the Chinese are going back to the future. A luxury logo must not only signal wealth, it should assure quality and craftsmanship. The ancient holidays are not just times for increased consumption, but also about restoring ancient meaning and ancestral connections.

These attitudinal and cultural shifts correspond with the slowdown in the rate of economic growth, a shift in national priorities and the declared intention of China's new national leadership to build a consumption-driven economy and rectify the negative impact of rapid development on the environment, product reliability and food safety. In addition:

**Value**
Consumers are shifting from price consciousness to value consciousness, which will affect brands in all categories.

**Luxury**
Luxury brands are becoming more differentiated as consumers regard luxury not simply for the status it implies, but also for the intrinsic craftsmanship.

**Chinese brands**
China will create more Chinese products and brands, and not only in the categories associated with China, like traditional Chinese medicine.

China is becoming much like other developed consumer societies where most people, with adequate shelter and enough to eat, seek higher meaning in their lives.



The difference—critical for brands—is that this development will happen in China in ways that are both the same and different from the West. It will be Chinese.

### Widening horizons

Last year, 70 million Chinese people (more than the population of France) traveled abroad. They returned with expanded knowledge of products and services and international brands. And, for many Chinese people, international travel yielded another important insight: The growing realization that China itself is capable of creating products and brands.

These developments will impact international brands in at least two ways: (1) Consumers will expect more variety; and

## Top 10 China

| | Category | Brand | Brand value 2013 $M | Brand value % change 2013 vs 2012 |
|---|---|---|---|---|
| 1 | Telecoms | China Mobile | 55,368 | 18% |
| 2 | Regional Banks | ICBC | 41,115 | -1% |
| 3 | Technology | Tencent | 27,273 | 52% |
| 4 | Regional Banks | China Construction Bank | 26,859 | 10% |
| 5 | Technology | Baidu | 20,443 | -16% |
| 6 | Regional Banks | Agricultural Bank of China | 19,975 | 12% |
| 7 | Insurance | China Life | 15,279 | 5% |
| 8 | Regional Banks | Bank of China | 14,236 | 10% |
| 9 | Oil & Gas | Petrochina | 13,380 | 11% |
| 10 | Oil & Gas | Sinopec | 13,127 | -6% |

Source: Milward Brown Optimor (including data from BrandZ™ and Bloomberg)

MillwardBrown Optimor



**Insight**

### The luxury of product safety

The problems with the environment and food safety have hit hard. The issue of corporate responsibility has become real. We used to believe that with money we could buy ourselves out of these crises. Now we understand that money isn't going to do that. We used to believe that in buying premium brands we were also buying peace of mind. As marketers we've believed that quality and safety are basic and that people aspire to something higher. Today, those basics—quality and safety—are becoming luxuries.

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(2) More Chinese brands will be able to satisfy this expectation. Chinese entrepreneurs have learned what's driving brands in other parts of the world. They can interpret those trends for China.

The animating impulse is less about imitation and more about adaptation. Knowledgeable Chinese consumers and entrepreneurs know what products are available and what they should cost. Chinese businesses are advantageously positioned to deliver branded products that are relevant and competitively priced for Chinese consumers.

It's not that Chinese consumers will lose desire for Western products, but Western provenance alone may not excite them. This new reality requires abandoning the old presumption: That the Chinese consumer has limited knowledge of product and brand; therefore suppliers need to offer only a limited selection.

Some international brands now view China as a second home market. They know not to downplay a brand's foreign heritage, but to modify the product so that it's appropriate for China and Chinese consumers. Hermès invested in a Chinese luxury home fashion brand called Shang Xia, and Estée Lauder launched Osiao as a Chinese-brand skin care product.

### Word of mouth

The changing attitudes of Chinese consumers resulted not just from international travel, but also from the power of word of mouth and the rapidity with which opinions and impressions can be shared because of social networks and mobile.

Mobile surpassed all other devices last year as the gateway to the Internet. At this inflection point, Tencent's mobile app, with social networking and location utilities, rocketed in just two years past 300 million subscribers.

The closeness of Chinese families also influences the speed of communication. Young people and laborers, who migrate to coastal cities for work, share their impressions during regular phone calls with the families that remain in China's villages.

The Internet and mobile deliver greater awareness of brands to places where people have online access to products and services that may not be present in local physical stores, although that's changing as international retailers, like Walmart and Carrefour, open hypermarkets.

Until now, Chinese rather than international brands have generally enjoyed the advantage in these locations because they have greater understanding of the local distribution systems, which can be complex. But it's not always easy to ascertain whether consumers prefer Chinese or international brands because many international brands, in China for a long time, have deemphasized their origins.

The ability to talk fast and cheaply on mobile throughout China also is shaping public awareness of the nation's challenges. Going forward to the next stage in China's development requires simultaneously repairing the environmental damage caused by the last stage of fast growth, the degradation of air quality and food safety, and the related erosion of trust. Z



**Insight**

### Brands build Internet expectation

Because of the proliferation of the Internet, people actually know about brands a lot earlier than the brand physically shows up in their city. So there's a lot of pent up expectation, especially among young people or people who are more Internet savvy. This phenomenon also happens with luxury brands, which usually want to regulate exposure to build desire.

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**Insight**

### Well-traveled consumers expect more choice

Even people in third and fourth tier cities have money and are traveling abroad. They return home with a new idea of what the consideration set for products and brands could be. For brands, this development means that we're approaching a new horizon where brands will need to cater to the demand for greater variety. The concept had been: This is what the Chinese consumer knows; therefore this is what we give the Chinese consumer. It no longer holds true, particularly for these affluent Chinese consumers.

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# The SOEs

### Competition drives concern with brand

The State Owned Enterprises (SOEs) are becoming more concerned about branding and differentiation.

The conventional wisdom has been: The bigger and more monopolistic the enterprise is, the less it's interested in brand. That's changing for one key reason—competition.

The SOEs understand that sustained success in a more competitive Chinese market requires brand knowledge and brand building. And these government-controlled organizations are willing to invest.

The interest in brand building is most pronounced among the competitive SOEs in the consumer products like food and dairy. But the strategic SOEs, the banks and oil and gas companies, have reasons to build brands, too.

### A wider trend

The focus on brand building is part of a wider strategic effort to improve overall management, which also includes optimizing supply chains and resource planning. Many SOEs are sending executives for continuing education courses or investing in internal programs to cultivate executive leadership skills.

Two fundamental changes drive the interest in understanding consumers and producing products that better meet consumer needs:

- First, the shift in China from being the world's factory to being more of a consumer-driven society pushed companies, including the more competitive SOEs, to look for answers.
- Second, the Chinese assumed that Western companies, with experience competing in market economies, had all the answers. That notion was shaken by the global financial crisis.

Chinese observers concluded that simply imitating a flawed structure made little sense. They've since attempted to understand Western management in order to appropriate what works and modify it for China.

### Role of government

The need to advance the government's interests also may drive the effort to build Chinese brands.

Domestically, the interest in brand building appears to be pragmatic: If Chinese consumers increasingly desire brands, it makes sense to encourage the development of more Chinese brands.

Internationally, strong SOE brands accomplish a political mission by projecting the soft power of China. They lubricate the international relations required for establishing Chinese brands abroad.

As the SOEs move into developed Western capitalistic democracies, brand becomes important for media and government relations, to help overcome any resistance to commercial ventures controlled by the Chinese government.

Brands also help demonstrate a long-term commitment to making an economic contribution to the wider community and not to simply exploiting its natural resources. In this respect the role of brand for a Chinese SOE is similar to the role of brand for an International Oil Company (IOC) entering overseas markets.

# Going Global

## Chinese brands target fast growing markets

Chinese brands increasingly seek to build international sales and stature.

In fast growing markets, Chinese brands position their products for all price segments of the market. In developed markets, they attempt to offer tremendous value: good quality at affordable prices.

Southeast Asia and the other BRICs are strong markets for Chinese brands. Chinese car brands are establishing production facilities in South Africa to serve that market and to enter Zimbabwe, Kenya, Tanzania and other African nations.

Chinese companies in these four consumer categories are best positioned to fulfill their global ambitions: cars, smartphones, consumer electronic and household appliances including air conditioners. In fact, the best-selling air conditioner worldwide already is Chinese. But few people have heard of it outside of China.

That's because, although Gree dominates the Chinese air conditioner category with 30 percent market share, and it's present in around 200 countries, the brand has functioned primarily as an Original Equipment Manufacturer (OEM), supplying product for other air conditioner marketers, but remaining invisible to consumers.

### Building awareness

Gree now wants to emerge from the shadows. To help build brand awareness, Gree began advertising in New York's Times Square last year. All Chinese brands face the challenge of building awareness as they expand abroad.

Jac Motors discovered a way to establish its name quickly. Based in a province about 500 miles from Shanghai, Jac Motors is one of China's largest exporters of cars to fast growing markets. It entered Brazil in 2011, after many other Chinese car brands had established their brands in the market.

The Chinese car brands all positioned themselves as low priced, basic transportation for poor people rising into middle class. Jac Motors needed to build awareness and differentiate quickly.

Knowing that customers for Chinese cars shopped for price and expected to purchase only a basic car with no special accessories, Jac Motors offered a model priced competitively but loaded with desirable accessories. It came with a six-year warranty without any mileage limitation.



**Insight**

### Global Brand Building

TCL is one of China's largest TV makers. It has established certain presence outside of China as an OEM, but is not yet known as a brand. In January 2013,TCL bought the rights to rename Grauman's Chinese Theater in Los Angeles. The venue is famous because of movie premiers that happened there and the signatures, handprints and footprints of Hollywood stars set in the concrete in front of the theater. This landmark now is called the TCL Chinese Theatre. Recently, TCL also teamed up with a Hollywood studio to place its products in the blockbuster movie Iron Man 3. All these efforts build awareness for the brand and inspire good PR worldwide. And like the advertising for the Gree air conditioner brand in Times Square, it helps boost the brand's image in China. These high profile initiatives—one in the world capital of entertainment and the other at the figurative crossroads of the world—both communicate to Chinese consumers. They say that TCL and Gree are global brands.

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**Purchasing power**




**rise in value of China's FMCG market**

**rise in money average Chinese households had to spend**

# FMCG trends in China

The value of China's FMCG market rose 14 percent in 2012. The money average Chinese households had to spend rose by 10 percent.

The brands performing well are achieving a high reach not only in traditionally strong areas, such as Shanghai and Beijing, but also in the largely untapped Central and Western regions as well as lower tier cities.

Top Brand Footprint categories include milk—fresh or not—bread, instant noodles, biscuits, confectionery, sausage, fruit juice, laundry detergent and female skincare. Brand Footprint is a Kantar Worldpanel global measure of the most bought consumer brands.

The growing middle class and high-income young consumers have led to strong new categories, including: butter and margarine, energy drinks, infant milk powder, facial tissues, toothbrushes and moisturising and cleansing wipes.

Penetration for online shopping in China is approaching 25 percent. As the logistics and e-commerce models improve, more FMCG products will be purchased online.

Source: Kantar Worldpanel 2013 Brand Footprint Report



# More WPP Resources about China and brands

For more insight and perspective about the evolution and future of brands in China, please download these other BrandZ™ reports free of charge, at www.brandz.com. For free iPad magazines with unique content, search wpp brandz in the Apple iTunes store.

The increasing sophistication of the Chinese consumer challenges all brands to remain relevant. Every brand has its own story. To watch short videos containing unique content about China, and to learn more about the BrandZ™ Top 50 Most Valuable Chinese Brands 2013, please go to http://thestorewpp.tv/china50.



### BrandZ™ Top 50 Most Valuable Chinese Brands 2013

The report profiles Chinese brands, outlines major trends driving brand growth and includes commentary on the growing influence of Chinese brands at home and abroad.



### The Chinese Golden Weeks In Fast Growth Cities

With research, photojournalism and case studies the report examines the shopping attitudes and habits of China's rising middle class during the most important sales periods of the year. It reveals opportunities for brands in many categories.



### The Chinese New Year In Next Growth Cities

The report explores how Chinese families celebrate this ancient festival and describes how the holiday unlocks year-round opportunities for brands and retailers, especially in China's lower tier cities.

# India

# LOCAL AND GLOBAL BRANDS THRIVE ACROSS CATEGORIES

## Consumers spend more cautiously




BRANDS CONTINUED to thrive in India, despite slower economic expansion and greater consumer caution.

Indian brands proliferated and even dominated many categories, sometimes independently, as an entity of an Indian conglomerate, such as Tata Group, Reliance Industries and Bharti.

International hospitality brands Starbucks and Dunkin' Donuts opened their first Indian outlets, Starbucks in a joint venture with Tata, Dunkin' Donuts with India's Jubilant FoodWorks. They'll face local brands like Café Coffee Day and Barista.

With approval of foreign direct investment legislation, India's parliament eased market entry for global retailers. The major retail brands waited for further interpretation of the legislation's nuances before opening stores, however.

Several cross-category trends appealed to the value mentality of Indian consumers, including:

**Social Media**
Social media grew at a rapid pace, increasing the already extensive consumer exposure to brands.

**E-commerce**
In search of merchandise and bargains, consumers spent more time online, visiting eBay and Indian sites such as Jabong, Flip Card and Snapdeal, which represent a growing, if relatively small portion of sales.

**Value**
By offering special deals during selected festivals, like Diwali, international brands met consumer value expectations while maintaining price integrity, a practice similar to sales during Western holidays or Chinese New Year.

### Financial institutions add products

Banks and insurance companies introduced investment products for members of India's rising middle class. The participating brands included the state-owned Life Insurance Corporation (LIC) and ICICI, India's largest bank and the most valuable Indian brand in the BrandZ™ Top 100 Most Valuable Global Brands.

Private insurance brands such as Met Life, Aviva Life, Tata AIA and Max Life were aggressive and diversified with their sales and marketing approach. These brands marketed investment products, generally life insurance, usually with traditional advertising on TV, print and with telemarketing. Companies like LIC, mainly relied on large agent networks.

Aviva promoted products for parents to insure their children's education. Banks also encouraged cross-selling. The State Bank of India introduced a massive educational campaign about how to buy life insurance as an investment.

In addition, banks expanded into mobile banking, a major opportunity. With almost 900 million mobile phones in use, India is the world's second largest cellular market and many more people in India have mobile phones than have bank accounts. Using mobile for cash transactions is becoming important, especially in rural areas.

### Telecoms and devices

Reflecting the general fragmentation of the Indian market, obtaining cell phone service requires two separate transactions. Consumers first buy a device from a retailer and then buy the SIM card from a telecom service provider.

Consumers shopped for smartphones at every price point and did not lack choice. The Indian brands included Micromax, Karbonn, and Spice Mobile. And many Chinese brands entered the market. To raise their brand profiles, Micromax and Karbonn sponsored events.

Consumers selected their telecom provider carefully because the industry was embroiled in a corruption scandal, with certain carriers charged with bribing officials to obtain licenses.

Popular brands among consumers included Idea and Docomo, which accrued credibility in part from being a Tata brand. Gaining advantage from their scale, Airtel, a Bharti brand, and the global brand Vodafone commanded a slight premium.

### Retail opens slowly to international brands

Late in 2012, India's parliament approved foreign direct investment, another step in the long process of opening the country to foreign retail brands.

The legislators struggled to balance competing interests: the desire to stimulate the economy, improve infrastructure, and provide consumers with greater range and lower prices; and the need to satisfy the small business owners whose shops dominate India's highly fragmented retail sector.

The legislation permitted multi-brand retailers, such as Walmart, Tesco, Carrefour and Metro, to own 51 percent of retail joint ventures, but it also mandated that a certain amount of merchandise must be sourced locally.

## Brands in Top 100 India

| | Category | Brand | Brand value 2013 $M | Brand value % change 2013 vs 2012 |
|---|---|---|---|---|
| 59 | Regional Banks | ICICI Bank | 14,196 | 12% |
| 89 | Telecoms | Airtel | 10,054 | -13% |

(Source: Milward Brown Optimor (including data from BrandZ™ and Bloomberg)

MillwardBrown Optimor



## Insight

### International retailers wait at open door

India remains a country of small shopkeepers. But it's evolving, with the approval of foreign direct investment in organized retail last year. The law opens the door for foreign brands like Walmart or Tesco. Organized retail in India started just over 10 years ago in an entrepreneurial effort by Kishore Biyani under the banner Big Bazaar. It is a large hypermarket, the kind of format that Walmart or Tesco would compete with when they open retail stores in India. The foreign brands are waiting for clarification of the new law, however. The law requires that at least 30 percent of their merchandise be sourced locally from small and medium sized suppliers. It also stipulates that a minimum level of investment be made in building infrastructure.

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The major global brands are well positioned to open stores in India because they already operate in the country as joint venture wholesalers. They did not rush to open retail stores, however, because the recent legislation is complicated and not necessarily the final word.

The legislation also made it easier for single-brand operators, like Ikea, to open stores without an Indian partner. Ikea has been trying to access the Indian market for years. The Indian government is reviewing Ikea's $2 billion investment proposal of opening 25 stores in India in the next 15 to 20 years.

### Cars at all price points

Carmakers pursued sales potential at both ends of the market, offering small, low priced models for budget-constrained buyers and more premium options for the wealthy. But car sales did not meet expectations, according to the Society of Indian Automobile Manufacturers.

Maruti Suzuki led the entry-level segment. Renault introduced its Duster at an affordable price point. Tata continued to market its Nano, aimed mostly at drivers trading up from a two-wheel vehicle. Responding to the customer's need to feel pride of ownership, the Nano campaign focused on the car's features rather than its price. Nano also served as a second car for the more affluent.

BMW and other brands have introduced more stripped down versions of their cars in order to satisfy desire for the brand at more affordable price point. Chinese brands have entered the market, most notably the Foton, which is available as a sedan or a more premium hatchback.

### Personal care

In personal care, India experienced several global category trends including: the popularity of anti-aging products, increased interest in men's grooming, and the movement to natural ingredients.

The market included a mix of both global and local brands. The men's grooming segment, for example, included Nivea and Hindustan Unilever's Fair and Lovely for Men, as well as Imami's Fair and Handsome. Z





**Household purchasing patterns**




urban areas

rural areas




## FMCG trends in India

FMCG is the fourth largest sector in the Indian economy. Households buy around 23 categories each year in urban areas, 16 in rural areas.
Tea is the biggest Consumer Reach Points category, ahead of coffee in all regions except south India.
Consumer Reach Points is a new metric of brand strength by Kantar Worldpanel. It's a combination of how many households buy a brand and how often.

Other categories with high penetration are hair oils, spices, wheat flour, talcum powder, insect repellents and skincare products.
The fastest growing categories in Consumer Reach Points are: soft drinks, purchased mainly during the summer and in large volume packs; hair colorants, where innovation is key; and dentifrice agents to clean and polish teeth.

Source: Kantar Worldpanel 2013 Brand Footprint Report

# Russia

# RUSSIAN BRANDS IMPROVE IN QUALITY, COMMUNICATION

## WTO entry, Sochi Olympics add urgency



FOR TWO WEEKS next February, during the 2014 Winter Olympics, audiences worldwide will focus attention on Sochi, a Black Sea resort—and potentially on Russian brands. They should be surprised and impressed.

Russian are becoming more sophisticated brand marketers, integrating traditional and online communication to develop brand experience beyond simply a logo. They're applying these advances across both consumer and business categories.

Russian consumers often prefer local brands and, because of an increase in quality and range, they usually can find them in almost any category. The government encourages the growth of Russian brands to enhance the country's stature and help differentiate it from the West.

This brand evolution is urgent. Russia's entrance into the World Trade Organization (WTO) in 2012, after 18 years of negotiations, will over time lower tariffs on imported goods and make global brands more competitive with Russian brands.

These developments come at a time when the Russian economy, growing at 4-to-5 percent annually, has so far managed to avoid the recessionary pressures felt by its European neighbors. Russian disposable income continues to grow and consumers prefer to spend rather than save.

### Increased branding sophistication

The response to WTO membership has been most noticeable among the business-to-business organizations that had not focused attention on branding until now.

Not only are the largest B2B companies investing in their brands, but so are some of the small- and medium-sized Russian brands as well. The Russian brand Chemline had dominated Russia's industrial cleaning products industry, for example. The market entrance of two major US brands forced Chemline to refresh its brand.

On the consumer side, an innovative mobile device brand called Yotaphone drew media attention. Launched at the Consumer Electronics Show in Las Vegas in December 2012, the two-sided Android phone is expected to be widely available by the end of 2013. The combined smartphone and e-reader has an LCD, liquid crystal display, on one side and an EPD, electronic paper display on the reverse.

Another development that happened late in 2012 also should influence the Russian evolution of brand and, specifically, online retailing: Apple launched its online iTunes store in Russia, amid rumors that a full line online Apple store soon would follow.

### Improving online presence

Brands in most consumer categories, especially retail, focused attention on improving their online presence.

Svyaznoy, an electricals retailer with over 3,000 outlets, reported a 162 percent increase in online sales to 9.2 billion roubles ($300 million), a rapidly growing—but limited proportion—of total revenue.

DIY retailing drove a lot of online activity on retailer websites and in social media. Some Russian brands were active along with many of the international players, including Leroy Merlin from France; Castorama, owned by the UK's Kingfisher, and Germany's Obi.

Retailers also understood that competing effectively often requires operating more than one branded format. Many complemented their big box stores with smaller outlets more appropriate for particular locations.

Eldorado, which operates about 700 consumer electronics and home appliance superstores, opened smaller formats and offered online ordering with click and collect or home delivery options.

Enter, a new retail brand from Svyaznoy, introduced a type of catalog showroom, similar to the UK's catalog merchant Argos. Consumers can order goods in store and online and retrieve the merchandise from pick-up locations or have it delivered to their homes.

### Branding and innovation

Last year Russia placed 14th in Bloomberg's Global Innovation Index Top 50. This reputation for high tech innovation and entrepreneurship is partially due to the Skolkovo Innovation Center, a research campus, located outside of Moscow.

Russia's Silicon Valley, Skolkovo is devoted to technological research and development in IT, energy, biomedicine and other areas. The government provided strong support for Skolkovo to encourage growth of science and technology companies in Russia

The center has attracted both venture capitalists and major technology brands interested in encouraging and commercializing the work of Russian scientists. Partners include both Russian technology companies and many of the technology leaders ranked in the BrandZ™ Top 100 Most Valuable Global Brands, such as Cisco, GE, IBM, SAP and Siemens.

## Brands in Top 100 Russia

| | Category | Brand | Brand value 2013 $M | Brand value % change 2013 vs 2012 |
|---|---|---|---|---|
| 70 | **Regional Banks** | **Sberbank** | 12,655 | 19% |
| 82 | **Telecoms** | **MTS** | 10,633 | 11% |

(Source: Milward Brown Optimor (including data from BrandZ™ and Bloomberg)

MillwardBrown Optimor

Government regulations banning beer advertising on TV drove a different kind of innovation. Until July 2012, the government permitted beer advertising on TV after 10 pm. Now it's banned entirely. The prohibition follows similar limits aimed at alcohol and tobacco.

The beer advertising restriction forced companies to think creatively about building brands differently. Russia's leading beer brand, Baltika promoted its non-alcoholic version called Baltika 0. The name follows Baltika's numerical branding style—Baltika 3 is a lager, for example.

The product and communications solutions that beer brands devise to compensate for the TV ad ban will influence other categories to evolve their brand building. Emphasis should shift from a focus on advertising, design and packaging to improving brand experience overall and increasing social media activity.

### Establishing brands abroad

Russia's three largest telecoms—MTS, Megafon and Beeline—raised their brand profiles as they expanded abroad to the Commonwealth of Independent States (CIS), Turkey and fast growing Asian markets.

As the telecoms grew through acquisition, Megafon and MTS usually subsumed new entities under their masterbrands. Beeline's parent Vympelcom tends to leverage the equity of the local brand. Meanwhile, MTS has developed other revenue streams, in financial services and from monetizing its customer data.

Russia's fourth largest telecommunications player grew by collecting regional telecoms and operating an intercity fixed line business under a conglomeration of names. The company recently unified these entities under a single brand, Rostelecom.

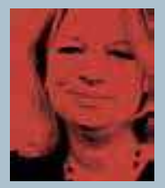
Rosneft, Russia's largest oil and gas brand, has become a global brand, having recently entered in partnership with ExxonMobil and other global players desiring access to natural resources reserves in the Arctic and Siberia. Whether the state-owned Rosneft will devote attention to brand building, as two major state-owned banks have, is another question.

The two banks, Sberbank and VTB, are actively branding both in Russia and abroad. Sberbank recently completed several overseas acquisitions to build global stature. These follow a comprehensive rebranding program that transformed the bank from an austere Soviet-era institution to a consumer-focused business. The remodeled branches and their online banking services are sophisticated and user-friendly.

VTB is working to strengthen its brand as part of an aggressive expansion of commercial and corporate banking in Russia, Europe, Africa and Asia. The bank recently branded its retail business VTB 24. VTB launched a stand-alone brand called Leto, which means summer in Russian. The bank developed Leto to provide lending services to the sub-prime market. It felt it would be imprudent to reach this audience with its core brand. VTB intends to open 1,000 Leto branches over the next five years.

Yandex, Russia's competitor to Google, has expanded to Turkey and is eyeing other markets. Kaspersky's Labs anti-virus has become one of the strongest software brands in the world.

In a high profile international brand building initiative, several brands are sponsors of Sochi 2014, including Sberbank and Megafon, which recently completed an IPO. Z



**Insight**

### Brand building by B2B companies

In developing markets, it has primarily been consumer brands that have invested in brand building in recent years. We're seeing however a growing interest in brand building from B2B companies, however. It followed Russia's acceptance into the WTO last year, which opens the market up to competition from both directions. These B2B brands are looking for ways to be more competitive against brands entering Russia and also against brands in the markets to which they may expand.

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**Insight**

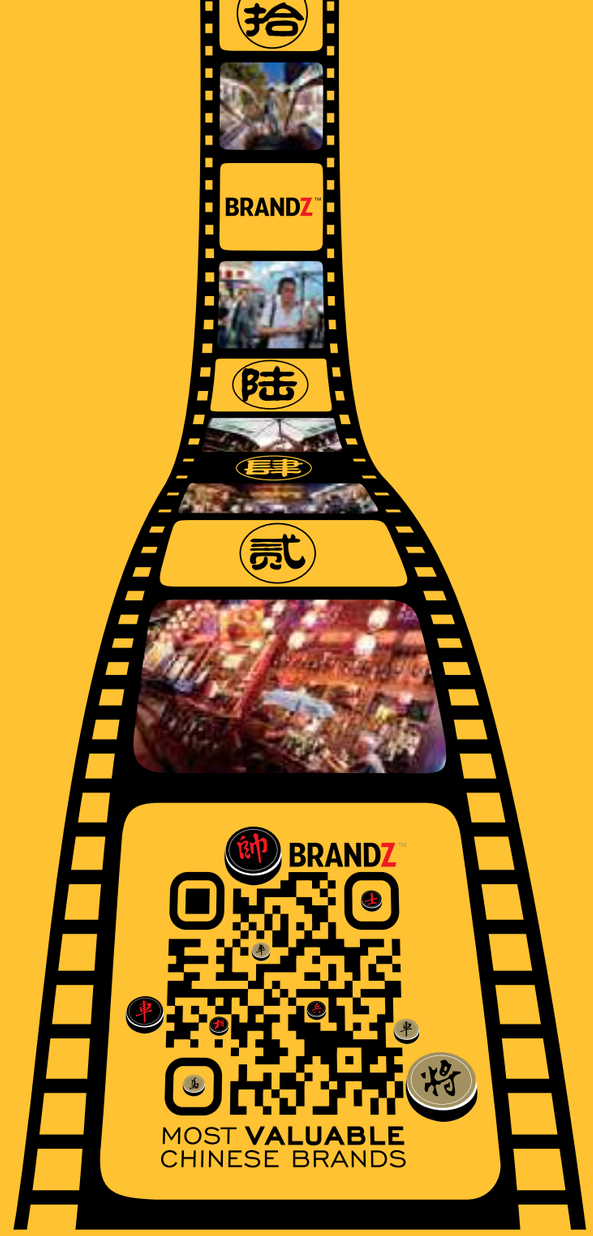
### Beer ad ban offers an opportunity

The ban on beer TV advertising challenges the beer brands. It will be interesting to see how the brands behave after this ban, how they launch new products, for example, in the absence of TV advertising. The stronger beer brands could emerge even stronger after this advertising ban. Brands in other categories will look to beer to see what's innovative in the use of social media and other tools.

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*The increasing sophistication of the Chinese consumer challenges all brands to remain relevant. Every brand has its own story. To watch short individual brand videos containing unique content about China, and to learn more about the BrandZ™ Top 50 Most Valuable Chinese Brands 2013, please scan this QR code, or go to http://thestorewpp.tv/china50.*

# SPEED KILLS: HOW BRANDS CAN MOVE FAST

## To capitalize on cultural opportunities



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POSSIBLE

SOCIAL MEDIA has given brands something they've never had before: the ability to respond in real-time to things that happen in the world. As we've seen over the last year, some brands have had dazzling success with fast reactions.

Oreo practically owned the 2013 Super Bowl advertising competition with its inexpensive "dunk in the dark" tweet, which played off the sudden blackout during the game. With 140 characters it generated more publicity than brands that spent millions of dollars to create ads for the event.

At POSSIBLE, we call this phenomenon—"cultural opportunity marketing." Done right, it offers a substantial new approach for brands to connect with their customers in a meaningful way.

There is a caveat, however: Timing and quality matter. The cost of sending out a fast tweet or Facebook post may be insignificant; but success requires planning. Brands have to position themselves to react quickly and effectively, or they risk missing or misfiring on their opportunities. So what are we talking about?





### 1. Create a cultural opportunity budget

Traditionally, brands have planned their marketing spend months in advance and kicked off their campaigns according to a set schedule. Cultural opportunity marketing doesn't work this way. For example, let's say you are a small beverage brand that suddenly lands in the spotlight because an A-list celebrity is seen with one of your drinks at a highly publicized event.

This actually happened to one of our clients—and it would have made for a great quick campaign. But, unfortunately, the brand had already allocated its entire marketing budget for the year and had nothing left to spend. And so, brands should reserve a certain percentage of their total budget for cultural opportunity marketing (we typically advise 5 percent, but it depends on the size of the budget).

### 2. Set up a response team

Without real-time intelligence, you won't have real-time opportunities. Brands should establish a response team that contains every functionality (copy, design, media buying) necessary to pull together a very fast campaign. The team also should include people who keep up on the latest developments in the marketplace and look for openings to exploit. Keep this team ready on deck to seize the day and make the opportunity come to life.

### 3. Enable creativity by making roles and responsibilities clear

To move fast, everybody on your team needs to know what he or she is empowered to do. Brands should be unambiguous about who will make decisions, who will manage the response, and so on. While you may think this is a little regimented for a creative process, its purpose is to free your team members to work fast, without concerning themselves with rules and structure.

### 4. Practice makes perfect

Real-time opportunities come up randomly, so a brand's cultural opportunity marketing team needs to have experience. Not just by doing things live, but by practicing responses to unexpected events. Brands should conduct "fire drills" occasionally, where everyone has to drop everything and think about a response to something. If it's not practical to create an actual response, you should at least spend an hour discussing what you might do. Then allow outsiders to evaluate your response and make sure you're on the right track.

### 5. Incentivize cultural opportunities

Want your response team to be razor sharp? Give them a reason to be out there hunting for and executing ideas. Incentives should be small, but meaningful.

### 6. Reward failure

Success in fast, real-time efforts often depends on things outside a brand's control. Cultural opportunities play out in the real world, where real news happens. A brand's response team may come up with a terrific message, but simply be overwhelmed by a bigger story that breaks that day. So reward effort not outcome.

Obviously, cultural opportunity marketing is more of a methodology than a specific plan. Brands should adapt it to their unique circumstances and communications challenges. But by planning well and enabling a team to be creative fast, you can realize an outsized return on a minimal investment and grow the brand's value.

POSSIBLE is a digital agency with global presence, specialized in creative, technology, ideas and insights, performance marketing and interactive touch.
**www.possible.com**



## Part 5

# Resources

# BrandZ™ Valuation Methodology

## Research includes two million consumers and 10,000-plus brands in over 30 countries

THE BRANDS that appear in this report are the most valuable in the world.

They were selected for inclusion in the BrandZ™ Most Valuable Global Brands Top 100 and category rankings based on the unique and objective BrandZ™ brand valuation methodology that combines extensive and on-going consumer research with rigorous financial analysis.

The BrandZ™ valuation methodology can be uniquely distinguished from its competitors by the way we obtain consumer viewpoints. We conduct worldwide, on-going, in-depth quantitative consumer research, and build up a global picture of brands on a category-by-category and country-by-country basis.

Our research covers two million consumers and more than 10,000 different brands in over 30 countries. This intensive, in-market consumer research differentiates the BrandZ™ methodology from competitors that rely only on a panel of "experts" or purely financial and market desk 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 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 others 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. 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.

### Distinction of BrandZ™

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

### THE VALUATION PROCESS

## Step 1: Calculating Financial Value

### Part A

We start with the corporation. In some cases, a corporation owns only one brand. All Corporate Earnings come from that brand. In other cases, a corporation owns many brands. And we need to apportion the earnings of the corporation across a portfolio of brands.

To make sure we attribute the correct portion of Corporate Earnings to each brand, we analyze financial information from annual reports and other sources, such as Kantar Worldpanel and Kantar Retail. This analysis yields a metric we call the Attribution Rate.

We multiply Corporate Earnings by the Attribution Rate to arrive at Branded Earnings, the amount of Corporate Earnings attributed to a particular brand. If the Attribution Rate of a brand is 50 percent, for example, then half the Corporate Earnings are identified as coming from that brand.

### Part B

What happened in the past or even what's happening today is less important than the prospects for future earnings. Predicting future earnings requires adding another component to our BrandZ™ formula. This component assesses future earnings prospects as a multiple of current earnings. We call this component the Brand Multiple. It's similar to the calculation used by financial analysts to determine the market value of stocks (Example: 6X earnings or 12X earnings). Information supplied by Bloomberg data helps us calculate a Brand Multiple. We take the Branded Earnings and multiply that number by the Brand Multiple to arrive at what we call Financial Value.

## Step 2: Calculating Brand Contribution

We now have the value of the branded business as a proportion of the total value of the corporation. But this branded business value is still not quite the core that we are after. To arrive at Brand Value, we need to peel away a few more layers, such as the rational factors that influence the value of the branded business, for example: price, convenience, availability and distribution.

Because a brand exists in the mind of the consumer, we have to assess the brand's uniqueness and its ability to stand out from the crowd, generate desire and cultivate loyalty. We call this unique role played by brand, Brand Contribution.

Here's what makes BrandZ™ so unique and important. BrandZ™ is the only brand valuation methodology that obtains this customer viewpoint by conducting worldwide on-going, in-depth quantitative consumer research, online and face-to-face, building up a global picture of brands on a category-by-category and country-by-country basis. Our research now covers over two million consumers and more than 10,000 different brands in over 30 countries.

## Step 3: Calculating Brand Value

Now we take the Financial Value and multiply it by Brand Contribution, which is expressed as a percentage of Financial Value. The result is Brand Value. Brand Value is the dollar amount a brand contributes to the overall value of a corporation. Isolating and measuring this intangible asset reveals an additional source of shareholder value that otherwise would not exist.

### Why BrandZ™ is the definitive Brand valuation methodology

All brand valuation methodologies are similar—up to a point.

All methodologies use financial research and sophisticated mathematical formulas to calculate current and future earnings that can be attributed directly to a brand rather than to the corporation. This exercise produces an important but incomplete picture.

What's missing? The picture of the brand at this point lacks input from the people whose opinions are most important—the consumer. This is where the BrandZ™ methodology and the methodologies of our competitors part company.

#### How does the competition determine the consumer view?

Interbrand derives the consumer point of view from panels of experts who contribute their opinions. The Brand Finance methodology employees a complicated accounting method called Royalty Relief Valuation.

#### Why is the BrandZ™ methodology superior?

BrandZ™ goes much further. Once we have the important, but incomplete, financial picture of the brand, we communicate with consumers—constantly. Our on-going, in-depth quantitative research includes two million consumers and more than 10,000 brands in over 30 countries.

#### What's the BrandZ™ benefit?

The BrandZ™ methodology produces important benefits for two broad audiences.

**Members of the financial community**—including analysts, shareholders, investors and CEOs—depend on BrandZ™ for the most reliable and accurate brand value information available.

**Brand owners** turn to BrandZ™ to more deeply understand the causal links between brand strength, sales and profits and to translate those insights into strategies for building brand equity.

# Other reports Powered by BrandZ™

## Free apps for smartphones, tablets and iPad magazines

Get the BrandZ™ Top 100 Most Valuable Global Brands, the Latin America Top 50, the China Top 50 and many more insightful reports on your smartphone or tablet.

To download the apps for the BrandZ™ rankings go to www.brandz.com/mobile (for iPhone and Android). The iPad interactive magazine BrandZ™ Top 100 packed with exclusive content is available from the Apple App store (search for BrandZ 100).

BrandZ™ is the world's largest and most reliable customer-focussed source of brand equity knowledge and insight. To learn more about BrandZ™ data or studies, please visit www.brandz.com or contact any WPP Group company.



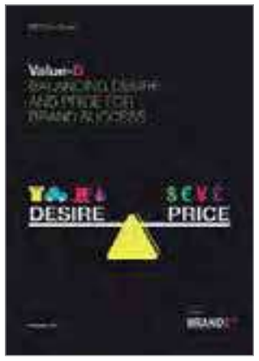

### BrandZ™ Top 50 Most Valuable Latin American Brands 2012

The report profiles the most valuable brands of Argentina, Brazil, Chile, Colombia and Mexico and explores the socio-economic context for brand growth in the region. For the iPad magazine search BrandZ on iTunes.



### Beyond Trust: Engaging Consumers in the Post-Recession World

An Index based on BrandZ™, TrustR measures the extent to which consumers trust and are willing to recommend individual brands. High TrustR correlates with bonding, sales and brand value. Complete information is available from WPP companies.




### ValueD: Balancing Desire and Price for Brand Success

An index based on BrandZ™, ValueD measures the gap between the consumer's desire for a brand and perception of the brand's price. It helps brands optimize sales, profit and positioning. Complete information is available from WPP companies.




### BrandZ™ Top 50 Most Valuable Chinese Brands 2013

The report profiles Chinese brands, outlines major trends driving brand growth and includes commentary on the growing influence of Chinese brands at home and abroad. Go to www.brandz.com/mobile.




### The Chinese Golden Weeks in Fast Growth Cities

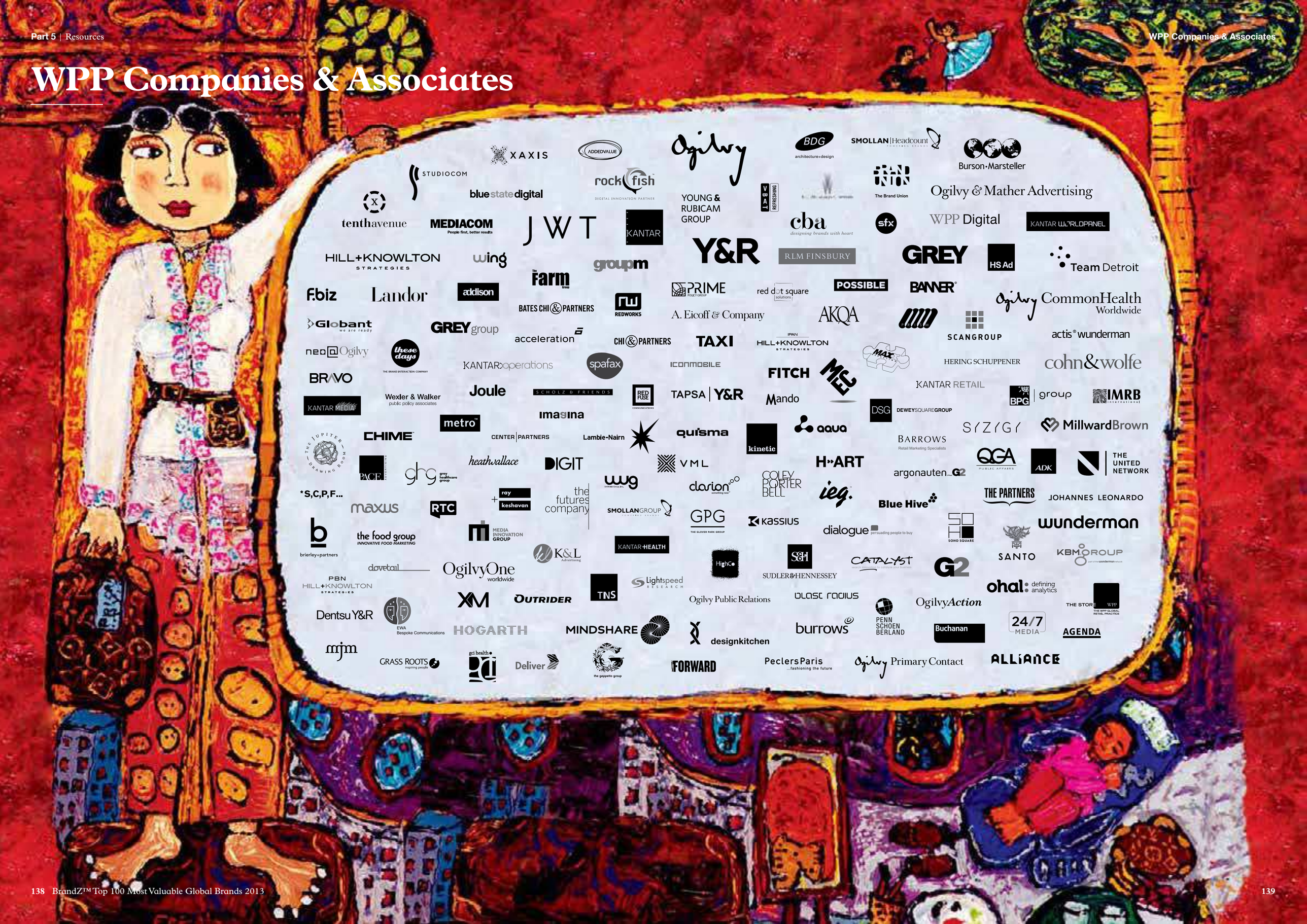
With research and case studies the report examines the shopping attitudes and habits of China's rising middle class and explores opportunities for brands in many categories. For the iPad magazine search goldenweeks on iTunes.




### The Chinese New Year in Next Growth Cities

The report explores how Chinese families celebrate this ancient festival and describes how the holiday unlocks year-round opportunities for brands and retailers, especially in China's Lower Tier cities. For the iPad magazine search for china-newyear on iTunes.

# WPP Companies & Associates



# WPP Company Contributors

**These companies contributed knowledge, expertise and perspective to the report.**

WPP is the world's largest communications services group with billings of $70.5 billion and revenues of $16.5 billion. Through its operating companies, the Group provides a comprehensive range of advertising and marketing services including advertising and media investment management; consumer insight; public relations and public affairs; branding and identity; healthcare communications; direct, digital, promotion and relationship marketing; and specialist communications. The company employs over 165,000 people (including associates) in over 3,000 offices across 110 countries. WPP was named Holding Company of the Year at the 2012 Cannes Lions International Festival of Creativity for the second year running, since the award was initiated.

For further information, please visit **www.wpp.com**.

## Added Value

Added Value provides consultancy on brand development and marketing insight for iconic brands, both big and small, around the world. We help solve clients' central marketing questions about market, brand, innovation and communications with a footprint that now extends across 21 locations in 13 countries. Added Value is part of Kantar, WPP's consumer insight and consultancy division.

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## The Brand Union

The Brand Union is a global brand agency with over 500 people in 23 offices in 16 countries. As the leaders' choice for brand-related insight, advice and activation, The Brand Union delivers knowledge, inspiration and expertise from across the globe to build brands that thrive in the real world, using a balance of brand strategy, creativity and execution.

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## Designkitchen

Designkitchen is a creative digital agency and part of Wunderman, a subsidiary of Y&R (WPP). Designkitchen offers services in digital strategy, content strategy and development, mobile web and app development, social campaign creation and management, website design and development, video production and motion graphics, digital out-of-home, SEO, and web analytics. Our clients span global leaders in consumer and business-to-business categories, including Motorola Solutions, HP, United Mileage Plus, General Electric, Burger King, Allstate and TD Ameritrade. Designkitchen is headquartered in Chicago, with offices in New York and San Francisco.

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## Digit

Digit is a design company that has spent the last 15 years at the forefront of technology. All of our work is underpinned by our philosophy called Simple Human Interaction. It's all about making technology invisible, and using it to enable people and brands to communicate better.

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## Fitch

Founded in 1972, FITCH is a global design consultancy with 14 offices in 9 countries. The consumer is at the heart of everything we do, and everything we do is the product of bold thinking. An integrated offer of both 2D graphic and 3D environmental design enables us to create a seamless expression of the brand at all touch points. Translating brand into consumer experience, FITCH has a strong expertise in retail design.

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G2 Worldwide is a global brand activation agency network that helps marketers Maximize Brand CommitmentSM. G2's multifaceted service offering brings together direct marketing, data analytics, shopper marketing, experiential marketing, branding and design, promotional marketing, communications planning and digital/ interactive marketing, to create innovative and compelling marketing programs for our clients. G2 utilizes unique and proprietary tools to gain insight into the consumer's Purchase Decision JourneySM, from consideration to brand selection. The G2 network operates 40 offices in 28 countries, and clients include Adobe, Aetna, Campbell Soup Company, The Coca-Cola Company, GlaxoSmithKline, Heineken, Kraft, Procter & Gamble, Vodafone and Volkswagen.

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## Grey

Grey is the advertising network of Grey Group. Grey Group ranks among the largest global communications companies. Under the banner of "Famously Effective Since 1917," the agency serves a blue-chip client roster of many of the world's best known companies: P&G, GlaxoSmithKline, Diageo, Darden Restaurants, Pfizer, NFL, Boehringer Ingelheim, Marriott Hotels & Resorts and T.J. Maxx.

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## Hill+Knowlton Strategies

Hill+Knowlton Strategies is a leading global strategic communications consultancy, providing services to local and multinational clients worldwide. The firm is globally headquartered in New York City, with 90 offices in 52 countries — including 13 offices in the US. Led by Global Chairman and CEO Jack Martin, Hill+Knowlton Strategies serves as a trusted advisor to clients, developing and executing communications campaigns and business strategies to manage the impact of the public on an organization's reputation, brand and bottom line.

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## JWT

JWT is the world's best-known marketing communications brand. Headquartered in New York, JWT is a true global network with more than 200 offices in over 90 countries, employing nearly 10,000 marketing professionals. JWT consistently ranks among the top agency networks in the world and continues a dominant presence i n the industry by staying on the leading edge—from producing the first-ever TV commercial in 1939 to developing award-winning branded content today. JWT embraces a WORLDMADE philosophy, making things inspired by the world through blending technological innovation with international imagination.

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## Kantar Retail

Kantar Retail is the world's leading shopper and retail insights and consulting business and is part of the Kantar Group of WPP. The company works with leading branded manufacturers and retailers to help them transform the purchase behavior of consumers, shoppers and retailers through the use of retail insights, consulting, analytics and organizational development services. Kantar Retail tracks and forecasts over 1,000 retailers globally, has purchase data on over 200 million shoppers and among its market-leading reports are the annual PoweRanking survey (USA and China), and Industry Shopper Study Across Retailers. Kantar Retail works with over 400 clients and has 20 offices in 15 markets around the globe.

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## Kantar Worldpanel

Kantar Worldpanel is the world leader in consumer knowledge and insights based on continuous consumer panels. Its High Definition Inspiration™ approach combines market monitoring, advanced analytics and tailored market research solutions. With over 60 years' experience, a team of 3,000, and services covering more than 50 countries Kantar Worldpanel's expertise in shopper and consumer behavior has become the market currency for brand owners, retailers, market analysts and government organizations globally.

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## KBM Group

KBM Group is the global leader in knowledge-based marketing solutions. Expert in both digital and traditional direct marketing, KBM Group helps companies manage, analyze and optimize marketing data to engage more effectively with their customers and prospects. KBM Group's integrated, world-class solutions include strategic consulting, digital services, database services, analytics, marketing management, creative, agency services, response services, data and marketing outsourcing.

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## Lambie-Nairn

With over 30 years experience, Lambie-Nairn is an international branding agency based in London with eight additional offices in Europe, the Middle East and Latin America. Lambie-Nairn has specialist knowledge in media, entertainment, sports and technology. Famous for the iconic Channel 4 logo, Lambie-Nairn's more recent work is equally renowned and includes BBC News, the creation of the O2 brand and Qatar's winning bid for the 2022 FIFA World Cup™. If awards are a barometer of success, Lambie-Nairn has a lot to smile about.

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## Landor Associates

Landor Associates is one of the world's leading strategic brand consulting and design firms. Founded by Walter Landor in 1941, Landor pioneered many of the research, design, and consulting methods that are now standard in the branding industry. Partnering with clients, Landor drives business transformation and performance by creating brands that are more innovative, progressive, and dynamic than their competitors. Landor's holistic approach to branding is a balance of rigorous, business-driven thinking and exceptional creativity.

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## MEC

MEC help clients explore what's possible, inspiring and guiding them to the optimum solution for their brands. Then they exploit it, delivering maximum value to them. MEC services include: Media planning and buying, digital media, mobile, search, performance marketing, social media, analytics and Insight, sport, entertainment and cause, multicultural, content, retail and integrated planning. MEC's 4,500 highly talented and motivated people work with domestic and international clients in 84 countries. The agency is a founding partner of GroupM.

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## MediaCom

MediaCom is a world leading media communications specialist, with billings exceeding $28 billion, employing 4,600 people across 89 countries. The company's strategy is driven by its "People first, better results" philosophy, which places people – consumers, clients and employees – at its core to build brand connections that maximize client growth. Our industry-leading divisions include MediaCom Interaction, MediaCom Response, MediaCom Beyond Advertising, MediaCom Sport and MediaCom Business Science.

**www.mediacom.com**

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## Millward Brown

Millward Brown is a leading global research agency specializing in effective advertising, strategic communication, media and brand equity research. Millward Brown helps clients grow great brands through a set of comprehensive research-based qualitative and quantitative solutions. Specialist practices include Dynamic Logic (global leader in measuring digital marketing effectiveness), a network of media experts (measuring mass media effectiveness), Firefly Millward Brown (our global qualitative network), a neuroscience practice (using neuroscience to optimize the value of traditional research techniques) and Millward Brown Optimor (focused on supporting clients to maximize return on brand and marketing investments). Millward Brown is part of Kantar, the insights, information and consultancy division of WPP.

**www.millwardbrown.com**

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## Millward Brown Optimor

Millward Brown Optimor is the brand and business consultancy of Millward Brown, dedicated to igniting business growth through transformative brand and market strategies. Millward Brown Optimor provides strategic corporate and brand consulting, rooting its approach in consumer research, stakeholder understanding and financial analysis.

**www.millwardbrown.com/mboptimor**

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## Mindshare

Mindshare is a global media agency network with billings in excess of $29.2 billion (source: RECMA). The network consists of 113 offices in 82 countries throughout North America, Latin America, Europe, Middle East, and Asia Pacific, each dedicated to forging competitive marketing advantage for businesses and their brands. Mindshare is part of GroupM, which oversees the media investment management sector for WPP.

**www.mindshareworld.com**

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## Ogilvy & Mather

Ogilvy & Mather is one of the largest marketing communications companies in the world comprised of industry leading units in all of the following disciplines: advertising; public relations and public affairs; branding and identity; shopper and retail marketing; healthcare communications; direct, digital, promotion and relationship marketing; consulting, research and analytics capabilities; branded content and entertainment; and specialist communications. O&M services Fortune Global 500 companies as well as local businesses through its network of more than 450 offices in 120 countries.

**www.ogilvy.com**

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## Possible

POSSIBLE is a digital agency focused on creating great work that delivers measurable business results. The agency specializes in award-winning creative, technology, ideas and insights, performance marketing and interactive touch. On paper, POSSIBLE is 27 offices in 13 countries around the globe. In action, POSSIBLE is 1200+ people united by a drive to create compelling work. Clients include Barclays, Comcast, The Bill & Melinda Gates Foundation, Procter & Gamble, Microsoft, Mazda and Starwood Hotels and Resorts Worldwide. POSSIBLE is part of WPP Digital.

**www.possible.com**

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## Salmon

Salmon is a highly innovative e-commerce digital agency helping leading retail, wholesale and manufacturing brands define, deliver and exploit enterprise-scale e-commerce and multichannel operations. Salmon quickly understands the business vision, creates realistic project plans and efficiently delivers solutions to plan. Salmon has offices in the UK, China and Australia. Clients include Akzo Nobel, Argos, Audi UK, Halfords, Morrisons and Selfridges.

**www.salmon.com**

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## Team Detroit Inc.

Team Detroit brings together five of WPP's largest marketing agencies in one location, Dearborn, Michigan, to provide its clients access to best practises and talent. Team Detroit is the 21st century equivalent to the full-service agency, acting as a portal to provide a single point of contact and accountability.

**www.teamdetroit.com**

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## TGI

Global TGI helps marketers to expand markets, launch new products, respond to competitive threats, and plan communications. We do this by providing a unique 360° understanding of consumer attitudes and behavior – with the depth provided from 700,000 personal interviews conducted annually across 60+ countries. Typical client engagements can involve market sizing, segmenting, trending, and linking with YOUR survey data. With insights drawn from the largest network of consumer surveys in the world, marketers can be confident that key decisions are based on robust, reliable and high-quality research.

**www.globaltgi.com**

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## The Forward Group

Forward Worldwide is a content marketing agency specializing in developing strategies, planning, managing and creating high quality omni-channel content for brands. Clients include Tesco, Patek Philippe, Standard Life, Barclays, B&Q, and Fabric.

**www.theforwardgroup.com**

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## The Futures Company

The Futures Company is an award-winning, global strategic insight and innovation consultancy. Unparalleled global expertise in foresight and futures enables The Futures Company to unlock new sources of growth for clients through a range of consultancy, global insight and subscription solutions. The Futures Company was formed through the integration of The Henley Centre, HeadlightVision, Yankelovich and most recently, TRU.

**www.thefuturescompany.com**

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## TNS

TNS advises clients on specific growth strategies around new market entry, innovation, brand switching and stakeholder management, based on long-established expertise and market-leading solutions. With a presence in over 80 countries, TNS has more conversations with the world's consumers than anyone else and understands individual human behaviors and attitudes across every cultural, economic and political region of the world.

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## VML

VML is a global digital marketing agency with major operations on five continents. Dedicated to delivering creative solutions at the intersection of marketing and technology, VML engineers best-in-class digital experiences for some of the most respected and recognized brands in the world. VML was recognized by Ad Age as a Standout Shop in 2012, and was the recipient of seven Cannes Lions awards last year.

**www.vml.com**

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## Wunderman

Advertising Age ranks Wunderman as the #1 digital and #1 CRM agency in the world. Founded by Lester Wunderman in 1958, Wunderman has 170 offices in 60 countries offering brand experience, consumer engagement, data and insights and world health marketing solutions. Powered by complex analytics and strategic insight, creative content engages the consumer – as participant, critic, creator and champion – in always-on conversations to propel growth. Clients include Best Buy, Citibank, Coca-Cola, Ford, Levi's, Microsoft, Nokia, Novartis, Telefónica and leading local and regional brands. Wunderman is a member of WPP and part of Young & Rubicam Group.

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## Y&R

Y&R is one of the leading global marketing communications companies, comprising the iconic Y&R Advertising agency; VML, one of the world's most highly regarded and fastest-growing digital agencies; as well as premier mobile marketing company iconmobile. Y&R Advertising has 186 offices in 90 countries around the world. Its clients include Campbell's Soup Company, Colgate-Palmolive, Danone, Dell, Virgin Atlantic, Xerox, Revlon, GAP, Land Rover, LG and Telefónica.

**www.yr.com**

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# Brand experts who contributed to the report

**These individuals, from WPP companies, provided thought leadership, research, analysis and insight to the report.**

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**Adrian Zambardino** Ogilvy

**Adam Poole** Lambie-Nairn

**Alexis Cuddyre** Digit

**Alice Brady** Mindshare

**Alison Martin** Worldpanel

**Amy Harrison** Added Value

**Amy Li** TGI

**Anastasia Kourovskaia** Millward Brown Optimor

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**Bhargavi Manohar** Millward Brown

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**Shane Atchison** Possible

**Silvia Quintanilha** Millward Brown

**Spencer Osborn** Ogilvy & Mather

**Scott Townsend** Ogilvy & Mather

**Shelley Diamond** Y&R

**Stephen Gilbert** Ogilvy & Mather

**Stephen Mader** Kantar Retail

**Sue Pratt** Salmon

**Steve Barton** Barton Consulting

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**Sue Burden** Grey, London

**Theresa Loo** MEC

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**Suzannah Rowland** Worldpanel

**Tim Pritchard** TNS

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**Uwe Becker** The Brand Union

**Tracy Allnutt** TGI

**Vicky McPhail** Hill+Knowlton Strategies

**Vladimir Melikov** Millward Brown

**Yann Thefaine** Mindshare

# BrandZ™ Top 100 Team

**These individuals created the report, providing valuations, research, analysis and insight, editorial, photography, production, marketing and communications.**

## Alexandra Hill
Alexandra Hill is Global Communications and Marketing Assistant at Millward Brown and assists with the marketing and communications of the BrandZ™ projects.

## Cecilie Østergren
Cecilie Østergren is a professional photographer, based in Shanghai, who has worked closely with WPP agencies since 2009. Cecilie specializes in documentary, consumer insight and portraits. In collaboration with Added Value, she produced award-winning insights on Chinese consumers. She's travelled extensively in China, Brazil and other locations to photograph images for the BrandZ™ reports. Her photographs of China have been exhibited in the Houses of Parliament, London. In collaboration with Danish book publisher Politikens Forlag, she's photographed travel books about India, Greece and Denmark, her native country.

## David Roth
David Roth is the CEO of the Store WPP for Europe, the Middle East and Africa (EMEA) and Asia and leads the BrandZ™ worldwide project. He has been associated with China for the past 19 years and advises many companies and retailers on their China entry strategy and the changing Chinese consumer. Prior to joining WPP David was main board Director of the international retailer B&Q.

## Elspeth Cheung
Elspeth Cheung is Head of BrandZ™ Valuation for Millward Brown Optimor. She is responsible for research, analysis and external communication for the BrandZ™ rankings and other brand strategy engagements.

## Katie Pearce
Katie Pearce is Global Communications & Marketing Project Manager at Millward Brown, and works on the marketing and communications of the BrandZ™ projects, liasing with contributors worldwide and coordinating production.

## Ken Schept
Ken Schept is a professional writer specializing in articles and reports about brands, marketing and retailing. For the past several years he's helped develop the BrandZ™ library of reports. He spent much of his career as an editor with a leading US business media publisher.

## Miquet Humphryes
Miquet Humphryes is Director, Global Corporate Marketing at Millward Brown. She is responsible for overseeing the marketing and communications for the Top 100 ranking.

## Nick Cooper
Nick Cooper is Managing Director of Millward Brown Optimor. He leads the overall practice in Europe and the development of brand strategy, portfolio optimization and brand licensing.

## Peter Walshe
Peter Walshe, Global Director of BrandZ™, was involved in the creation of this brand equity and insight tool 15 years ago, and has contributed to many valuation studies and developed BrandZ™ metrics, including CharacterZ, TrustR and ValueD.

## Robin Headlee
Robin Headlee is Vice President of Millward Brown Optimor. She is responsible for managing BrandZ™ from a valuation perspective as well as leading other Millward Brown Optimor strategy engagements.

### With Appreciation
To Layla Kammeier, Adam Poole and Ben Peers, the Lambie-Nairn team that designed and produced this report (Ben also supplying additional photography), and to Amanda Harrison, WPP Project Manager and Coordinator.





# The BrandZ™ brand valuation contact details

The brand valuations in the BrandZ™ Top 100 Most Valuable Global Brands are produced by Millward Brown Optimor using data from Kantar Worldpanel and Kantar Retail (Please see WPP Company Contributors on page 140), along with Bloomberg.

The consumer viewpoint is derived from the BrandZ™ database. Established in 1998 and constantly updated, this database of brand analytics and equity is the world's largest, containing over two million consumer interviews about more than 10,000 different brands in over 30 countries. (Please see the BrandZ™ Valuation Methodology on page 134)

For further information about BrandZ™ contact any WPP Group company or:

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The Bloomberg Professional service is the source of real-time and historical financial news and information for central banks, investment institutions, commercial banks, government offices and agencies, law firms, corporations and news organizations in over 150 countries. (For more information, please visit www.bloomberg.com)



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