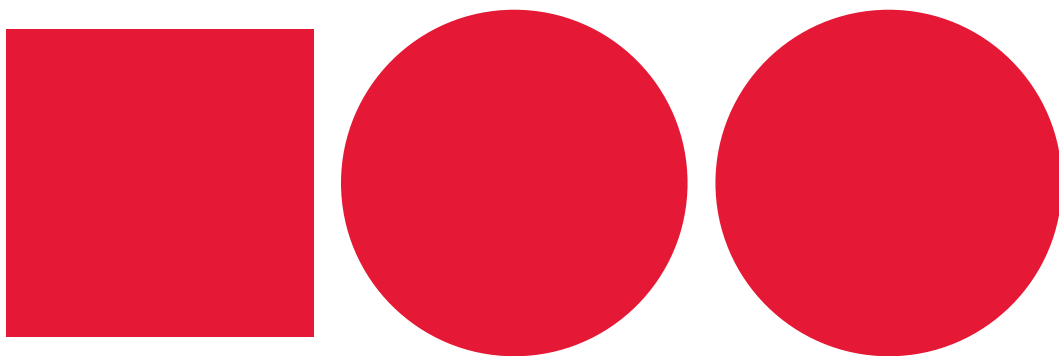


Best Global Brands 2012



The definitive guide to
the 100 Best Global Brands



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The Future is Human

By Jez Frampton

If 2011 was about upheaval and uncertainty, 2012 has been about transition. Last year, dissent was in the air as protestors took to the streets from Tahrir Square to New York City, a nuclear crisis in Fukushima reignited a worldwide energy debate, and ongoing issues in the banking industry have brought — and continue to bring — deficiencies to the fore. Like it or not, we are entering a new world. Connected, networked, hyper-aware, and fraught with contradictions, this new world is complex and confusing, but rich, intimate, and alive. It is, for brands, full of promise and boundless possibility — if organizations can learn how to tap into this vast intelligence. The inexorable rise of digital consumers, further accelerated by the mobile and tablet revolution, is radically shifting the dynamics of the marketplace. Facebook, which has forever altered the way we communicate and relate, went public this year. The London Olympics was not only the greenest Olympic event ever staged, but the most digital to date. Welcome to the future.

Information has leveled the playing field, but has also complicated it. Though data — and lots of it — is available to all, that doesn't mean everyone understands which bits of information are important or how they can be strategically applied. Today's customers are skeptical, vocal, savvy — and have everyone competing for their attention. Any brand that becomes fixated only on the data, and forgets that those numbers are really people, will be punished swiftly. Big data facilitates personalization, not a return to broadcast. Only brands that stay transparent, actively engaged, and true to their promises will manage to capture hearts and minds, earn trust and loyalty, and command a premium.

Today's best brands are in touch with their own humanity and the humanity of others. They listen to consumers, employees, and investors alike and respond to the messages they receive. They want to know how people really feel about their company, they gather input and use it to drive innovation, and they realize that there is a lot to be learned from the wisdom of crowds. The challenge for brands is to respond quickly and with sincerity, or they risk compromising the relationship.

After all, brands evoke emotion. They are personal. They fulfill and delight us. They are reliable, familiar, exciting, surprising, and ever in the fabric of our lives. They are woven into our memories,

fantasies, and dreams. They have the power to touch and change us precisely because they are human creations, invented in response to both our deepest and most practical needs.

The principles that build and maintain strong brands still hold true, but sometimes we forget that people are really at the center of it all. Resonant symbols, cultural images, emotional attractors, behavior definers — brands are all this and more. They are living business assets: a concept, a feeling, a differentiating promise that grows, evolves, and will never die as long as a brand is kept alive in the minds of people. In order to succeed, brand owners must become more sensitive to the needs and desires of informed and discerning customers who demand high degrees of engagement — and consistency. And increasingly, the capacity of brands to deepen existing relationships and develop new ones relies on their ability to leverage new technology in service of the human connection.

Those who manage the **Best Global Brands 2012** understand the role they play in peoples' lives, and respond accordingly — building on successes and making up for mistakes. They are constantly nurturing their brands to keep pace in a rapidly changing world; they know that every market is different, every interaction counts, and every individual matters. Quite an achievement in such turbulent times. These strong, highly innovative brands have earned the loyalty of many individuals who, collectively, contribute to their power and prosperity. They have also earned our respect and admiration, along with a place in our report.



Jez Frampton
Global Chief Executive
Interbrand



Playing to Win on the Digital Frontier

By Simon Smith and Erica Velis

Digital is advertising's new ecosystem, a dicey frontier for most major businesses, a new medium for conversation, and a technological wonder that has connected the world. It's also among the most misunderstood phenomena in business today. We are only just beginning to discover its potential to enhance business and, so far, investing in digital companies has proven to be a gamble. With a billion users on Facebook and 500 million on Twitter, there is no doubt that social media is flourishing. A huge captive audience, and the promise of transforming "likes" into sales, has piqued the interest of investors and companies who want to build their brands and turn key groups of people into paying customers. However, several companies that appeared to be paving the way to the profitable new digital age have faltered, shaking the confidence of investors and resurrecting the ghost of the dot-com bust of 2000.

Heralded with hype, Facebook, Zynga, and Groupon were all heavily promoted and seemed poised to deliver. Facebook's IPO on May 18, 2012 was a milestone in Silicon Valley and internet business history. On the morning of the 18th, the media clamor reached fever pitch: *The Street* predicted the stock could rise to \$60, \$70, even \$80 USD; trading broke stock volume records, and the market saw the stock peak at \$45 USD. That left the company with a higher market capitalization (\$104 billion USD) than all but a few of the largest US corporations. For the moment a winner, CEO Mark Zuckerberg's personal stock was valued at \$19 billion USD. A few days later, Mark even married his girlfriend of nine years — and let the world know by updating his relationship status. It was a perfect Hollywood ending.

Unfortunately, cracks appeared and the stock kept sliding. The share price dropped over 30% in the first 20 days. Regulators are now investigating the IPO, and more than 40 lawsuits have been filed. A \$100 billion USD company just prior to its debut, Facebook is now a \$65

USD billion company, beset with problems, and the stock continues to fall. With the IPO a distant memory and the stock value roughly halved, the Facebook brand has taken a hit and the effects on the market, the sector, and the company itself, are likely to last a while.

Another digital company that has fallen far short of expectations is Zynga. Using Facebook as a platform, Zynga is best known for interactive games like FarmVille and CityVille, and has grown rapidly since it emerged on the social network scene. Games and apps have exploded in popularity in the past few years, an outgrowth of social media and the transition to mobile devices. Cheap to produce but often lucrative, Zynga has successfully capitalized on this trend. However, since the company's December IPO, its shares have dropped 70%; investors worry about the long-term viability of its business model, its dependence on Facebook, and its ability to keep making money from the people who play its digital games.

And then there's Groupon. Relying heavily on marketing to acquire new customers, Groupon turns a profit by offering consumers deals on local goods and services, and splitting the discount proceeds with the participating merchant. Though questions later arose about Groupon's business model, namely the relationship between marketing spend and its growth rate, Groupon CEO Andrew Mason initially assured investors of his business' enormous profit potential. However, with an inability to compete with larger discounters like Amazon, the company has shifted from hypergrowth to stagnation, which has left its stock at a fraction of its recent worth.

Is this the beginning of the end for social media, FarmVille-esque games, and internet daily deals? Haven't we all heard and seen it before with once-hot internet companies like Netscape, Napster, LimeWire, MySpace, or Friendster? They all dominated the market at one time, then quickly got trumped. It could be that this is just the nature of the digital

era. The price of entry is low, the growth is quick, and the fall to near-oblivion is swift and hard. Or, could it be, at least in the case of Facebook, that we have a true digital mega-company that will survive the growing pains, find its balance, mature as a brand, and become a leader of the digital frontier?

What all three of these companies have in common is no guarantee of long-term growth and a business model that relies on “unproven” sources of revenue. Furthermore, they all went public at too high a value, propped up by late-stage money — part of a recent Silicon Valley trend in which prominent investors jump into young companies just before their IPOs. Unprepared for the scrutiny and expectations of Wall Street, issues with the “fundamentals” of all of these companies came to light as soon as the first earnings reports were released. Challenged by the transition to mobile, as well as the fact that their main sources of revenue are dependent on something that doesn’t feel durable and concrete (“likes” on Facebook), it will be hard for such companies to secure the confidence of investors.

Clash of the titans: Silicon Valley vs. Wall Street

Clearly, Wall Street wants to see results — as in swift growth in revenue. Silicon Valley venture capitalists, however, are focused on the long term. They take the ups and downs of the stock market with a grain of salt and determine the value of an investment based on what it might be worth in a few years, not next quarter. They expect volatility after a company goes public and believe, especially in the case of Facebook, that the downward slide in public valuations, while it may have an effect on private valuations, will ultimately be manageable.

However, with Facebook and Groupon hitting new lows, concerns about these companies in terms of durability and their ability to grow their business are intensifying — not least of all because of the lock-up expiration on many of the shares that were not on the open market during the IPO. Concerns are even greater for Groupon, not only due to

skepticism over its business model, but also owing to the fact that there are more stocks out there, which is hurting the stock price and spooking investors.

When it comes to Facebook, many are wondering if its CEO has the chops and maturity to grow the social media giant beyond display ads and master the mobile segment. Lured by the size of Facebook’s user base, which has allowed Facebook Inc. to build a \$3 billion-a-year USD advertising business, ad spending has increased. However, because of that, companies are becoming more interested in measuring the results of social media advertisements, which can be hard to quantify. There are also concerns that Facebook’s advertising methods are untested or unproven. For brands, social media is a key part of marketing, a way to build brand awareness. But for investors, the question is: How does all of this translate directly into revenue?

Under similar pressure are Groupon and Zynga. Both companies are losing customers. Zynga, for instance, expected to make just half of what it hoped this year; the company develops games that have little depth, and while people may become obsessed in the short-term, the novelty soon wears off and they move on. Also, more gamers want to play on the go, and Zynga’s mobile games aren’t big hits as of yet. To make matters worse, the brand spends disproportionately on R&D and SG&A (selling, general, and admin), all of which use up much of what profit the company does make, leaving little for shareholders.

One of the difficulties with investing in tech companies is the sheer pace of their development. Because they grow so quickly, the start-ups’ initial burst generates excitement, which makes investors want to cash in. But these businesses can also reach saturation in their markets extremely fast. It’s hard to figure out when the growth might begin to slow down, as it inevitably will. Silicon Valley, with its risk-taking, start-up culture, is more accustomed to the volatility — even expects it — and is, therefore, willing to ride things out. Wall Street, on the other hand,

operates under a different paradigm and reacts to the daily ups and downs, which only makes it harder for young companies to regain their luster once Wall Street’s attitude toward them sours.

Wall Street’s minute-by-minute changing of position is out of step with Silicon Valley’s approach to moneymaking. Wall Street wants instant results and Silicon Valley takes a longer-term view. Technological innovation takes time to develop and some attempts fail — that’s part of the process. In Silicon Valley, where some of the brightest have had multiple start-ups and risen from failure — it’s the price of success. On Wall Street, failure is not an option.

In a recent *Wall Street Journal* article, Dan Rose, Facebook’s Vice President of Partnerships, is said to have put the company’s situation in perspective at a company meeting in early August. In an attempt to assuage employees who were worried about the stock price, he shared a story from his time at Amazon. The company stock had tanked and, as a father with two young children, Rose became especially concerned about his ability to provide for his family. Facing a tough decision with no obvious answer, he asked himself, “Do we have the right people in place and is our mission worthwhile?” He believed the answer was yes; rode the situation out, and is, presumably, better off for it. He asked himself the same question about Facebook and is convinced the answer is yes. In the end, it is our collective confidence in a company that keeps it going — which is why brand management, essentially the management of perception, is so incredibly important.

Is the bubble about to burst?

It’s true, there are parallels between now and the dot-com days. Back then, the stock prices of internet companies soared to dizzying heights and, as a result, those companies moved faster and with insufficient caution. Market confidence in these companies was high, as was the promise of future profits. Many companies were grossly overvalued. Today, things are different — we have the benefit of hindsight.

If the fundamental need to be connected to friends, get daily deals, and play silly games online is still in place, there is hope for Facebook, Groupon, and Zynga, no matter what things look like now. The pressure to please investors will always be there, but whether or not a company survives really depends on how well it pleases the people who use their products or services. When we at Interbrand say brands have the power to change the world, we mean that they have the power to change people’s lives — making life easier, more meaningful, more enjoyable, more convenient and productive. When a brand delivers *that*, consistently — people love them for it — and everyone, including investors, gets exactly what they hoped for.

If anything, we need a reality check. Not everyone is running away from Facebook’s stock. Investors are not overlooking traditional metrics. Silicon Valley is still rich with investment opportunities. And some people are making a lot of money right now, even as Facebook, Groupon, and some other recent internet IPOs continue to struggle. The internet, today, is no longer a novelty. In fact, the number of people connected to the Web is mind-boggling. So, despite the foreboding comparisons, 2012 is vastly different from the dot-com era. There is no reason to lose faith. We’re simply in transition.



— **Simon Smith** is Interbrand’s Digital Director of Europe, the Middle East, Africa & Latin America
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Brand Humanity of Olympic Proportions

By Lizzy Stallard

Every four years the Olympic Games provide not only the world's greatest stage for athletes, but a tremendous opportunity for brands to flex their muscles against their rivals too. When it comes to Olympic sponsorship deals, brands invest an enormous amount of time, resources, and billions of dollars. In return in London this year, sponsoring brands gained access to a global audience of 4.8 billion people.

Now that the Games have ended, marketers are focused on the tangible benefits brands experienced. What we should examine are not just immediate, measureable returns, but also what we've gained and learned from the Games in 2012 — and the implications for brands going forward.

Firstly, it's true to say that the idea of celebrating the human spirit has permeated all aspects of the Olympics. This touched London deeply and radiated out to the rest of the world. The performance of sponsoring brands must be seen in this unique context. A staggering 48% of the population of London attended an Olympic event, including many of us in Interbrand's London office — and the atmosphere was indeed inspiring. The feeling of seeing one's nation win medals in real time is truly incomparable. We were also moved by the immense generosity of spirit from the likes of the 70,000 "Games Makers," the volunteers who so generously gave their time at the games. Amazingly, at the Closing Ceremony, it was these ordinary people who received the greatest cheers of support, perhaps more so than the athletes themselves. The mood transformed in London, especially on the Underground, where normally even the slightest eye contact is avoided. Yet, during the Olympics, we let down our guard. Strangers casually struck up conversation around their plans for the day ahead — certainly a rarity until we caught the fever of 2012. Somehow, the super-human nature of the Olympic Games put us back in touch with our own humanity.

It only seems fitting, given the atmosphere, that brands embraced this same

humanity — and did so with positive impact. In fact, the notion of "brand humanity" was the overriding theme at the Olympics, and it's a theme worth exploring. Global personal care giant, Procter & Gamble, for instance, took brand humanity to new heights with their "Thank You, Mom" campaign. Celebrating the role that mothers play in raising Olympians, the campaign taps into universal sentiment by honing in on the contribution that mothers make in raising successful, well-rounded children. Launched 100 days before the Opening Ceremony, P&G's biggest campaign in the 175-year history of the company was a huge success, with the supporting brand films garnering almost 15.5 million views around the world. There's not a product brand in sight, yet its emotional power is unprecedented. The real success of this campaign, of course, is that, without explicitly promoting itself, P&G has accomplished what most marketing efforts fall far short of: inextricably linking the corporate brand with universal human values like family cohesion, mutual love and support, and the dreams of greatness we all have for ourselves and our loved ones. Proving the power of this approach, Interbrand studied consumer associations with this year's sponsors in the period leading up to the Games and found that P&G enjoyed the greatest increase in brand strength — specifically around values such as credibility and authenticity.

In another example, the official oil and gas sponsor, British Petroleum (BP), initially kicked off its communications effort by focusing on its functional involvement in the Games, such as fueling the Olympic fleet. Interestingly, BP promptly switched to an emotional strategy just four weeks before the Opening Ceremony, when the brand launched its "Here's to the Home Team" campaign in the UK, spotlighting all those involved in the behind-the-scenes activity — from the groundsman and organizers to the athletes and other sponsors. Through this campaign we once again witnessed a brand celebrating the human engine that made the Games a reality. Despite BP's troubled past, our

research showed that the brand's efforts aligned well with Olympic values when compared with other players, such as Dow and GE.

In a similar vein, McDonald's celebrated people with their "We All Make the Games" campaign. Personal stories captured via guerilla film crews throughout the Park and the wider city center focused on the emotion at the heart of the Olympics. The multichannel campaign allowed spectators to upload photos of themselves getting into the spirit of the Games — McDonald's received 20,000 submissions leading up to the Opening Ceremony. McDonald's is also making heroes of ordinary people across other touchpoints, including in-restaurant. If you've walked past a McDonald's recently, you'll have noticed their mosaic window displays, capturing portrait photographs of the real people that make the brand — from suppliers to employees to customers. By capturing, replaying and displaying the moments and emotional responses that make the Olympics so moving and special, McDonald's celebrated humanity at its best. However, while the brand ultimately succeeded in eliciting a positive response, the appropriateness of McDonald's role as an Olympic sponsor has been questioned. Our research revealed that 25% of those surveyed felt that the brand was a poor fit with Olympic values. The mixed opinions indicate that many consumers want and expect to see better alignment between the values of sponsoring brands and notions associated with the Olympics, like health and fitness.

EDF Energy also played into the human side, but in a slightly different way. The brand capitalized on conversations that undoubtedly occurred worldwide as people fantasized about what it takes to become an Olympic athlete: "What would it be like?"; "What if?"; "How long would it take me?". In EDF's playful UK campaign, two eager technicians "test" the equipment ahead of the Opening Ceremony, by taking to the hurdles in the stadium, swimming a length of the Olympic pool, and trying out various other Olympic events. We'd all love to have a go, and this clever, yet simple, piece taps into the desire or intrigue that all of us non-Olympians have felt at one time or another during the Games. This year also saw the greatest investment

from Visa in its 25-year history as an Olympic sponsor. The "Go World" campaign was Visa's most social ever and put customers firmly at the center, allowing them to cheer on the athletes through social channels. This is a subtle shift from the Beijing Olympic Games in 2008 where the brand demonstrated its support for the athletes. However, in 2012, Visa celebrated the athletes along with its cardholders. The more inclusive strategy seems to have paid off — to date, 59 million "cheers" have been posted through social channels, and the Go World YouTube channel has received 47 million views. In hindsight, the level of engagement Visa achieved throughout the Olympics is impressive given the significantly high negative sentiment surrounding the brand at the start of the Games. According to our Brand Playback™ tool, which assessed online sentiment, the exclusivity rights around Visa use were the main contributor to the dissatisfaction many consumers felt.

Those of us from Interbrand's London office did, of course, see some brands continue to push spine-tingling messaging that focused on the might of the athletes in action — such as the adidas "Take the Stage" campaign, as well as Omega's "Start Me Up." However, when we think about the brands that actually cut through in 2012, the most successful were those that resonated with audiences at a far deeper level, celebrating the human spirit, not exceptional human powers.

At this year's Games, those brands that forged a connection with their customers did so with humanity, acknowledging the participation and accomplishments of everyday people — not just Olympians. Brands that successfully fostered an environment to create customer conversation took home the gold.

A true celebration of the human spirit, it's no surprise that some are calling the 2012 Olympics "The People's Games." The successful brands couldn't have better tapped into that ethos.

— **Lizzy Stallard** is the Director of New Business & Marketing, Interbrand London





The World's Toughest Brands: Service brands are some of the hardest to build. Yet greatness is still possible.

By Josh Feldmeth

The Best Global Brands list rewards outcomes. The more economic value you can drive through your brand over time, the higher the valuation. It's "show me the money," and the top 100 brands do just that.

But behind the list lies a secret. While all brands are judged by the same criteria, some brands have it harder than others. And services brands may have it hardest of all.

These disadvantaged brands live in a category without tangible products. They have low advertising-to-revenue ratios. They often are run by executives who lack marketing expertise. The responsibility for building culture and insuring consistent delivery is distributed over sprawling organizations of hard-driving, independent-minded talent. In the land of brand building, services businesses must thrive in rocky soil.

So when a strong service brand emerges from these hostile conditions, we take notice, because in their hard-wrought success lies the genetic code of the world's toughest brands.

One such success story is the business and technology services company, **Cognizant**. Since its founding in 1994, the company has been on a roll. With more than 140,000 employees and operations in 24 countries, it is one of the fastest-growing technology companies of all time. To help us unpack the story, we interviewed Robert Painter, Cognizant VP of Corporate Marketing. His insight reveals how Cognizant is building a brand with deep roots, an unrelenting vision and a hard-edged accountability—traits shared by the world's toughest services brands.

Deep roots in authentic soil

There is a conundrum in business services branding: As the business grows, the brand weakens. We call it the Partner Paradox. The more partners (or senior talent in general)

that join the firm, the greater the business growth. But leaders have strong personalities and independent minds. They don't "do" homogeneity or naturally subvert their own point of view in the interest of a shared vision. That's the paradox: while brands thrive on clarity and consistency, the thriving business services company actively acquires assets (i.e., people) that, by their very nature, reject common thinking.

Great brands overcome the paradox and subsequently scale the brand globally through a rigorous attention to culture. Accenture's culture was founded in St. Charles, Illinois, where every new college graduate hire spent the first weeks of their career learning to code while being steeped in Accenture's cultural DNA. IBM is another example. Its much lauded "Smarter Planet" strategy has its roots in an internal engagement exercise: its 400,000 plus employees aligned to a single strategy that places them—"I'm an IBMer"—in the center of the frame.

Cognizant's approach is to ground the culture in the founding energy of its leaders. "I joined Cognizant because of the passion of the leadership," explains Painter. "When I met with the management for the first time, I realized it was a team that has been here since day one. They've experienced remarkable growth. Yet, the only thing they were talking about was the next five years: how to grow, how to expand the brand, how to serve clients better. They all had the same passion."

The roots of every strong brand are anchored in its culture. This is where Cognizant's story begins: with a passionate leadership team, galvanized around a shared vision for growth and committed to culture. It's the same for Accenture, IBM, and the other big services brands. It's textbook stuff really, but for business services firms, particularly those that are growing quickly globally, it's a very rare and difficult thing.

Unrelentingly relevant

Everyone's on the bus, but is it headed in the right direction? This is a particularly tricky question in the world of technology. How does the brand ensure that its enduring vision will consistently win in a constantly evolving sector? Cognizant's answer is simple: be relevant.

Again, Painter: "Branding in technology services is one of the most challenging marketing jobs that you can imagine. It all comes down to a simple term: relevance. We don't wake up and say, 'How do we make the brand better?' We say, 'Are we being as relevant to our clients as possible?'"

The most relevant brand will always win. It will be chosen more frequently, given a premium, and recommended to others. Yet in the world of technology, what is relevant today may not be relevant tomorrow. Cognizant's response is a brand proposition that doesn't anchor on something that is relevant — smartest consultants, best price, most flexible, most global, etc. Rather, they aim simply to be the most relevant.

It's a positioning masterstroke. It's simple, memorable, and animating for the organization. It's guaranteed to drive revenue and profit. And it demands the best from the culture: vigilance to client needs, flexibility, open-mindedness and restlessness for future work. This is strategy in action; a living brand positioning that exists in the client experience, not in the brand strategy presentation.

SAP is the classic example of the case. Since 2000, the brand has been anchored to the purpose of "turning businesses into best-run businesses." For a company selling software, nothing could be more relevant. And they haven't wavered, continuing to build around a core proposition year after year. In an industry where "what's hot" changes by the hour, these brands are unrelentingly focused on what will be relevant for clients, forever.

The freedom of accountability

I used to work for a large management consultancy, and I loved it. We were called

in when the problems became too difficult for the client's management teams. We presented to the C-suite. We had the facts and all the confidence in the world.

It's not surprising, then, that those responsible for building brands within high-performing services organizations often shy away from accountability. They often don't have the data they want, and the management to which they report are experts in business strategy and financial engineering. It can be daunting. But where others may see a debilitating need for accountability, the world's toughest services brands see liberation.

Painter says, "I sometimes feel my job is on the easier side. I'm blessed with management and a board that is clear about the strategic direction, and how we are going to be relevant for our clients. As a marketing executive, this is a real luxury."

Painter may feel his job has relative advantages, but he certainly hasn't taken the easy path.

He's documented a brand journey, a step-by-step road map for building the brand between now and 2015. Each milestone can be measured quantitatively. And while other brands have similar road maps, what's unique about the Cognizant brand team is their insistence on being held accountable by the organization.

Painter finds this accountability liberating. "These aren't metrics we keep within corporate marketing. We go to great lengths to share our goals and performance against them with the management team and the board. Quantitative measures are the key. It makes the conversation with the CFO easier with quarterly return on investment. We have nowhere to hide, which I find very reassuring."

— **Josh Feldmeth** is Chief Executive Officer, Interbrand New York





Citizens All: The New Rules of Corporate Citizenship

By Tom Zara and Peter Cenedella

The markets in which brands operate are increasingly transparent and fast-moving, with greater public visibility into corporate practices and robust platforms for public reaction. The relationship between companies and their target audiences is less and less one of broadcast and image control, and increasingly about engagement and participation. “The wisdom of the crowd” is applied to everything from such brand staples as naming and logo design to business basics like product development. Clay Shirky aptly titled his influential 2008 tome on the digital revolution *Here Comes Everybody*. Just four years later, it’s safe to say that when it comes to the life of corporate brands, everybody is, by now, very much here.

And everybody isn’t just passively watching, of course. Consumers are expecting to see not just great products and services from the brands they choose; they also want to feel that the brands they love are, in fact, worthy of that love. Brands are strong presences in our lives, deeply ingrained and abiding parts of our emotional, mental, and physical experience and environment. So while the new interactive dynamic between brands and consumers is inherently filled with perils for brands, it is also replete with unprecedented opportunities to fulfill people’s desires — and even create some in the process.

This is why Corporate Citizenship is at the forefront of the life of brands as never before. How brands negotiate this razor’s edge of risk and reward in the new crowd-driven, digital, everything-at-once world will determine their strength, health, and wealth.

A tale of two brands

Case in point: British Petroleum (BP) is not among Interbrand’s Best Global Brands 2012. No surprise there; this marks BP’s third straight year in brand rehab following the 2010 Deepwater Horizon oil rig disaster in the Gulf of Mexico. The three prior years, from 2007

through 2009, however, BP held down respectable spots in the ranking as its brand strength grew in large part on the increasing credibility of the company’s “Beyond Petroleum” claims to green, which had helped them make deep and highly visible inroads into American markets. Its continuing, lengthy, and decisive fall from brand grace should not merely be seen as an inevitable by-product of the spill. It stems much more from the ethos and values of the BP culture, and its failure to perform under the disaster’s scrutiny. The bottom line for BP was that it was seen as dissembling, deflecting blame, and deceiving; it delayed and deferred taking responsibility, and it allowed others to drive the story. BP’s response in the media — including social media — stands as a case study in how a PR disaster can quickly turn into a lasting brand disaster.

So what’s a brand to do in the interest of building customer relationships and earning the respect, trust — and love — of its audiences?

Contrast BP with Nike (#26 in our report). Once a poster child for sweatshops and a target of international labor and human rights activists, Nike has completely averted brand disaster and is enjoying its sixth consecutive year on *Corporate Responsibility* magazine’s annual ranking of the best corporate citizens, receiving high marks for its transparency, its environmental policies, and — most importantly — its human rights performance. In the decade since Nike became, fairly or not, a symbol of all that is wrong with global outsourcing, one is more likely to see an activist wearing Nikes than bashing them. Why the turnaround?

Nike did two things: It simply owned its behavior, and then it got to work changing it for the better.

This tale of two brands — one an annual fixture in our survey, the other still reeling from its mishandling of a bad situation — is instructive of the new role of corporate citizenship. Today’s corporations face a stark choice in

these increasingly transparent times: develop and implement strategies to carve out a meaningful presence as a corporate citizen in an engaged world, or run the risk of seeing your brand value erode and your business suffer. Billions of dollars of brand value are tied to various forms of corporate social responsibility — Coca-Cola, IBM and Microsoft alone routinely have close to USD \$4 billion engaged in social programming among them.

Interbrand has focused on advising our clients how to ensure that their citizenship dollars are well spent. And the short answer is: It's about more than the spend. It's about the credibility of a company's culture of citizenship.

The changing face of corporate citizenship

Corporate citizenship goes deeper and is fundamentally different than older notions of corporate social responsibility (CSR). CSR traditionally implied a separate body nominally within, but functioning apart from, the core organization, such as a foundation, that took action in the social arena and may have borne little discernible relation to the company's larger sense of itself and its reasons for being in business. CSR too often smacked of doing the right thing out of duty, reducing risk of non-compliance, sundered from the bottom line, separate from the profit motive, unrelated to an organization's fundamental *raison d'être*. If doing good for the sake of a PR bump or to keep the regulator at bay was the hallmark of CSR in recent times, then the new opportunity for companies may be summed up in a simple equation: Doing good by doing what you do best yields greater value. Great corporate citizens leverage their expertise in the marketplace to solve the world's challenges while gaining credibility and driving consumers to choose them over the competition.

Corporate citizenship, then, is the perception people have of a company's positive contribution to society, which is a key component of that company's standing in the market and its brand value. Such perception also has a tremendous impact on the HR function, hiring, and retention. Millennials, for example, have come of working age with a level of

high tech that blurs the traditional work/life balance. They therefore feel entitled to demand that companies reflect their own values. To recruit the best of this generation, firms are finding they must be responsive to Millennials' desire to work for those companies that not only produce a better widget, but also do something more positive for the world.

Metrically speaking, Corporate Citizenship, in our view, can be ranked as a measurement of how a company interacts strategically with six critical constituents that depend upon it, and upon which it is dependent: its employees, its customers, its suppliers, the government(s) responsible for both regulating and assisting it, the communities in which it does business, and the larger environment it shares with the whole planet.

In both our research and our client work, we have found that, first, consumer perception of a brand's performance in any one of these six dimensions has a positive impact — a halo effect, if you will — on the other five dimensions. This is good news: it gives companies license to laser-focus on an aspect of social engagement that suits their brand identity, and they can expect to see returns in perception as a result. Second, we have seen that the ROI on this approach is real, and tends to trend higher long-term than the ROI on the more traditional CSR approach.

Closing the gap

There's a potential sinkhole in the market, waiting to suck value away from brands. It's the gap that can open up between a company's actual corporate citizenship performance on the one hand, and the public perception of that citizenship, on the other.

This year Interbrand, in partnership with Deloitte, measured the Best Global Green Brands — in part by assessing the gap — positive or negative. To gauge performance we measured six elements of sustainability: governance, operations, transportation and logistics, stakeholder engagement, supply chain, and products and services. For perception, we examined differentiation, presence, relevance, consistency, understanding,

and — crucial for countering the PR effect — the authenticity of corporate claims of environmentalism.

A negative gap occurs when a brand fails to get credit in perception for its performance. These brands are not seeing the full return on their Corporate Citizenship investment. That's why it's critical that companies find ways to tell the story of who they are, why they choose to engage as they do, and how they are having an impact in doing so.

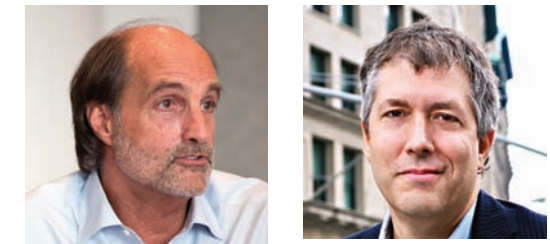
A positive gap occurs when a brand receives too much credit for its performance. These brands run the risk of losing the valuable credibility they have gained with consumers. It's critical that the story a brand tells across platforms about its social engagement is not a PR job or a brandwash. The story needs to show in every facet of its narrative that engagement is rooted in the brand's business, its sense of purpose as an organization; rather than an add-on, corporate citizenship efforts need to check the box of authenticity.

This is a net positive, because it frees brands to pursue social engagement in ways that boost the bottom line by aligning so clearly with their business mission and values.

One of the best current exemplars of this approach is Western Union and its "Our World Our Family" program, which helps immigrants and their families worldwide. Much of the company's profits come from its money transfer payments business, and much of that business consists of immigrants in the US, many of them from Latin America, wiring money home to assist family members in need. As Luella Chavez D'Angelo, Western Union's Senior Vice President for Global Corporate Responsibility, puts it: "We take this audience and consumer base very seriously. We know we have a responsibility not only to watch after their cash as a leader in global payment services, but we're moving that money for very important, impactful reasons: to get food on the table, to buy school supplies, to pay the bill that maybe is much harder for them than for you and I to pay."

From the C-suite down, Western Union evolved its traditional philanthropic efforts to align its foundation's focus with the company's core business. Not without risk to the share price, the company's CEO committed to the approach, culminating in an address on behalf of immigrant concerns to the United Nations General Assembly. No half measures there. With a footprint in 200 countries and what Chavez D'Angelo calls "some understanding of marketing and an understanding of working with various cultures," Western Union has aligned its business-side policies and its foundation's efforts.

The trends will only accelerate in the years ahead: to interactivity, to consumer participation, to instantaneous reaction, and real-time multi-platform dialogue between brands and their audiences. Companies seeking a market edge need to compete not only in the arena of products and services, but also in the wider world. Your social engagement could be a key determinant of where you rank in the coming editions of the Best Global Brands.



— **Tom Zara** is Executive Director of Strategy, Interbrand New York & Global Practice Leader of Corporate Citizenship
Peter Cenedella is Creative Copy Director, Interbrand New York

The Future of Brand Building

By Jez Frampton

The last five years have been marked by economic crises, sending businesses running for cover and searching for answers. The immediate response for many was to attack the “supply-side”: trim the supply chain, seek internal efficiency, and attack costs. But the brutal truth is that in recessionary times competition becomes even more intense, and this strategy has diminishing returns. Five years in, the mantra is shifting towards the demand side of the equation.

Driven by ever more demanding customers, pushed by emerging market competitors, and inspired by companies like Apple, many businesses are re-discovering the power of creativity and design, increasing investment in innovation, and trying to better understand how brands drive their business. In short, we are entering a new age of demand; no longer about latent, passive consumption, but about dynamic, connected, and active markets that drive competition and, ultimately, success.

Given this, we believe brands will play an increasingly important role. Over a decade ago, *The Financial Times* classed brands as the ultimate source of sustainable, competitive advantage. This August, *The Economist* stated that branded businesses enjoy margins double that of their counterparts, with greater levels of loyalty. It’s clear that in this increasingly competitive world, well managed brands drive profits, so it’s logical to expect greater degrees of innovation, sophistication, creativity, understanding, and, of course, accountability to a forensic level of sensitivity.

The rise of the conversation

One of the biggest challenges facing the marketing world over the next 10 years will be the increasing importance of the conversation. *The Cluetrain Manifesto* (Levine, Locke, Searls & Weinberger, 2000) defined markets as conversations between companies and customers — a conversation that has since expanded *between* customers.

At Interbrand, we see interactivity among customers and business shifting B2B and

B2C toward B&B and B&C. This presents new possibilities for brand building via innovation, interactive experiences, and communication inside and out.

The rise of social truly changes communications — more dynamic, and one-on-one customer interactions are becoming possible by combining “big data” with key developments in artificial intelligence (AI). This accelerates the dynamic nature of advertising on the Web; conversations are now “managed” via a combination of AI and human inputs.

But do all these conversations mean the end of image building? Recently, a high profile tech CMO asked me if we needed brand positioning in a world where opinion shifted from minute to minute. My answer pointed to the importance of context. Every message from a brand is viewed in the context of that brand: its market position, personality, values, competitive stance, etc. In other words, it shapes the way we interpret the message, and in a world where our communication with brands is increasing exponentially, a clearly defined brand becomes even more important.

Choice is changing

Recent papers published by McKinsey in the *Harvard Business Review*, and by Interbrand in *Fast Company*, illustrate that the two key drivers of brand value, choice (role of brand) and loyalty (brand strength), are both significantly affected by the post-digital world. Purchase decisions are becoming more fluid, better informed, and dynamic. There is always someone a “step ahead” of you, and easy access to other user experiences and long-term opinions affects the assumptions of loyalty. Both of these trends provide significant opportunities for marketers, and brand experience holds the key to maximizing the opportunities.

Holistic — the new mantra

We believe that great brands are “business strategy brought to life” delivering a seamless experience across product and service,

physical spaces and places, internal culture and communications. Companies like Apple have already set customer expectations and it doesn’t matter if you are a bank, a business consultancy, a retailer, or a hotel chain, the message is simple: Join up!

Whilst the solution may seem simple, sadly, the barriers frequently come from within: silo mentalities and politics. The opportunity is to deliver seamless experiences across the silos, combined with creative curation to ensure high quality and innovative expression. The role of digital experiences within this holistic world cannot be underestimated, and it seems clear that the potential of digital to augment, extend, and create whole new interactions will continue to shape companies.

The primary role for digital is to act as the glue, both joining together the many fragmented elements of an experience chain, and providing a basis for on-going communications and interactions with customers. Despite the fact that digital should become central to building relationships with customers, many businesses still treat it as a promotional or idea-generating tool, rather than a means to enhance, augment or create new ways to interact.

Digital permission

Seth Godin pioneered “Permission Marketing,” a shorthand for understanding the boundaries for brands in a world where customers are in control. We believe the next step along this curve will be the notion of digital permission: the granting of rights by customers within the digital world.

Remarkably, Levi’s saw this coming a full 13 years ago. They created a fitting process involving a laser body-scan to create personalized jeans. The core idea, however gimmicky the execution, was groundbreaking: that one could have a truly digital self. My digital me: a perfect scan of my physical being fused with attitudes, purchasing behavior, likes, dislikes, interests, even connected to my ever-expanding social network.

These aggregated images (made possible by big data, superfast networks and artificial

intelligence) could create a whole new world of marketing for us to explore, where my digital me would browse for me, bring things for me to see, explore social opportunities, and save me from ever having to go and buy socks again.

This may well still be a leap, but the cost/benefits are worth considering. Consumer trends point to greater reliance on the Web, and we all have busy lives nowadays! Why not delegate a little (or a lot) to a digital self? The technology is already in existence and the possibilities for marketing are endless.

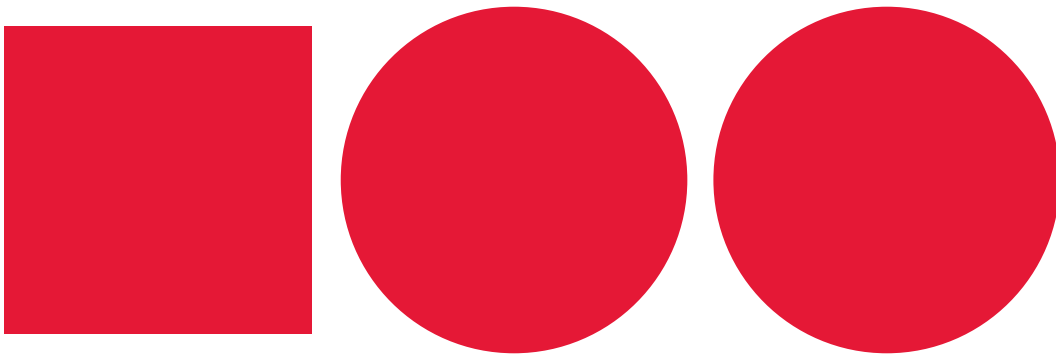
Certainly all of the above trends and conjectures point to incredible opportunities for those building brands, through communications or otherwise. They also pose significant threats: can brand owners change their structures and behavior towards faster, flexible, more holistic ways of working, reducing silos and increasing innovation? Can agencies and consultancies adapt their skills to personalized, dynamic demand management, with a heavy emphasis on digital, crowdsourcing, and creative curation?

One thing is certain: within this complex world, the focus provided by a well-defined and executed brand will become ever more important as internal/external beacons of direction, purpose, value-creations, and experience.



— Jez Frampton is Interbrand’s Global Chief Executive Officer

Best Global Brands 2012



01

Coca-Cola
+8%
77,839 \$m



Coca-Cola. A name that is more universally recognized than any other in the world. That's the power of Coca-Cola's brand. Some will say it's the flavor, but for millions, it's the way Coca-Cola makes them feel. A brand that's always evolving, Coke's brand promise of fun, freedom, and refreshment resonates nearly everywhere. The company excels at keeping the brand fresh while maintaining a powerful sense of nostalgia that unites generations of Coke lovers and reinforces consumers' deep connections to the brand. Its edgy campaigns continue to push boundaries, and Coca-Cola reinforced its values through celebratory promotions relating to its 125th-year anniversary ("Sharing Happiness") and the London Olympics ("Move to the beat").

Though Coca-Cola sold millions of beverages on the Olympic grounds in London this year, the brand's real returns have come from global viewership. According to a survey released in July by Research Now, Coca-Cola scored over 90% in brand awareness among respondents from the US, Canada, UK, France, Germany and Australia. One of the few marketing platforms that are relevant to a global audience, the Olympics have allowed Coca-Cola to solidify a powerful

association in the minds of billions. Through its consistent presence at the Games, Coke, a sponsor since 1928, continues to build its brand strength, reach, and impact every time the Olympic torch is lit.

Yet, despite its enormous size, Coca-Cola has proven to be nimble, flexible, and innovative, adapting to local markets and new eras without diminishing its legacy. The brand continues to embrace digital, expanding its impressive online presence and engaging with consumers via its "Coca-Cola Music" promotion. Also progressing in the area of corporate citizenship, Coca-Cola gained accolades for its advanced water recovery system this year and received high ratings for employee diversity and sound workplace policies for LGBT associates. In a bold collaborative move with musical artist will.i.am, Coca-Cola has also launched the EKOCYCLE brand, a stand-alone initiative that encourages recycling and sustainability among consumers through lifestyle products made in part from recycled material. Coca-Cola may be 126 years old, but with more than 50 million fans on Facebook, 1.8 billion Coke products consumed daily and 3,500 beverages in its diverse portfolio — Coke's still got it.

02

Apple
+129%
76,568 \$m

top
riser



Few companies have captured our imagination, inspired such devotion, and revolutionized the way we live quite like Apple. While we may assume it's the products that define Apple, it's really a certain kind of thinking, a certain set of values, and an unmistakable human touch that pervades everything Apple does — which is why our connections to the brand transcend commerce.

The response to Steve Jobs' death last year proved how deeply millions connect with Apple on an emotional level. In a world where consumers are oftentimes overwhelmed with information, the role a brand plays in people's lives has become all the more important to ensuring a business' overarching success. Nobody understood this better than Steve Jobs. He simplified the complex, democratized technology that was once out of reach, and built a brand so powerful that it forever changed the way consumers think of brands.

Jobs recognized that a brand is so much more than a logo. He instinctively knew that his customers needed to feel a certain way when they picked up an Apple product, when they entered an Apple store, or when they visited the Apple website. He knew that a strong brand should envelop the entire business strategy and positively influence the entire employee base. He also recognized that a brand is what connects a business with the hearts and minds of consumers. Simply put, Steve Jobs understood that a brand is uniquely capable of humanizing a business — and that is precisely why so many of us are Apple ambassadors today.

Steve Jobs also understood the importance of a smooth transfer of power, which is why Apple maintained its momentum throughout 2011. After launching the iPhone 4S and iPad 2, both went on to crush even the most optimistic expectations. This year, earnings again reached

record highs across developed and emerging markets and, not surprisingly, Apple enjoys this year's biggest increase in brand value — an astounding 129%. Increasingly associated with the luxury sector, Apple now produces items that consumers feel they must own to fit in socially. A feat once pulled off by Nike, transforming the sneaker into a coveted object with a high price tag, Apple's iPhone and iPad have achieved similar status. The Nike model — a golden age of dominance, before relaxing into a complex market sector — may signal the future of Apple, if it's not careful. The market may move on if Apple's products cease being a differentiator of class, taste, or cool, but that doesn't appear to be happening any time soon.

Despite the fact that he was terminally ill, Jobs reportedly worked for more than a year on the products he believed would safeguard the company's future. Not only was he overseeing the development of the iCloud project and masterminding updated versions of the iPod, iPad, iPhone, and MacBooks, but Apple sources have divulged that he also ensured at least four years worth of products were in the pipeline. Additionally, the historic patent battle between Apple and Samsung has recently come to an end, with the verdict largely favoring Apple. A decision that's likely to ripple across the entire smartphone industry, the verdict has strengthened Apple's design identity and will presumably send copycat competitors back to the drawing board to avoid a design infringement lawsuit.

As Steve Jobs himself expressed when he regrettably stepped down as Apple's CEO, "I believe Apple's brightest and most innovative days are ahead of it." And if the numbers, the legacy, the potency of the brand, and recent strokes of fate are any indication — it may indeed be a long time before the bloom wears off this Apple.

03

IBM
+8%
75,532 \$m



IBM, the US-based multinational technology company, has consistently ranked as one of the world's most innovative, profitable, and sustainable brands — and it is still operating at full speed. IBM continues to reinvent itself to meet ever-changing marketplace needs, turning its attention to emerging markets, big data analytics, and cloud computing. Smarter Planet, IBM's groundbreaking business strategy, continues to drive new product and service development, employee engagement, and corporate citizenship. It remains a textbook example of how to create, build, and deliver a world-leading business-to-business brand. This year, among other innovations, IBM researchers developed low-cost photovoltaic cells

made from natural materials that have set the world record for PV solar-to-electric power conversion efficiency. Despite effective brand performance in the past year, revenue in the second quarter of 2012 was weak, especially in business services. Consequently, investor concerns arose when profits goals were met via cost-cutting. However, it is expected that the brand will more than deliver in the third and fourth quarters, much as it did in the first quarter of 2012. Though perceived as leading edge compared to its competitors, to stay ahead, IBM must make sure it continues to deliver big, thought-provoking innovations and maintains its rich legacy of world-changing technological advancement.

04

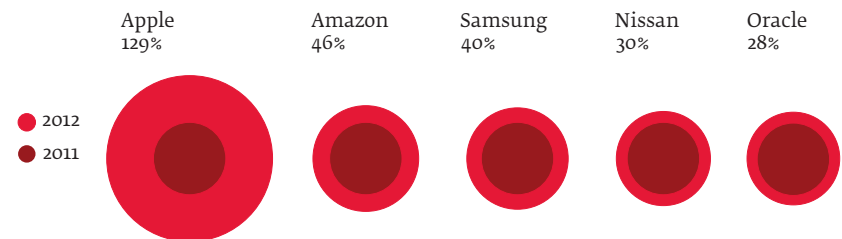
Google
+26%
69,726 \$m



While opinions are mixed on Google+ and Google's other various innovations, overall, the search giant has had a productive year. With minimal room for growth in search engine market share, Google continues to transform itself into a broader IT company. New products and services include the Project Glass augmented-reality head-mounted display, Google TV, as well as Google Drive, a cloud computing service, not to be confused with its efforts to build a self-driving car. The company, known for making bold bets, acquired Motorola Mobility, along with a slew of its patents, which could help Android fight off companies with

competing mobile operating systems. Still, Google faces stiff competition from the likes of Apple and Microsoft. Google+ has failed to muscle in on Facebook, and Google Buzz was closed. The company also needs to build trust among consumers following online privacy concerns, Oracle's allegations of copyright infringement, and the EU's antitrust lawsuits. Despite these challenges, Google's revenue has soared this year. The promising Motorola Mobility acquisition and the strength of new and improved products have fueled an impressive 26% increase in brand value, on top of a similar increase last year.

Top risers of 2012



05Microsoft
-2%
57,853 \$m

Still one of the world's most recognized technology brands, Microsoft has found itself in a bit of a holding pattern in 2012, reporting soft growth compared to Google and Apple. In particular, there has been weak computer demand as consumers switch to tablets and try out Windows 8, the newest version of the company's flagship operating system (OS). Attempting to combat Apple's lead in the tablet market, Microsoft has promised a revolutionary OS that represents the convergence of technologies along with a consistent, bold cross-platform look and feel. The technology world has had unprecedented access to the development of Windows 8. Its success would catapult Microsoft forward and revitalize the entire PC ecosystem. In an effort to establish more of a human

relationship with its current consumers and attract new ones in the process, Microsoft has been making inroads into the healthcare market, serving 22 million users on Live@edu, and pushing Xbox (the number one selling game console in the US). The software giant is also focusing on business users, an area where its competitors tend to be weak. Additionally, Microsoft worked hard to insulate itself against the economic slowdown while building key areas of its business, and, in August, the brand launched a refresh of its corporate identity. Microsoft also pushed into the hardware market with its own Surface tablets and into the competitive fray—the global market for converged software/hardware ecosystems. This move will likely define the brand's future.

06GE
+2%
43,682 \$m

As was the case before the dot com bubble, the promise of emergent technologies can sometimes feel a bit vague. As the market swooned over social networks, the mobile media revolution, and the all-knowing cloud, GE pulled the ultimate trump card. In 2012, the brand launched GE Works, an integrated communications platform. With gripping imagery and stories of meaningful human outcomes, the campaign reasserted the brand as the world's maker of "real" things—from job creation in the manufacturing sector to advanced healthcare technologies, GE's focus has

been squarely on asserting its global leadership role. GE Works appears to be working. Growth in its energy infrastructure business, a healthy outlook in industrials, and a revitalized GE Capital demonstrate that the company can follow up on its big bets in green technology (ecomagination), healthcare (healthymagination), and the industrial internet. GE also served as a sponsor of the 2012 London Olympics. And as some of the "can't-miss" tech brands start to look a little light, GE is reminding the world how imagination really works.

07McDonald's
+13%
40,062 \$m

McDonald's, the leading global foodservice retailer, stands out because of its exceptional brand management, significant global presence, leadership in sustainable practices and admirable approach to consumer engagement. McDonald's has more than 33,500 restaurants in 119 countries and the Golden Arches continue to expand, most notably in Asia. The company deftly manages its franchise model, delivering a remarkably consistent customer experience while still allowing for locally relevant menu and service variations (such as home delivery in India and China). The company is also working to respond to critics by increasing the number of healthy menu options and effectively communicating its sustainability efforts to both customers and

employees, building energy saving and waste reduction into staff incentives. Demonstrating its commitment to brand development, McDonald's is repositioning itself to appeal to a broader audience, particularly by redesigning its outlets and making them more modern, comfortable, and upscale. The McCafé experience is another example of McDonald's flexibility and its efforts to appeal to a broader group of customers. On the digital front, McDonald's "Make Your Own Burger" campaign in Germany and the Netherlands used crowdsourcing to generate new recipes and promotions. The campaign created significant digital buzz and positioned the brand as a digital innovator, helping to further build the brand's strength.

08Intel
+12%
39,385 \$m

For Intel, the last year has been filled with change, big bets, and the continued quest to remain at the forefront of the ceaseless computing revolution. The rise of the smartphone, and the shift from "the era of computers to the era of computing," has made it hard for the brand to stretch from the processors for PCs and servers for which it is known, into a broader set of technology offerings. While marketing efforts like the Creators Project, staged in conjunction with Vice, and a host of smaller, targeted marketing programs are making the brand more accessible to the next generation of consumers, the drive towards greater relevance isn't just a marketing one. Intel's response has been to push consumer understanding into everything that it does—hiring new leaders, and promoting from within to help bring a more user-centric attitude to how it goes about defining and building the

technology of the future. From putting an anthropologist in charge of the Interaction and Experience Research group, to bringing in executives from Apple and the BBC to guide their entry into smartphones, tablets and home entertainment, Intel is shifting from a technology first mindset to one of user first. The results are already rolling in. After years of talking about entering the smartphone space, Intel finally cracked the market, launching Intel-powered smartphones around the world. Even in its PC and server markets, Intel is changing its tune, delivering a broader experience beyond just performance. Time will tell whether Intel can remain ahead of the tide of change in computing, but if early success and internal changes are any indication, Intel will be a brand to look to for years to come.

09

Samsung
+40%
32,893 \$m



Samsung is one of the biggest successes of 2012, marked by a meteoric 40% rise in brand value. In a market competing to create convergent ecosystems of internet-enabled household devices, its smartphone sales have led the way to a strong position over competitors. With 19.1% market share, Samsung became the global leader for smartphone shipments in 2011 ahead of Apple and Nokia. From this bumper position, the next year holds promise of greater expansion. Samsung has announced plans to sell its own Microsoft Windows phone and a series of Windows 8 computers, to sit alongside the new Galaxy SIII and Note. This will help it further connect Samsung mobile devices with home devices, such as TVs and washing machines, to create a consistent user experience as the brand grows.

Furthermore, Samsung's sponsorship of the London 2012 Olympic Games, and in particular the Torch Relay, has raised brand awareness, with 14 million people judged to have seen its branded bus in the UK. Online buzz was also driven by prominent roles of the Galaxy SIII and Note smartly integrated into the Opening Ceremony. Looking to the year ahead, Samsung continues to fulfill its corporate philosophy as well as its vision — "Inspire the World, Create the Future" — through its aspirational branding project and commitment to bringing "new and meaningful innovations" to the global marketplace. Despite setbacks around the recent patent trial with Apple, the company goes into 2013 with a strong stance in the market and a determined vision to become one of the top five brands by 2020.

10

Toyota
+9%
30,280 \$m



The resilience of the Toyota brand seems to have closed the chapter on sudden acceleration and helped the carmaker in reclaiming its global leadership position. Toyota's Prius customers continue to deepen their connection to the Toyota portfolio. At the same time, the Prius lineup is creating an influx of new customers to the Toyota brand. And thanks to the generous subsidies and reduced taxes on cleaner cars, hybrids are a clear differentiator for Toyota, so the Prius portfolio continues to grow. In addition to showing solid numbers with repeat customers, Toyota is strengthening its appeal with younger

consumers. The brand has intensified its incentives push and reduced its fleet sales. This helps customers find a good deal while also holding the line on the resale value of their vehicle. While relying on incentives will undermine the brand, overall spending remains among the lowest in the industry. Europe continues to be a challenge for the brand, but, overall, management will be focused on evolving its messaging and communications while reinventing a maturing brand with more stylish and better-looking vehicles.

11

Mercedes-Benz
+10%
30,097 \$m



Mercedes-Benz

There may be no other vehicle that exudes class and luxury quite like Mercedes-Benz. In the minds of many people, it is still the brand that says, "I've arrived." Its long heritage of excellence in engineering, performance, styling, and safety was dramatically underscored in 2010 by the resurrection of founder Gottlieb Daimler's guiding motto, "The Best or Nothing." Laying the groundwork for further growth, the striking campaign reached millions and gave sales a significant boost. Building on that success, this year's confident "A as in Attack" campaign is now fanning the flames of desire for the new A-Class lineup. Together, with the new B-Class and further model variants based on the same vehicle architecture, the A-Class is expected to be an important driver in the Mercedes-Benz growth strategy going forward. A pioneering brand that has been shaping the future of mobility for more

than 125 years, Mercedes-Benz continues to respond to a market that is quickly shifting in favor of green technologies. Setting new efficiency benchmarks, Mercedes-Benz also boasts the most economical luxury class model in the world: the E 300 BlueTEC HYBRID. Mercedes-Benz's commitment to innovation is also evident in the development of forward-looking technologies like its F125! concept car, essentially a blueprint for the future of luxurious, emission-free vehicles. Additionally, Mercedes-Benz is increasingly leveraging its AMG brand to add driving-performance credentials to the masterbrand. Constantly defining new milestones in terms of vehicle drive systems, safety, comfort, design, and sleek aesthetics, Mercedes-Benz continues to live up to its promises of fascination, perfection, and responsibility.

12

BMW
+18%
29,052 \$m



Synonymous with class, performance and style, BMW remains a leading premium brand in the automobile industry and continues to appeal to a wide host of target groups around the world with over 11 million Facebook fans, more than most other auto brands. The key success factors are BMW's handling characteristics, design, and innovative thrust of the brand. As the official automotive partner of the London 2012 Summer Olympics, BMW provided over 3,000 vehicles to the games, successfully demonstrating its mastery of global brand management and further unifying its positioning worldwide. BMW is determined to set new benchmarks in the dealership experience, opening brand stores in London and Paris this year as part of BMW's

"Future Retail" program. The stores represent the first step toward a new generation of brand experiences. Never short on innovation, BMW is also poised to introduce, the i series, which promises to bring new excitement and attention to the electric vehicle market. Despite this stellar performance, BMW, the best selling luxury car in the US in 2011, is locked in a battle with Mercedes-Benz for the same honor in 2012. The much anticipated addition of all wheel drive to the redesigned 3-series may prove to be the extra gear that BMW needs to take the lead.

13Disney
-5%
27,438 \$m

The world of entertainment has been steadily transforming as audience behaviors evolve, content consumption habits change, and the old gives way to the new. If one brand, however, has demonstrated an ability to remain resilient over the years in the face of change, it is Disney. The company that launched on the shoulders of one little mouse has expanded to include five key groups: Media Networks, Parks and Resorts, Studio Entertainment, Consumer Products, and Interactive Media. While each division has seen its own share of turmoil, with executive shifts and box office disappointments in the past year, Disney continues to march forward, albeit without a strong vision for its brand. Disney has reported solid earnings this year, driven by growth across all divisions, but it's worth noting that while the Disney Channel is still a top-rated cable network in the US, recently surpassing Nickelodeon, it's a small value contributor overall. Disney's performance in the film business has improved since last year, but was driven largely by the success of a single film: *The Avengers*. Disney is working to leverage this

franchise, which includes plans for an Avengers sequel, and is also planning to launch 3D versions of popular hits like *Finding Nemo* as well as a slew of films based on Marvel characters like Iron Man and Thor. Despite the slow economic recovery, Disney's parks and resorts, which comprise a little over 10% of Disney's value, saw a rise in attendance and guest spending. Overall, Disney looks healthy financially and shows signs of future success in the movie business, but the strength of the Disney brand itself seems to be gradually eroding. Since the company's animation renaissance in the 1990s, the flow of original content has ceased in favor of franchises and areas of business that do not originate from Disney's own creative fount. To thrive in the long term, Disney must rediscover its core as a global entertainment powerhouse — and reclaim its standing as one of the world's great innovators. Few companies have a heritage so rich, meaningful and worthwhile to millions of people of all ages and backgrounds around the world. That is not something to be squandered; it is something to build upon.

14Cisco
+7%
27,197 \$m

Cisco, the worldwide leader in networking, has continued to refocus its brand on the B2B market after pulling the reins in on a much-scrutinized extension into consumer audiences. Cisco's brand has always been able to remain relevant in the switching and router market, but that may not be enough to maintain Cisco's performance in the future. The recent acquisition of NDS, a leading provider of video software and content security solutions, indicates that Cisco could be looking to gain a more solid foothold in software-based applications. As the market continues to trend towards mobility and cloud computing,

strong and nimble international competitors, like the Chinese powerhouse Huawei, will bring new challenges to Cisco's reputation as an innovator — especially outside the US. Cisco's campaign, "The Human Network," has been a consistent presence, but the brand strategy will need to adapt to the return of focus on the B2B market. Cisco has continued to streamline operations to reduce costs and help protect current margins, but multiple rounds of recent layoffs mean that morale must be maintained to develop the brand internally.

15HP
-8%
26,087 \$m

The turbulence HP experienced in late 2010 extended through 2011, as the company made another CEO change late in the year. The internal instability has resulted in the lack of a cohesive business strategy or brand strategy, which threatens both financial results and HP's reputation. HP has retreated from the mobile devices and tablets that make up more and more of end-consumers' technology purchases. Lenovo is predicted to hit the number one spot in the PC market, layering further pressure on the consumer franchise. Meanwhile, HP's shift towards Enterprise-level services and software has been perceived as slow with an inefficient acquisition strategy, while the company also

faces an expanding, nimble base of competitors. With HP acknowledging that the organization is in the early stages of a turnaround, it will take time, effort, and focus to resolve the brand issues that HP faces as it grapples with both internal transformation and external improving customer perceptions. HP retains an incredible breadth of products and services across the full technology spectrum, and the recent "Make It Matter" campaign reflects a more centralized approach towards brand expression, but HP faces numerous challenges as it attempts to restore its reputation for innovation and foster momentum within the rapidly changing technology arena.

16Gillette
+4%
24,898 \$m

For Gillette, being "the best a man can get" isn't just a tagline, it's a brand promise. Owned by Procter & Gamble, Gillette grew into the leading men's shaving line because it, historically, has spent more than any other company in R&D to make its razors the best. Once again delivering the performance and innovation consumers have come to expect, Gillette and Braun's new Gillette Fusion ProGlide Styler, a three-in-one facial hair trimmer, shaver, and edger, won multiple awards and helped increase market share in emerging markets. In India, consumers prefer Gillette "seven to one" over traditional double-edge razors, a promising sign of the brand's ability to extend its global presence. Building on its sponsorship of the London Olympics, P&G has announced a 10-year agreement with the

International Olympic Committee, which will link the Gillette brand with top male athletes. Strengthening its leadership positioning this past year, P&G has been testing (in the US only) the "Guy Aisle"; a dedicated in-store area designed to help men select their grooming products. Shipments of Gillette products have increased double-digit this year — no surprise with 800 million people using Gillette products each day. Gillette still reigns supreme in men's grooming, holding 70% of the global razors and blades market. However, with new value-priced competitors arriving on the scene and retro straight razors making a comeback, Gillette needs to keep reminding consumers why it's worth paying more for the best.

17

Louis Vuitton
+2%
23,577 \$m

LOUIS VUITTON

Louis Vuitton's continued success can be attributed to consistently upholding its core values and remaining loyal to its travel-centric heritage. In addition to its partnership of the 2012 America's Cup, Louis Vuitton has also improved its digital presence — from charting its history on Facebook to launching an app that enables customers to share travel experiences. The brand remains committed to engaging new markets, making it the top gift brand for the Chinese luxury consumer this year. The brand also made

its first foray into fragrance in decades with the announced launch of a signature scent by legendary perfumer Jacques Cavallier-Belletrud. Over time, this progressive expansion could prove to be a successful direction for the luxury brand, or it could be to the detriment of its exclusivity and perceived authenticity. If Louis Vuitton strikes the right balance between scale and desirability, however, there is no doubt that its position as one of the world's premier luxury brands will remain strong.

18

Oracle
+28%
22,126 \$m



ORACLE

Oracle is one of our top risers with a 28% increase in brand value. The brand is committed to branching out beyond database solutions in order to stay ahead of competitors. The company continues to make strategic acquisitions, like Sun Microsystems, to grow its capabilities and offerings, especially in cloud computing. Oracle's suit against rival Google (over the use of Java code in Android software) could also be seen as a play to remain relevant. If Oracle prevails, it may be able to influence the development of Android,

giving it a valuable foothold in mobile. Oracle has also placed significant emphasis on understanding its clients' unique needs and providing simplified solutions that reduce complexity and foster innovation. This could help the market better understand Oracle's total value beyond its products. However, with competitors Microsoft, VMWare, and Google already well-positioned in the cloud, Oracle will need to keep pace and develop more emotional connections with its consumers in order to see itself into the future.

19

Nokia
-16%
21,009 \$m

NOKIA

As Nokia tries to reinvent itself, its brand value continues to decline. This year, Nokia lost its position as the world's largest mobile phone manufacturer by volume and is losing the smartphone battle. However, it is Samsung's handset business that impacts Nokia most. For consumers, the role of the handset brand has changed as their focus shifts towards the operating system (OS) and the all-important apps they support. As the decline of Nokia's Symbian OS accelerates, all hopes are placed on the

Windows Phone OS. The launch of the Lumia brought Nokia to the world's attention again, but has yet to earn significant market share. In order to regain its momentum and increase its brand value, Nokia must reconnect with consumers. It must also stay relevant as consumer attention is increasingly drawn to software and less to handsets. There is no doubt that the recent launch of the new Windows Phone 8 handset will be crucial to the brand's future.

20

Amazon
+46%
18,625 \$m



Amazon aims to be a place where consumers can find anything they want to buy — online. It delivers on this aim by regularly expanding its products and services and, in doing so, has remained a leader in customer service. In the past year, Amazon sustained the success of its Kindle brand, stretching it beyond its e-reader origins into a legitimate iPad alternative, introducing both the Kindle Touch and Kindle Fire in 175 countries. The Kindle Fire now enjoys the world's second-largest tablet market share. By taking a hit on Kindle product prices, Amazon hopes to gain high-volume, ongoing revenue in e-book

and other content sales. This strategy appears to be working. As the second-biggest climber in brand value this year, Amazon has much to celebrate. However, its unfriendly stance toward unions, hardball battles to evade sales taxes in certain parts of the US, and a highly publicized story about the harsh treatment of workers in a Pennsylvania warehouse last year have put a dent in the company's image. To leverage the full potential of its brand, Amazon needs to manage the reputation of its business and work to improve employee relations.

21

Honda
-11%
17,280 \$m

HONDA

For Honda, 2011 was a year to forget. A strong yen and severe disruptions to its supply chain hampered supplies, sales, and profits. Segments that Honda has dominated continue to intensify with a growing field of competitors, while the sluggish performance in Europe and highly critical reviews of the Civic took a toll on the brand. Honda took the feedback seriously and is retooling the Civic. Although Honda lost market share, most of it can be attributed to the production shortfalls resulting from the 2011

earthquake in Japan, and the Thai floods. Nevertheless, the brand's strong track record of creating well-built cars and delivering good value will not suffice on word-of-mouth alone. The good news is that the brand seems to be turning the corner. Honda is cranking up production and a number of anticipated launches should help get the business back on the right track — shaking up the more conservative label some consumers have attached to the brand.

22

Pepsi
+14%
16,594 \$m



Holding strong at #22, Pepsi has really upped its game in the past year. The brand developed its first global positioning, “Capture the excitement of now,” which casts Pepsi as a youthful, fun alternative to Coca-Cola and inspires Pepsi lovers to live each moment to the fullest. Its first global campaign, “Live for Now,” meshes well with ongoing consumer promotions relating to music and its US partnership with the NFL. Alongside this, Pepsi has revamped its entire digital experience, PepsiPulse, to focus on user-generated content and direct connections with consumers. Furthermore, the brand is addressing key consumer concerns, such as sugar content, via

the launch of Pepsi Next, as well as its environmental impact — Pepsi was awarded the 2012 Stockholm Industry Water Award for reducing its water consumption. Early indications suggest these moves have been successful in bringing back lapsed customers. Additionally, new executives have been brought in to challenge the brand and ensure a smooth leadership succession. They have a tough role, as soft drink demand continues to fall while commodity prices increase, but by continuing to engage millions of people around the world through one of their key passion points — music — Pepsi just might win some new fans.

23

H&M
+1%
16,571 \$m



With an ever-increasing number of competitors gaining traction globally and more big retailers stepping into low-cost fast fashion, H&M, the Swedish multinational retail clothing company, has set its sights on finding new ways to maintain industry leadership. H&M has weathered the economic downturn well. In June, it reported forecast-beating quarterly profit growth. It has also increased market share in its main markets and expects to open 275 stores over the course of the year — including H&M’s first in South America in the first half of 2013. The secret recipe for H&M continues to be partnering with big-name designers, celebrities, and high-profile supermodels, and this strategy clearly resonates with the aspirations of its fashion savvy,

pop-culture-following target customers. The brand also appeals to consumers by highlighting its dedication to using organic materials. H&M was recently named the world’s largest user of organic cotton and it aims to improve upon this practice by switching to 100% sustainable cotton by 2020. The brand did have its share of disappointments, failing to deliver on its promise of bringing an online shopping experience to US consumers. H&M’s digital presence, once a model for the industry with its dressing room feature, is now struggling to establish consistent online experiences in all markets. The silver lining for H&M is that although price discounts and tough economic conditions have kept margins decreasing, the brand remains strong.

24

American Express
+8%
15,702 \$m



American Express has spent the past year launching a host of enhanced online services designed to improve customer experience, simplify account management and provide members with personalized offers from its favorite merchants via social media platforms. Customers could not be more satisfied, which is why American Express has ranked as the top US credit card company in customer service by J.D. Power and Associates since 2007. Offering various types of charge cards for small businesses to manage their expenses, and currently the largest provider of corporate cards, American Express has launched the Open Forum to provide additional support for this key market segment. A virtual space for small business owners to make connections and share insights, American Express Open Works provides small businesses with the knowledge they need to power their own success. The site offer numerous resources and

educational tools for members, which keeps the community active and engaged, and solidifies American Express’ role as not just a credit card company, but also an advisor, a friend, and the beneficent presider over a vast tribe of small businesses. Promoting events like the Big Break contest, which awards the lucky winners USD \$25,000 to implement marketing makeovers; and Small Business Saturday, which helps drive sales to small businesses on one of the busiest holiday shopping weekends of the year, American Express shows, through so many offerings and gestures, that it is committed to supporting small businesses. Clearly a leader in digital and social media marketing, American Express none the less needs to work to ensure that its multiple online platforms, seeming a bit like islands unto themselves, are more coordinated, connected, and easy to access.

25

SAP
+8%
15,641 \$m



SAP, the market and technology leader in business management software, solutions, and services, continues to perform well due to its embrace of cloud computing and mobile business apps. The German multinational software corporation has an unusual challenge in advertising — marketing complex business products most often bought by IT managers and corporate executives. In today’s economy, competition is fierce. To gain a competitive edge, many employees are bringing their work with them, wherever they go. As a result, mobile

devices, apps, and mobile operating systems are in high demand. SAP anticipated this trend and remains a relevant brand in this new market. “Run Like Never Before,” a campaign aimed at all consumers, not just IT professionals, focuses on the speed with which SAP software can allow one to operate a business better. The message of the campaign echoes the needs of consumers around the world: the need to generate and manage business on trains, baseball fields, in waiting rooms, taxis, or wherever life happens to take them.

26

Nike
+4%
15,126 \$m



A global icon that transcends its category, Nike continually increases the power of its brand through innovation — its greatest strength. In 2012, Nike delivered numerous game-changing products and slyly leveraged the London Olympics to its advantage. An “ambush marketer” rather than an official Olympic sponsor, the brand attracted publicity, spotlighted new products and managed, as always, to link world-renowned athletes to its latest offerings. As part of its long-term growth strategy, Nike announced its intention to divest its Cole Haan and Umbro businesses, which will allow it to focus its resources on driving growth in the Nike, Jordan,

Converse, and Hurley brands. Nike is also using social media skillfully to generate awareness and buzz, while continuing to engage the public through events and contests like The Chance, an athletic talent search. It is also expanding its breadth by incorporating technology platforms into all of the work it does, which has kept Nike well ahead of competitors. Though Nike is increasingly seen as a sustainability leader, the company still needs to improve its supply chain and environmental record. In this regard, initiatives such as “Zero Discharge of Hazardous Chemicals” in manufacturing by 2020, are highly relevant for the brand.

27

UPS
+4%
13,088 \$m



Holding steady at #27, UPS saw its brand value rise slightly this year. Slow growth in the US economy and an overall decrease in international volume, however, have stymied what might have otherwise been a banner year for the renowned global logistics provider. Dedicated to further enabling worldwide commerce, UPS focused on strategic acquisitions to bolster its capabilities and presence in both international markets and the business-to-consumer sector. In fact, a defining milestone for the brand was the announced acquisition of Netherlands-based TNT, an international express and mail delivery services company. The acquisition would be the largest in UPS’s 105-year history, and would provide an integrated network that expands its presence in Europe, Asia, and Latin America. Additionally, new services in the consumer

space, such as MyChoice in the US and alternate delivery locations in other global markets, will position UPS to extend its solutions beyond the enterprise and into the growing consumer area. Building upon its legacy in sustainability, UPS was one of only 10 US corporations to achieve an A+ status for superior transparency in 2012. The company also made significant progress in boosting its global fleet of 2,500 alternative fuel vehicles. Such efforts not only prove that UPS has successfully aligned sustainability with its core brand proposition of logistics, but have also earned it a spot (#43) in Interbrand’s 2012 Best Global Green Brands report. Additionally, brand-building improvements in the communities it serves have helped UPS land among the top tier of companies creating positive social change.

28

IKEA
+8%
12,808 \$m



Providing well-designed furniture at affordable prices, IKEA is the world’s largest furniture retailer. In the past year, IKEA kept close to customers, furthered green business practices, and remained competitive in spite of rising material costs. IKEA also doubled its Facebook and Twitter followers and created the Shared Space website where customers can post pictures of rooms they’ve redecorated. IKEA is also enhancing customers’ brand experiences by developing a take-back program for used furniture and innovating a new furniture line

that seamlessly integrates consumer electronics. The brand is also leveraging the credibility earned from designing furniture for the urban dweller to design and build entire urban neighborhoods, doing its part to solve the affordable housing shortage. Though IKEA was criticized this year for clear-cutting in old-growth forests, it has a strong sustainability record overall. IKEA now has 17 stores powered by solar panels in the US, and a wind turbine project currently underway in Sweden will soon power all IKEA buildings and operations in its native country.

29

Kellogg’s
+6%
12,068 \$m



After a tough year in 2010, Kellogg’s has a new CEO at the helm and is ushering in change with new product introductions like a Special K cookbook and its first gluten-free cereal to the US market. While Kellogg’s has long had a reputation for offering healthy, wholesome food, revelations that Kellogg’s contributed funds to defeat Proposition 37—a GMO-labeling initiative in California—has put a dent in the big K. With a strong brand identity, popular product lines, and a new focus on overseas growth, Kellogg’s will continue to be a strong force in the FMCG

category. As consumers become more educated—and determined to avoid ingredients perceived as unhealthy—Kellogg’s will have to prioritize transparency and take steps to transition away from genetically modified ingredients. This is especially important for a brand whose heritage rests on the promise of healthy food.

30

Canon
+3%
12,029 \$m



Canon faced multiple difficulties this past year: a stronger yen, Europe’s debt crisis, and slow economic recovery in the US. The brand has responded to these challenges by making product innovation and corporate citizenship top priorities. In 2012, current chairman and CEO, Fujio Mitarai, returned to the role of President and announced his vision for Canon to achieve the number one position in all of its core businesses.

This year, the company made its largest acquisition in its history, purchasing Dutch print maker, Océ, for USD \$1 billion. While the integration is still underway, it should boost Canon’s product lineup beyond that of competitors like HP and Epson. Canon’s investment in R&D and strong commitment to technology and innovation has contributed to Canon’s slight rise in brand value.

31

Budweiser
-3%
11,872 \$m

Budweiser

Budweiser can be cautiously optimistic this year. The redesign of its can reflected the brand's continued repositioning as contemporary and global, moving away from its US- and heritage-based roots. In addition to the can redesign, the brand also branched out of its Middle America comfort zone and reached a more urban audience with the "Budweiser Made in America" concert festival featuring rapper Jay-Z. The strategy appears to be paying off — 44% of sales are now outside the US. But as Budweiser's global market grows, it continues to lose ground at home. It is now the third brand in its category in the US, behind Bud Light and Coors Light. Although the rate of its US decline has reduced recently, can Budweiser become the world's number one beer if it is not number one at home? Part of Budweiser's strategy includes sponsoring events that appeal to

its young male target demographic — such as the European FA Cup, the 2014 World Cup (hosted in Brazil), and the September 2012 Budweiser Made in America US music festival. The brand is also a digital innovator, notably via the "Track Your Bud" campaign that allows consumers to trace the origins of their specific beer by scanning its QR code. Despite this success, the brand has a few weak points — brand extensions Bud Select and Bud Select 55 didn't take flight, and failing to update bottle packaging in line with its new cans may confuse consumers. Considering that Budweiser's authentically American personality often drives its success in international markets, the brand must work hard to ensure that walking away from those roots to achieve immediate global growth, doesn't have the opposite effect in the long-term.

32

J.P. Morgan
-8%
11,471 \$m

J.P.Morgan

J.P. Morgan reached a peak this year, being ranked the number one bank by assets in the US by the National Information Center — and then, swiftly fell from grace. Just months after earning this honor, the bank's tolerance for risk led to what its CEO, Jamie Dimon, called "significant losses" from a portfolio of credit investments. Initially thought to total USD \$2 billion, these losses could reach over USD \$7 billion. To make matters worse, J.P. Morgan recently revealed that its traders may have intentionally tried to hide the full extent of the historic losses. Federal regulators in the US are now looking into whether J.P. Morgan's employees intended to defraud investors. The fallout from these events has severely undercut Mr. Dimon's sterling reputation and credibility — and this would mean

death for most brands. But J.P. Morgan is not most brands. In fact, the bank reported a second-quarter profit of \$5 billion. While it continues to be resilient, the banking giant cannot afford to ignore its image. Creating a powerful brand is something J.P. Morgan has invested in for years. The bank recently hired Bank of America veteran, Claire Huang, as its new CMO and, for the time being, such investments in managing its brand seem to be paying off. J.P. Morgan continues to perform well with existing consumers and shareholders. However, if the firm hopes to retain the confidence and respect of potential clients and investors, it will need to instill and project a more trustworthy culture that better guards its legendary returns.

33

HSBC
-4%
11,378 \$m

HSBC 

For HSBC, the multinational banking and financial services organization, it's been a year of change underpinned by a shift in global brand strategy and internal restructuring. In an effort to consolidate in underperforming markets, HSBC is concentrating its presence in growth markets and businesses where wealth is being created. This accompanied the retirement of the "World's Local Bank" strategy and the introduction of a new tagline: "HSBC helps you unlock the world's potential." In 2011, HSBC was one of the

first banks to receive initial approval to underwrite corporate debt in China, giving the brand a significant head start in the world's fastest growing market. After seeming to avoid the worst of the financial crises, HSBC is now caught up by the compliance irregularities affecting many of its competitors. It remains to be seen how HSBC will emerge from allegations of laundering funds and the Libor investigations — both of which, at a minimum, could result in costly fines and tightened controls.

34

Pampers
New
11,296 \$m



Pampers is the top-selling diaper/nappy brand in the US and P&G's number one selling brand in the world. Using social media platforms to humanize the brand, Pampers' Facebook page provides updates on employees' pregnancies and new-baby milestones. Its loyalty programs are carefully engineered to master buying patterns of e-commerce shoppers. In fact, "Gift to Grow," designed to reward parents for purchasing Pampers, was so successful that it expanded to Japan and has

generated a substantial percentage of market share growth. Pampers also had a strong presence at the London Olympic Games and provided Limited Edition "USA" diapers and wipes to US Olympic athletes. Its Olympic presence extended to YouTube, where Pampers featured Canadian babies singing the national anthem in support of Team Canada. By successfully outpacing competitors, Pampers earns its spot in this year's Best Global Brands report.

35

Nescafé
-8%
11,089 \$m



Nescafé's focus on quality over convenience in 2011 proved to be too far of a leap for a brand most closely associated with instant coffee. Nescafé expanded beyond its typical offerings to sell its line of Dolce Gusto coffee machines and capsules. Single-cup coffee may only account for 8% of coffee sales worldwide, but it is the fastest-growing trend in the coffee industry. The cost of the machine and the capsules that go into it make the average cup considerably more

expensive than traditionally made java, and this posed several challenges for the brand, one of which was weakness in overseas markets. In Europe, the Nescafé brand is instantly recognizable, but in the US, the brand has significantly less equity. Attempting to elbow into an already crowded US market has proven to be a costly venture, and it remains to be seen if Nescafé can become the category leader in the US that it is in Europe.

36

eBay
+12%
10,947 \$m



When Meg Whitman stepped down as eBay's CEO in 2008, the brand was showing definite signs of trouble. In the past four years, under the leadership of John Donahoe, eBay has experienced a major turnaround. Unlike its peers founded in the digital era, eBay has managed to maintain its culture of innovation — finding new ways to remain relevant and responsive. The mega e-retailer has effectively mastered mobile; in fact, most of eBay's growth has come from mobile retailing and PayPal, not its core e-commerce business (which is also performing well). As if that weren't enough, over 90 million users have downloaded eBay's mobile app and the brand is on track to double volume over both mobile and PayPal this year. Unfortunately for eBay, it's not alone in its mobile e-commerce prowess. Amazon's customers have also embraced its mobile app, and the scale of its business means it can wait out the competition.

Additionally, PayPal is grappling with challengers like Google Checkout and Google Wallet. Frustrations from sellers should also be taken into account. Mounting complaints about escalating fees, feedback policy issues, the proliferation of scams, and preferential treatment toward larger sellers are increasingly threatening eBay's relationship with both sellers and consumers. eBay must take care in managing its reputation, lest it become a grand purveyor of knock-offs and junk merchandise. While recent policy changes have increased relevance and profits, these issues could signal trouble down the road. The competition is fierce for online retailers, but with e-commerce representing only 10% of consumer spending, there is plenty of room for the king of online auctions to grow. Considering its current performance, those who place bids for eBay are likely to end up ahead.

37

Zara
+18%
9,488 \$m

Z A R A

Zara, the Spanish fast-fashion retailer, experienced a sharp increase in brand value this year (18%). Zara's long-admired business model has kept customers happy and the company in top form, despite harsh global economic conditions. Zara continues to leverage its enviable logistics system, which enables store managers to communicate directly with designers — providing them with valuable information on what is and isn't selling. In turn, Zara's customers are able to find (and purchase) clothes that keep them looking fashion forward. In September 2011, Zara launched online sales in the US and, in March 2012, opened an expansive and highly sustainable

flagship store on New York's Fifth Avenue to much fanfare. The US was not Zara's only focus this past year. The brand announced plans to open a fifth store on London's Oxford Street and yet another store in Madrid — on the city's high-end calle Serrano. Zara has also expanded its presence in China, where it recently launched an online shop. And Zara has made forays into countries such as Taiwan, South Africa, and Peru as well. Strategic global expansion, a commitment to sustainability efforts, and keeping consumer demands front and center, Zara continues to be a leading global retail brand.

38

Gucci
+8%
9,446 \$m

GUCCI

It is unsurprising that Gucci should retain its position as the most valuable global Italian brand. Not merely a question of comparative magnitude and power, Gucci's greatest success is its ability to embody, in a deliberate way, the quintessence of Italian desirability. By meticulously blending Frida Giannini's inspired, fast-paced creative direction, constantly referencing the brand's heritage, and devoting attention to its supply chain, its digital presence, and several corporate citizenship programs, Gucci continues to live up to its good name. Gucci's 380 directly operated stores worldwide remain truly indispensable stops for those shoppers looking for authentic Italian style, quality — and some of the

truly iconic codes in fashion history. In 2011, Gucci enjoyed further revenue growth (+18%), as well as an increase in profitability. The brand continues to see growth in 2012 with a 30% jump in online sales and a 15% increase in China — signs that the luxury brand is in a good place despite continued economic uncertainty. The brand also launched its "Forever Now" icons of heritage campaign in March. The campaign, which pays tribute to the signature Gucci green and red stripe and the iconic metal horsebit featured on the classic Gucci loafer, is an excellent reminder of the brand's storied place in luxury fashion's history and future.

39

Volkswagen
+18%
9,252 \$m



Volkswagen (VW) is the greenest brand in the German domestic market and ranked fourth in Interbrand's Best Global Green Brands 2012 report, up from #6 a year ago. VW's "Modular Transverse Matrix" (MQB) is the company's response to the huge challenges that face the automobile industry worldwide. Its introduction will significantly reduce vehicle weights, enable all alternative engine types, from natural gas to hybrid versions and even purely electrical systems, and will offer more premium innovations in safety and infotainment available to a

broader base of customers. VW has also developed a new compact car for customers in metropolitan areas, the up!, which was named "World Car of the Year 2012" at the New York International Auto Show. VW was also a big winner at the Cannes Lions this year, winning 23 awards and snagging a best viral video prize for their "Don't make up and drive" spot. Popularized by the legendary print and TV ads that made the Beetle a cultural icon, VW continues to reboot its brand with engaging campaigns.

40Sony
-8%
9,111 \$m**SONY**

Sony remains a leader when it comes to innovation and creativity, but even with a strong portfolio of sub-brands such as Bravia, Vaio, Cybershot, Playstation, and Xperia, Sony continues to see challenges. The silo structure of the brand inhibits its ability to build brand value across platforms and products. Disruptions following last year's disasters in Japan, financial distress globally, and a loss of leadership in key categories have put pressure on the brand. Determined to revitalize the business, Sony has unveiled an array of new products: three new Xperia smartphones, a new splash-proof Tablet,

a hybrid laptop VAIO PC, a new NEX camera with built in Wi-Fi and enhanced NFC enabled headphones and audio devices. Additionally, Sony has unveiled its first 4K TV, an 84" showstopper promising a totally immersive experience. Building on the impact of this "product offensive," Sony's "Make.Believe" message is reigniting the brand and inspiring people to rediscover this once-dominant leader. With a unified brand message, plans to increase its marketing spend by 30%, and a "laser-focused" new CEO, Sony looks like it's serious about a comeback.

41Philips
+5%
9,066 \$m**PHILIPS**

With the arrival of CEO Frans van Houten in 2011, Philips began to sharpen the focus of its business. After parting ways with its struggling television arm last year, Philips saw a sales boost in healthcare and lighting, especially in emerging markets. Philips plans to fully concentrate its business structure around its core brand idea: improving people's lives through meaningful innovation. Emphasizing its commitment to this notion, Philips launched a successful global brand advocacy campaign in June 2011. It also

kicked off a comprehensive performance improvement program internally called "Accelerate!" which aims to create an agile and entrepreneurial Philips — a company which is more customer-centric and focused on local market needs. By continuing to deliver solutions that are technologically advanced and easy to use, and by leveraging its well-established consumer associations, Philips is all but assured to achieve its vision of improving the lives of 3 billion people a year by 2025.

42L'Oréal
+1%
8,821 \$m**L'ORÉAL**

L'Oréal continues to lead in the beauty and cosmetics industry through its dedication to research, innovation, and quality and its diverse consumer base. The iconic brand successfully blends scientific research, cultural insight, and beauty ideals to develop inventive and desirable products, no matter the target demographic or geography. In 2011, L'Oréal massively increased its digital marketing budget, but not at the expense

of other marketing activities. In the wake of the economic collapse, L'Oréal has worked to offer beauty innovations at affordable prices — and this strategy has helped to attract new customers. L'Oréal continues to take advantage of its increasing growth in developing markets, which gives L'Oréal the chance to increase its consumer base, revenues, and product lines, and to get closer to its mission of universalizing beauty.

43Accenture
+9%
8,745 \$m**accenture**

Accenture's business has boomed over the past year — with new bookings, increased marketing spend, above-average growth in Asia-Pacific, and a new marketing-services arm. In 2012, Accenture's advertising moved beyond the animal kingdom. In an effort to differentiate itself in the crowded consulting/business services category, Accenture launched a bold new campaign centered on its "High Performance. Delivered." tagline — and so far, it has made this promise a reality. By investing in a Social Media Innovation Center in Silicon Valley, and by continuing to publish large amounts of insights, Accenture has enhanced its position as a thought leader. In doing so, the brand has ensured its relevance for

high-performing clients, and for those organizations that long to be high-performing clients. Accenture continues to differentiate itself through strategic acquisitions as well. In April, Accenture completed its acquisition of Neo Metrics Analytics S.L., a Madrid-based consulting firm specializing in optimization and predictive analytics. In August, Accenture agreed to acquire Octagon Research Solutions, Inc., a software company that helps pharmaceutical companies submit clinical data to regulators. Such strategic acquisitions make the promise of high performance all the more real and further differentiate Accenture as the partner prepared to deliver.

44Thomson Reuters
-11%
8,444 \$m **THOMSON REUTERS**

Thomson Reuters continues to successfully align its brand and business strategies, but, the brand has faced significant hurdles over the past year. Under volatile market conditions, rival Bloomberg thrived while Thomson Reuters lost market share. Specifically, Thomson Reuters Eikon, the flagship product of the Financial & Risk business, struggled to gain traction with customers. Its performance contributed to a revamped organizational structure, including the installation of CEO James C. Smith. Although the new management team has already refocused the company on its core competencies, the brand's lack of communication to the market regarding

these changes (and in response to negative press) has influenced customer confidence. Thomson Reuters, however, remains invested in building a well-organized and aligned portfolio across diverse business areas. What's more, offerings in some of the brand's key businesses, such as Legal and Tax & Accounting, lead their respective markets. Looking ahead, Thomson Reuters has an opportunity to assert influence and leadership through its ongoing commitment to corporate citizenship and its "customer first" initiative — both within its Financial & Risk business and across the organization.

45

Ford
+6%
7,958 \$m



The Blue Oval is back. When its credit ratings were upgraded in May of this year, Ford, the storied multinational automaker, reclaimed collateral used to qualify for loans back in 2006. Among the assets recovered: Ford's revered Blue Oval logo. Its return instilled emotional pride throughout Ford's global workforce and proved that the company was delivering both on "One Ford" (its vision for a unified global brand) and "Go Further" (its global brand promise). Ford Fusion is yet another example of how the "One Ford" vision and "Go Further" promise are being realized. This high-tech model is the result of a global team coming together to develop a mid-size vehicle with ground-breaking design, solid fuel economy, and technologies that make customers better drivers. In addition to its renewed focus on design and quality, Ford remains an industry leader when it comes to

engaging with customers through social media platforms. Ford responds to an average of 2,000 customers weekly via social media and has even begun to fly bloggers and online influencers to key events. Despite its laudable progress, Ford still faces certain challenges — challenges that illustrate how difficult it is for a brand to regain its footing and stay in top form. Ford is working to alleviate consumer frustrations surrounding MyTouch, its market-leading in-car communications and entertainment system. While building on its three years of market share growth in the US, Ford continues to play catch-up in the world's biggest auto market — China. And just like so many other global brands, Ford is working hard to improve performance in Europe. Ford is doing its part — the Blue Oval is back and the turnaround is complete. Now, if only global economic conditions would cooperate.

46

Heinz
+1%
7,722 \$m



Despite limited growth this year, mostly due to restrained consumer spending, Heinz jumps up a few spots to #46, as its brand strength and role of brand both improved steadily in 2012. Having built a globally recognized brand that is a model of consistency, Heinz further empowers its brand by responding to changing consumer preferences and taking an innovative approach to business. A top-performing company that takes corporate citizenship seriously, Heinz is now using Coca-Cola's PlantBottle technology for their new ketchup bottle, making good on their ongoing commitment to sustainable packaging. Also committed to sustainable agriculture, their HeinzSeed program created a non-genetically

modified hybrid tomato seed that produces a higher yield, lowers the company's carbon footprint, and produces tomatoes that are more disease-resistant and require less pesticide. In response to consumer demand for healthier options, Heinz introduced a certified organic ketchup, a low-sugar ketchup, and a line of gluten-free products. Rated number one in Customer Satisfaction (ACSI) for addressing consumers' changing needs and skillfully using social media to engage the public, Heinz continues to build upon its strong brand and prove that it is a company we can trust with our food.

47

Colgate
+7%
7,643 \$m



Colgate, a leading producer of oral hygiene products, enjoyed another banner year of steadily high earnings by investing heavily in emerging markets while keeping costs at a minimum. Making major inroads into India, Colgate currently occupies half the Indian oral care market and, with only a few major competitors, has more room to build its market share. Realizing the importance of innovation, Colgate continues to introduce new products, like the Colgate Sensitive Pro-Relief toothpaste to treat tooth sensitivity and Optic White regimen, a fast, convenient whitening system that features Colgate's best-selling toothpaste, Optic White. As

committed to improving the world as it is to improving smiles, Colgate also ranks high in corporate citizenship. The brand has long supported charitable endeavors such as the Colgate Women's Games and the Starlight Children Foundation. This year, the Human Rights Campaign gave Colgate an "A" for supporting diversity in the workplace. A trustworthy reputation and a strong portfolio of products have kept Colgate a household name in North America and are strengths as the brand consolidates its market leadership in other parts of the world.

48

Goldman Sachs
-16%
7,599 \$m



Over the past year, Goldman Sachs has experienced negative sentiment from both inside the financial community (in the form of analyst downgrades), and outside (Occupy Wall Street), and even within the company (Greg Smith's "Why I Am Leaving Goldman Sachs" letter in *The New York Times*). Smith's scathing missive struck such a chord that Goldman Sachs experienced a USD \$2.15 billion loss in valuation in a single day. Furthermore, the firm's cost-cutting maneuvers, in the form of layoffs, and accusations regarding betting against clients, seem to be at odds with its core client service values of "integrity, fair dealing, transparency, professional excellence, confidentiality, clarity, and respect."

In response to the controversy that has unfolded since 2008, Goldman Sachs continues to push its corporate citizenship efforts closer to the forefront and emphasizes a renewed commitment to transparency, risk management, accountability, and rigorous measurement of results. Though the firm appears to be committed to becoming a better institution, questions regarding the authenticity of its efforts continue to dampen their effect. Despite the negative press it has received, Goldman Sachs continues to meet its customer needs. Now, the firm must manage its reputation carefully to avoid further damage and restore its former luster.

49Dell
-9%
7,591 \$m

Shifting over 80% of its revenue towards IT services and solutions, Dell has made major strides over the past few years. Traditionally a direct-to-consumer brand, Dell's focus on delivering effective and accessible technology for SMB and enterprise customers around the world has evolved the organization's operational structure, positioning it for significant growth. Though business strategy and key target audiences have changed slightly, Dell's marketing and communications remain authentic to its customer-centric model. Giving Dell a boost, a new advertising campaign, "The power to do

more," has increased awareness, choice, and overall brand health. A leader in social media, Dell's state-of-the-art Social Media Listening Command Center helps the brand utilize social media in an optimized way to enhance consumer brand experience and tap into potential new revenue streams. On the corporate citizenship front, the new Digital Operations Center that Dell developed for the American Red Cross is the first social media-based operation devoted to humanitarian relief and will help expand the Red Cross's ability to engage with the public during emergencies.

50Citi
-12%
7,570 \$m

Reaching its 200th year, Citi has showed renewed commitment to its brand. The anniversary celebrations began when Citi reconnected to its heritage through a global campaign highlighting the innovation it has brought to the banking industry over the years. Its first-ever Olympic sponsorship has engaged audiences on traditional channels as well as online. In an effort to improve customers' brand experience, Citi has delivered a more integrated online presence across platforms, including new.citi.com, improved online banking functions, as well as new products and popular mobile apps. In Asia, Citi is reinventing the retail banking environment with Citi Media Walls. These large, multi-screen LCD systems display financial data and news in real time along with information on Citibank products and services. They are

strategically placed in places like Shanghai's People's Square and Singapore's Orchard Road, where they are seen by millions of consumers each day. Citi is banking on consumers' desire for real world brand experiences that confirm the choices they make. However, with the TARP blunder and 2008 bonuses scandal still in recent memory, and recent indicators that Citi's culture has not changed — like failing the Fed's stress test for trustworthiness and safety of investment, as well as new controversy over executive compensation packages — it seems there is a disconnect between Citi's behavior and its image-repair efforts. To regain its reputation for leadership and responsible finance, Citi must bring its financial performance and image into alignment and begin prioritizing image-building behaviors over business as usual.

51Siemens
-5%
7,534 \$m**SIEMENS**

Siemens, a leading producer of electronics and electrical engineering, continues to be regarded as one of the world's most innovative companies. In 2012, Siemens launched a new division to manage the company's global business with cities and infrastructures. Siemens also continued to develop alternatives to nuclear energy, including a combined-cycle gas power plant. Additionally, Siemens' R&D department produced the first hybrid electric plane, and an electric car — paving

the way for Siemens to become a leading producer of electric car components. The past year, however, has not been without challenges. Siemens attributes low profits and declining brand value to customers' worries over the European debt crisis, pricing pressures in several business units, and a slowdown in China. A challenging economy, however, has caused Siemens to focus on developing new technologies — and meeting tomorrow's energy needs could pay off big.

52Danone
+8%
7,498 \$m

The first half of 2012 saw solid sales growth of 5.9% for Danone, the multinational French food products corporation. Already the world's largest yogurt maker and one of the largest producers of bottled water, Danone increased and updated its retail presence and leveraged its strong brand equity to enter new markets with an already-recognized name. The result? For the first time in the company's history, emerging markets accounted for over half of its entire business. This expansion drove growth in fresh dairy products, while water enjoyed a jump of 15.7% in sales.

Committed to constantly optimizing the nutritional quality of its products and providing its consumers with clear and transparent nutritional information, Danone is also doing its part to combat childhood obesity and supports a number of initiatives that encourage people to adopt a balanced diet and become more physically active. True to its stated mission, Danone relies on the work of 1,200 biologists, nutritionists, and food safety experts to "deliver health through nutrition to as many people as possible."

53Hyundai
+24%
7,473 \$m

Hyundai has become an emerging concern, if not the envy, of its global rivals. Thriving during a severe industry downturn, Hyundai's momentum continues to barrel forward, benefitting from bold bets that capitalized on every market opportunity. The brand is replicating a similar story in Europe. But Hyundai is also shifting from a pure value play to a design-focused brand with a premium halo. The desired result would be getting consumers to talk more favorably about Hyundai for reasons other than value, prompting

them to make more of an emotional purchase. Although quality perceptions are still not on par with actual performance, residual values are increasing, which will help boost Hyundai's leasing operations in the longer term. While the brand has a long way to go, it is building a stronger presence in the luxury sedan market with its Genesis and Equus models. Hyundai is focused on executing more consistently on a global level and this should help take its brand value and profits to even greater heights.

54

Morgan Stanley
+9%
7,218 \$m

Morgan Stanley

Morgan Stanley holds tight at #54 for a second year in a row. Market share and profits alike were up this year, but what people will remember about Morgan Stanley in 2012 is their handling of Facebook's IPO. Worldwide expectations built for over a year, which proved difficult to manage amid rampant speculation. Stock was primed to soar at USD \$40-50 a share as the date neared. After it debuted at USD \$38 a share, Morgan Stanley had to intervene and help stabilize the price by close of market that day. Competitors in

the banking and investment industry contend that the American financial services giant mismanaged the IPO, setting the price of stock too high and selling too many shares to the public. A wave of lawsuits has followed, as well as increased scrutiny at the IPO process and adherence to regulations. The controversy will likely impact the brand's strength in the marketplace, and its dominance as lead banker of tech IPOs in particular, but it will be difficult to measure for quite some time.

55

Audi
+17%
7,196 \$m



Audi

Audi is busy revolutionizing the future of retailing. Audi City combines digital product presentations and personal contact with dealers. Presenting Audi's model range digitally instead of physically allows the brand to showcase itself in key metropolitan areas where space is limited. Boosting proximity to the customer and transforming the role of the classic auto dealer, the Audi City concept repositions the dealer as a customer relationship manager in a dynamic environment. Audi City will also play a key role in marketing new mobility services and electrically

powered Audi models. Emphasizing several themes for the future, Audi is focusing activities around its core brand mantra, "Vorsprung durch Technik" ("advancement through technology"), and gearing up for breakthroughs in lightweight engineering, networked mobility and electric vehicles. With record sales in the US and a 10% increase in India, Audi is proving that design strength, technological innovation, imaginative approaches to retail, and rich brand experiences are a winning approach for sustainable, profitable growth in the automotive industry.

56

Nintendo
-8%
7,082 \$m



Nintendo has had another difficult year, declining 8% in brand value. The original innovator in home entertainment, Nintendo inarguably changed the world of gaming, broadening its appeal across all generations and markets. While the Nintendo brand is focused, distinctive, and still meets its promise to "deliver smiles," the buzz around its flagship products—products like the 3DS—is decreasing. Nintendo

has advanced its digital interactions by promoting download sales of game software and by adding a social media component to consoles, but it has failed to effectively respond to the smartphone-based online gaming market. But all is not lost. Nintendo is still the leader in its field, and 2013's launch of the next-generation Wii console is something the global gaming community can look forward to.

57

Nestlé
+5%
6,916 \$m



This year, Nestlé focused on expanding the global presence of its portfolio of brands both organically and through partnerships. Examples include branding ready-to-drink tea in Taiwan and Hong Kong through the expansion of Nestea and a partnership with Chinese confectionary company, Hsu Fu Chi. In an effort to further expand its presence, Nestlé is diversifying away from food manufacturing by growing its portfolio in nutritional healthcare. The acquisition of Pfizer Nutrition, as well as Accera, a biotechnology company, have bolstered Nestlé's portfolio of nutritional products with medical benefits. Further signaling its intention to expand into the health and wellness market, Nestlé is exploring how nutritional solutions can actually improve health through its Nestlé Health Science division.

Such moves are likely to positively impact the brand's public image. For a company known for its coffee and chocolate products, migrating into critical care nutrition will be challenging. Nestlé will have to retain the positive equities of its masterbrand in service of the health and nutrition platform. The migration into this new health arena will require a delicate balance of leveraging Nestlé's heritage of quality with the added commitment to serious nutrition. As it continues to diversify, Nestlé could consider better integrating its fragmented portfolio of products and aligning them with the Nestlé masterbrand. Doing this would enable the brand to achieve greater and more efficient expansion in emerging markets.

58

AXA
+1%
6,748 \$m



2012 was another year of solid earnings for the French global insurance conglomerate. The company marched forward with its goals in corporate citizenship by joining the Principles for Sustainable Insurance. This move solidifies AXA's broader corporate responsibility strategy, reinforcing the brand's image as a trustworthy and sustainable brand. On Facebook, AXA is a success, with approximately half a million friends after just one year. The brand was further enhanced by the reorganization of its advertising strategy, which aimed to create more consistency and best practice sharing across all of its markets.

In America, AXA's global theme "Redefining Standards" has replaced the iconic AXA Gorilla that has been reminding audiences that it is never too early to think about retirement. In his last campaign, the AXA Gorilla had saved enough money to retire and was accepting viewer suggestions as to where he should live out his golden years. The retirement of AXA Equitable's mascot and the adoption of its global positioning will bring the US operation's image and messaging into closer alignment with the global AXA brand. A cohesive global identity and deeper commitment to sustainability goals puts AXA in an excellent position to "redefine standards."

59Xerox
+5%
6,714 \$m

Xerox is undergoing a fundamental transition. The world's leading document management company is increasingly focused on providing business services. In fact, more than half of Xerox's revenue now comes from such services. Xerox's "Ready for real business" message highlights its ability to help clients focus on what matters most. Currently, Xerox is pursuing a growth strategy behind its burgeoning services business while upholding its leadership in document technology, operational excellence, and acquisition. In 2011 alone, Xerox made five key acquisitions, helping spur their growth. Nonetheless, Xerox faces stiff competition from

global consulting and IT brands, notably HP, IBM, Dell, and Accenture. The brand is very well known outside the US, a major advantage considering how powerful awareness and trust are when entering new markets. However, the strength of its previous positioning as "The Document Company," and inconsistent messaging (particularly in its FujiXerox partnership), may slow the brand's transition. The good news is that Xerox's presence and profile position it favorably for small and mid-size clients, especially in developing markets. As only 11.3% of its revenue hails from outside the US and Europe, this presents a huge opportunity for Xerox.

60adidas
+9%
6,699 \$m

Despite its challenger position, adidas is still the number one sports brand for millions around the world. The brand's "adidas is all in" campaign, featuring football/soccer stars Lionel Messi and David Beckham, NBA star Derrick Rose, and pop icon Katy Perry, has effectively united its Sport Performance, Sport Style, and Originals sub-brands. This broadened the presence of the iconic three stripes, particularly online. The main clip has had more than 2.5 million views, indicating a worthwhile increase in marketing spend. adidas continues to focus on digital strategies to promote its style in sports position, with some success. The virtual miCoach is a great way to engage with

customers, and adidas Originals alone has more than 14 million Facebook fans. The real test of these strategies is how the brand is performing. In the first half of 2012, it performed incredibly well — sales were up 18.5%. adidas is also expected to see record sales in the football/soccer category, surpassing even those from the year of the 2010 World Cup. The brand's biggest challenge is to keep expanding its relevance, which should see a boost from heavy media coverage of high-profile adidas-sponsored events such as the London Olympic Games (adidas supplied sportswear and produced many souvenirs) and the FIFA World Cup in 2014 in Brazil.

61Caterpillar
+13%
6,306 \$m

Caterpillar is the world's leading manufacturer of construction and mining equipment, diesel and natural gas engines, and diesel-electric locomotives. Caterpillar continues to maintain consistency across all touchpoints, most notably through its communications and dealerships. As the company continues to grow through acquisition, this branding expertise is paying off, as shown by the seamless incorporation of Bucyrus into the brand. R&D investment is at a record USD \$2.3 billion, and focus on customers has enabled

Caterpillar to gain insight into future needs. In 2011, the company launched the most innovative truck on the market, the CT660, focusing on its application in business rather than just the vehicle itself. Other recent initiatives include: caterpillaruniversity.com (to help customers learn about products) and a website and app to support customers' rental needs. It's no wonder Caterpillar's global sales dwarf those of competitors. Still, highly publicized labor disputes could damage Caterpillar's performance and image.

62Allianz
+16%
6,184 \$m

Allianz, the German multinational financial services company with its core business in insurance, survived Greece's debt crisis admirably. Though revenues declined and net income was heavily impacted by market turmoil, an operating profit within the expected range demonstrates Allianz's fundamental strength as a business. A decrease in 2012 claims also helped, but part of Allianz's resilience can also be attributed to its brand. Positioning itself as a "trusted partner," Allianz has a strong customer focus and skillfully uses technology to connect

with consumers and improve customer service. Continuing its mission to become fully digitized, Allianz has offered its annual report as an interactive iPad app and has implemented high-tech solutions that make the "design, quote, obtain" process easier for customers. Having succeeded in putting a human face on its brand, most notably through the global "One" campaign, Allianz now has a unified brand that leverages cost synergies, enhances its global presence, and supports a consistent global brand experience.

63Hermès
+15%
6,182 \$m

At 175 years old, Hermès continues to remind the world of its rich heritage and iconic achievements, while establishing its relevance for future generations. From the "Leather Forever" anniversary exhibition, which brought the origins of the brand to life, to the Hearts and Crafts microsite, which showcased the craftsmen and designers behind the famous name, Hermès demonstrates that a tradition of meticulous craftsmanship is key to the brand's value and longevity. Over the

past year, Hermès saw an 18% rise in revenues and double-digit growth across its product categories, with a stellar performance in accessories and its first women's ready-to-wear collection. Hermès opened 13 new stores globally and became the first international luxury brand to establish a retail presence in India. In such a seminal year for Hermès, the "contemporary artisan" has proven to be an apt description for a brand whose culture of excellence continues to create value.

64KFC
+2%
5,994 \$m

KFC is the world's most popular chicken restaurant and the second-largest restaurant chain on the planet. An integral part of the Yum Brands portfolio, KFC has over 15,000 restaurants spread across 105 countries. Most notably, KFC continues to excel in the Asian market by being both responsive and relevant to local customers in a way that is authentic to the brand. Last year, KFC invested in a global rollout of its new tagline "So Good," which is now part of its brand promise. KFC is living up to that promise in the digital space. From launching a branded radio channel

on the Pandora music application to being highly active on Facebook and Twitter, KFC is continuously engaging loyal customers in creative ways — and catering to customers with specialized promotions. KFC is known to engage its employees as well. In Britain's Top Employers 2012 ranking, KFC garnered the top position based on criteria in several HR categories. In order to continue experiencing growth and engendering loyalty, KFC will need to demonstrate its commitment to product and experience innovation in additional markets outside of Asia.

65Panasonic
+14%
5,765 \$m**Panasonic**

Panasonic, the Japanese multinational electronics organization, is in the process of reinventing itself. Incoming President, Kazuhiro Tsuga, has called for "a return to the basics," putting customers at the heart of the Panasonic business and ruthlessly eliminating any measures that do not create value. From solar panels and lithium-ion batteries to a full consumer electronics line-up equipped with "EcoNavi" energy-saving features, Panasonic boasts industry-leading technologies and is well on its way to achieving a key objective: becoming the number one greenest company in the electronics industry by 2018. Demonstrating this commitment, Panasonic's Eco Solutions North America has joined forces with Renewable Social Benefit Funds (RSB Funds) to finance, build, and maintain solar photovoltaic projects in the

public, private, and nonprofit sectors. Such performance around sustainability earned Panasonic the #6 position in Interbrand's 2012 Best Global Green Brands report. By integrating and managing energy generation, storage, and use, Panasonic is aiming to offer comprehensive solutions that significantly reduce consumers' impact on the planet, while simultaneously allowing everyone to enjoy a higher standard of living. It is a worthy goal, and one that combines Panasonic's strengths into an offer that competitors will struggle to match. Panasonic has a wealth of good stories to tell, and a strong stance on corporate citizenship. Under its "Sharing the Passion" slogan, Panasonic served as an Olympic Partner during the 2012 London Games. The brand now needs a consistent approach to communications and dialogue worldwide.

66Sprite
+2%
5,709 \$m

Sprite's brand performance has remained solid in the past year, largely due to its leading market positions in China and India. The brand delivered double-digit growth in case volume in the Pacific region in 2011, and is China's top-selling soft drink. Although there were no new product launches in 2011, Sprite appears to be planning a mid-calorie offering in the US. Sprite outstrips its competitors 7up and Sierra Mist by interacting with its youthful audience via social media contests and online basketball, skateboarding,

and flowboarding games. Its bold "Uncontainable Game" campaign, featuring US basketball superstars Kobe Bryant and LeBron James, and Chinese musician and actor Jay Chou, demonstrates the brand's ability to renew itself. However, Sprite appears to be struggling to find a campaign that resonates with consumers in India. This may spell trouble if lemon-lime-based drinks continue to be the fastest-growing category among fizzy drinks in the region.

67MTV
-12%
5,648 \$m

MTV, once the pre-eminent medium for the broadcast of music videos, has become the pre-eminent medium for reality TV. MTV's pragmatic diversification has moved the brand further from its roots and into its current dilemma: music television or not? MTV invests a lot of resources in researching, understanding, and adapting to its audiences' evolving needs and desires. But as it continues to experiment with low-cost content, the cultural pioneer has strayed from its music-centric identity and lost a bit of its edge. Despite that, MTV continues to have an impact on popular culture, now on a global scale, with its number one series of all time, *Jersey Shore*. In the past year, MTV's annual Video Music

Awards program also showed phenomenal growth, a huge triumph for the brand and an homage to its former persona. Beset with an identity crisis and in the midst of a tough game of catch-up with its target audience, the brand has some distinct challenges ahead. Constant innovation is mandatory for a youth-oriented brand such as MTV. It will need to pursue an aggressive creative strategy in order to capture the attention of a generation with an exceptionally short attention span. MTV would do well to push the boundaries and recapture some of its lost edge — the very thing that made it a household name more than 30 years ago.

68

Cartier
+15%
5,495 \$m

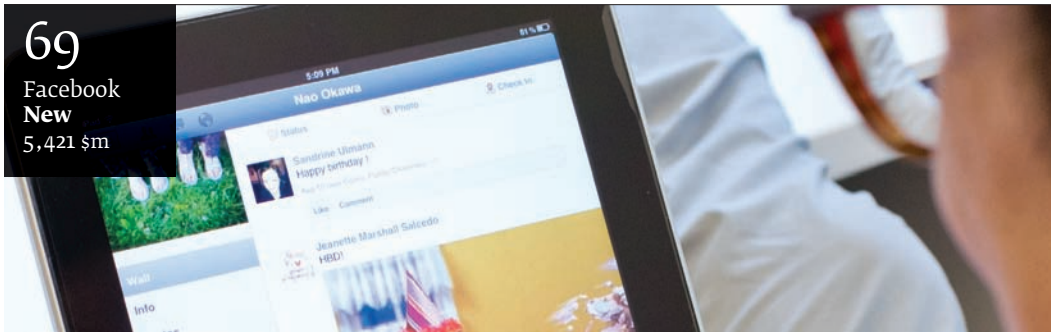
Cartier

In its 165th year, the Cartier brand remains widely coveted, but maintains its exclusivity and its presence as the stuff of many peoples' most opulent fantasies. Tangible proof of this lies in the numbers: Cartier's sparkling performance was a key contributor to a 32% sales increase for parent company, Richemont's Jewellery Maisons. Possibly explaining the surge of interest, Cartier unveiled the epic "L'Odyssée de Cartier" this spring. Two years in the making, the three-and-a-half-minute masterpiece captures the creative passion that inspires Cartier's artisans — the key to Cartier's enduring appeal. Launched in cinemas and across multiple digital channels, the film celebrates the history of Cartier's timeless creations. Ever careful to perpetuate its legend and continually amplify its luxury status, the Cartier Collection tours the world's most

prestigious museums each year. By equating its offerings with priceless artifacts and great treasures of the past, the brand keeps its creative and illustrious history alive in the minds of those who dream of, and those who are fortunate enough to possess, authentic Cartier pieces. Though the brand consistently brings its rich heritage to the fore across all communications, Cartier would do well to similarly enrich its e-boutiques, as their potential has not yet been realized. Truer to the brand's usual style and sense of grandeur, this year also marks an overt commitment to the Maison's watch offering, which is evident in everything from the new aesthetic introduced by the "Calibre de Cartier" collection, to the new multi-brand Richemont store in Paris — the largest watch store in the world.

69

Facebook
New
5,421 \$m



Social media giant, Facebook, is a newcomer to our Best Global Brands report, after a momentous but rocky start to its public life. Facebook's IPO in May broke trading volume records, was the third largest IPO in US history, and the seventh largest globally. That said, as of our print date (September 2012), the stock price was worth half of the original IPO price and is continuing to drop. The controversy, however, hasn't slowed the explosion of people joining the vast social network. With almost a billion people on Facebook globally, the negative activity around the IPO doesn't appear to have affected the brand's phenomenal growth, especially in developing markets. Its slowing growth in traditional markets is a real concern. Facebook's

historic role in the Arab Spring also proves that the brand is delivering on its mission statement: "Giving people the power to share and make the world more open and connected." The forthcoming year, however, poses some major hurdles for Facebook. The migration of users to its mobile platform is surging by 67% year-on-year, a good sign that Facebook remains relevant. The migration to mobile has resulted in one-third of Facebook users spending less time on the traditional site than they were just six months ago. Facebook must determine how to make mobile profitable very soon and without alienating users. But, if there's a service that can combine relevant content with an ad model, Facebook seems more than up for the challenge.

70

Tiffany & Co.
+15%
5,159 \$m

TIFFANY & CO.

Tiffany & Co., the world-renown jeweler, marks its 175th anniversary with a double-digit increase in brand value. The legendary brand has launched a limited edition series, "Tiffany 1837™," to commemorate the year of its founding and its commitment to design excellence. High-profile anniversary events featuring the 128.54-carat Tiffany Diamond are scheduled to take place in Beijing, Tokyo, Dubai and New York. Tiffany's portfolio spans from fine jewelry to silver, allowing the company to address the needs of a

diverse audience. The growing breadth of the portfolio poses some challenges for Tiffany, and the strategy will continue to require careful management in order to avoid the risks of brand dilution. Tiffany is also investing wisely in its various corporate citizenship efforts. From responsible mining to ensuring 100% of its packaging suppliers are Forest Stewardship Council (FSC)-certified, Tiffany is proving that the adage "with age comes wisdom" applies to brands just as much as it applies to people.

71

Avon
-4%
5,151 \$m

AVON

Avon is celebrating its 125th anniversary with the "Avon Believe World Tour," meant to inspire and generate pride around the Avon brand and to celebrate women's contributions to the company and the world. Throughout this milestone year, the company struggled with meeting sales targets, declining global performance, and several high-profile regulatory investigations — all of which led to a hostile takeover attempt and changes in leadership and personnel. With new CEO Sherilyn McCoy in place, Avon's focus is on reigniting the direct-selling momentum and improving operations, while

staying true to its long history of empowering women. Avon has managed to keep the direct sales model alive and relevant in today's increasingly digital world. A heavier focus on e-commerce may not be right for the brand or its representatives, but Avon needs to engage with its real-world following digitally. Avon's commitment to women is reflected by its involvement in various charities and its corporate mission to "do well by doing good." As Avon undergoes restructuring, it will be interesting to see how the company finds a new balance between the business and the brand.

72

Porsche
+12%
5,149 \$m



More than 70% of all Porsches ever built are still on the road. But at Porsche today, product improvements are what generate consistently high scores in brand perception. In 2012, the revamped Porsche Boxster ushered in a generation change and the Porsche 911 Carrera and the Panamera captured numerous international awards — all of which confirms that Porsche is not content to rest on its laurels. But Porsche

must confront another challenge: becoming a pace-setter for low-emission mobility in the high-performance segment. The first steps have been taken with the development of the Hybrid Cayenne and the Porsche 918 Spyder plug-in hybrid. Also, as a new member of Volkswagen AG, the brand faces the challenge of preserving its identity: Porsche must remain genuine, without any visible influence from VW.

73

Nissan
+30%
4,969 \$m

top
riser



The Nissan brand continues to generate waves of momentum. Nissan demonstrated a fair amount of agility by recovering quickly from natural disasters and by growing market share with an aging lineup. With the addition of new models beginning to roll out, the brand should maintain an upward trajectory. A significant part of Nissan's success has been its ability to push the envelope on innovation: from the next-generation NYC taxi and groundbreaking Nissan DeltaWing race car at LeMans, to the bold designs

of vehicles such as the Nissan Juke. Winning Japan's Car of the Year Award, the Nissan LEAF proved that a zero-emissions vehicle can not only transport humans, but also power an ordinary household. The brand continues to expand in Europe and has established a strong presence in emerging markets such as Russia and China. With a commitment to continue to improve the service experience, Nissan has an opportunity to break away from a dependence on incentives and fully leverage the power of its brand.

74

Visa
+10%
4,944 \$m



Aiming to bring the digital currency marketplace to new heights, Visa is working to help users around the world leave the inconvenience of checks and the risks of cash behind. Through its "Currency of Progress" mission, Visa is looking to make digital currency the new norm. The brand continues to develop technologies for its online and mobile platforms, most recently showcased at the 2012 Olympic Games in London, where the brand was a main sponsor. Unfortunately, the sponsorship was blemished when credit card systems failed during peak events. Due to Visa's agreement with the International Olympic Committee, there was no fallback to another card provider or merchant system, which meant fans

were unable to make purchases — and had only Visa to blame. The brand faced another challenge this year when one of its service providers experienced a security breach that put over a million consumers at risk for identify theft. Visa turned the incident into proof of its commitment to customers, immediately removing the provider from its list of approved vendors. Despite these mishaps, Visa's heavy media campaign during the Olympics and other major sporting events have helped the brand maintain a positive presence in the minds of consumers. Looking forward, Visa may have difficulties if it continues to neglect a clear and appropriate articulation of its brand promise and benefit to consumers.

75

Shell
+7%
4,788 \$m



Given the controversy surrounding the safety performance of the category, building a positive public image is difficult for oil brands. Shell, however, rose to the challenge and, despite an oil spill off the coast of Nigeria, managed to maintain a strong brand image. That image, however, is at risk of becoming tarnished as Shell dives into the highly controversial business of Arctic drilling. Shell's actions in the Arctic have made it the target of culture jamming, a tactic that involves subverting the media as a form of protest. In this case, Greenpeace and activist duo, the Yes Men, created an elaborate hoax in which

they impersonated Shell and used a fake website and video to make their statement. Perhaps wisely, Shell has not reacted strongly to the stunt. It is too early to predict how Arctic drilling will affect profits and how pressure from environmental activists will affect Shell's brand strength. To safeguard its image — and avoid the negative consequences and cost of an accident — Shell might consider cooperating with those who want to develop a vision for the Arctic that is based on science, preparedness, and protecting the health of ecosystems.

76

Santander
-6%
4,771 \$m



Over the past two decades, Santander has emerged as one of Europe's largest banks and was named the 2012 best retail bank in the world by *Euromoney*. Santander has demonstrated a commitment to increasing its level of customer satisfaction by developing a special program for managing customer concerns. The program ensures quick resolution of complaints by channeling them to specialized units that keep the customer informed of progress where identifying the main causes of common customer complaints so steps can be taken to correct them. Although it is feeling the pain of both a slow-to-recover US economy and the European debt crisis, the bank's investments in South America have shielded Santander from feeling the effects as much as its peers. Santander, however, is not totally immune — with significant losses over the first two quarters of 2012, Santander

is one of 16 Spanish banks that had their credit worthiness downgraded by Moody's Investors Service. The brand's reputation also took a hit from high-profile legal investigations involving two of its most senior executives. This all comes as Santander is introducing US consumers to its global brand following its acquisition of Sovereign Bank. Santander plans to drop the Sovereign name early next year and has been careful to demonstrate its commitment to the US by continuing to invest in new technology and advertising for its US operations. Santander has been a solid, growing brand for decades, and has emerged as one of the world's biggest banks. But the European debt crisis and the brand's close association with Spain will make it difficult for Santander to continue its winning streak.

77

3M
+18%
4,656 \$m



It has been an impressive year for 3M, which has strengthened its brand in many areas and in doing so has increased its brand value by 18%. The company has continued to win accolades for its environmental record, especially in pollution prevention, and its commitment to staff. But it is innovation that separates 3M from the pack—a territory 3M has strongly reclaimed in the past year. Its strong R&D culture delivers a wide range of products that meet customer needs across both B2B and B2C audiences, and improve the environment (the company ranked #12 in Interbrand’s Best Global Green Brands 2012).

Reinforced by consistent and effective brand communications, 3M continues to build trust and respect among customers—earning the company leading global market positions in each of its business areas, where a closer connection has been achieved between strong product brands and the 3M corporate brand. In 2011, 3M launched a new R&D facility in India, slated to bring in significant revenue within the next five years. And despite the recession, 3M managed a sales increase in the first quarter of 2012, making the future look very bright indeed under new CEO, Inge Thulin.

78

Adobe
+9%
4,557 \$m



Adobe continues its focus on “changing the world through digital experiences” by expanding its breadth of offerings to consumers and providing them with end-to-end solutions for creating, publishing, marketing, and optimizing content. Specifically, with the launch of the Creative Cloud, Adobe brings an array of Digital Media tools to users under one umbrella, elevating the creative process from one that is currently tool- and box-driven to something more innovative, accessible, and inclusive. Understanding that the human urge toward creativity is at the core of their business, Adobe also conducted an in-depth global study called the Adobe State of Create. Strategically released at the company’s CS6 launch event this spring, the study revealed, among other interesting findings, that access to creativity-boosting tools is, according to the

majority of respondents, one of the most important keys to expressing one’s creativity. By acknowledging the deeper need that draws people to their offerings and moving beyond products to suites and services, Adobe is beginning to build relationships with users at the highest level and transform the way their brand is perceived: from tool maker to creative advocate. Who better to produce creative suites than experts on creativity? In this way, Adobe has solidified its relevance to a diverse global audience and fortified its brand at the masterbrand level, with an authentic brand vision around creativity that is clearly resonating. Revenues have exceeded company expectations, demonstrating that Adobe is on the right track and responding admirably to the fast-changing needs of the creative and business marketplace, as well as the universal human need to create.

79

Johnson & Johnson
+8%
4,378 \$m



Johnson & Johnson (J&J) rebounded strong in 2012, demonstrating the resilience of its brand. Alex Gorsky, a J&J veteran very familiar with the safety and quality issues that have plagued the company in the recent past, was named CEO. While safety and quality issues like supply shortages and recalls of Tylenol products continued in 2012, J&J’s responsiveness in updating safety protocols, and its commitment to social responsibility have enabled the company to bounce back—and establish itself once again as a trusted corporate brand. J&J continues to expand its consumer health presence in emerging markets. Outside of

the consumer health space, J&J continues to grow its presence and influence. Most apparent is the Medical Device and Diagnostic division’s acquisition of Synthes, a leading global medical device company. By merging Synthes with its DePuy franchise to form the new DePuy Synthes Companies, J&J has created the world’s largest, most innovative orthopedic and neurological business. Driven by its credo to improve the health and well-being of people around the world, J&J continues to demonstrate that a strong brand can help a company weather all storms.

80

Kleenex
-7%
4,360 \$m



Although Kleenex’s social media efforts were lauded by critics and consumers alike, its brand value declined over the past year. Kleenex outspent competitors in advertising, but store brands were the ultimate victors in the category. To reclaim some of this lost market share, Kleenex rolled out Kleenex Cool Touch tissue, and let consumers try the new tissues for free if they sent a Share Package to a friend or family member. Kleenex also launched its “Shield Sneeze

Swish” campaign, dedicated to teaching consumers how to prevent colds from spreading. The Kleenex product was originally made of excess material and, today, its cartons are also fully recyclable. Despite its decline in brand value, Kleenex remains a global icon. Its heritage in the facial tissue industry, along with its dedication to consumers and product innovation, continue to position the brand as a worldwide leader in its industry.

81

Jack Daniel’s
+1%
4,352 \$m



Despite celebrating its 160th birthday, Jack Daniel’s is keeping pace with the times. The Tennessee whisky has more Facebook friends (1.8 million) than any other alcohol brand. Jack Daniel’s has also revamped its website and effectively used Twitter to build buzz around its new flavored whiskey, Tennessee Honey. True to its Tennessee roots, Jack Daniel’s still upholds its values of authenticity and integrity. To ensure that all employees understand the brand’s heritage and

values, Jack Daniel’s brings them to Tennessee for “Camp Jack.” The Jack Daniel’s Distillery also partners with the University of Tennessee to preserve and restore trees native to its home state. Jack Daniel’s commitment to core values and corporate citizenship bodes well for the future. Having launched its first flavored whiskey and pre-mixed alcoholic drinks, the iconic brand is hoping to expand into new markets and make this century as successful as the last.

82

Burberry
+16%
4,342 \$m

Quintessentially British, yet relevant worldwide across genders and generations, Burberry continues to drive its momentum as a leading global luxury brand. Under the leadership of its CEO, Angela Ahrendts, Burberry’s digital positioning ensures consistency of experience across channels and enriches the depth and accessibility of that experience — thrilling consumers every time. Late last year, launching simultaneously across digital and traditional platforms, Burberry Body was the brand’s most successful fragrance launch to date. The runway show experience on Burberry.com evolved again this year, with motion-reactive 360-degree technology enhancing online viewing of the collection. Burberry’s “Runway to Reality” initiative also allows consumers the opportunity to purchase directly from a video of a Burberry runway show. A leader when it comes to reaching consumers in innovative, high-tech ways,

BURBERRY

Burberry was one of the first brands to embrace social networking through its website and Facebook page. The brand also aggressively advertised on digital platforms, well ahead of other notable luxury brands. Cementing a top spot on social media in the luxury sector, the brand doubled its numbers for both Facebook fans and YouTube views, and tripled its number of followers on Twitter this year. Art of the Trench, a website that is “a living celebration of the Burberry trench coat and the people who wear it,” also saw a 60% lift in pageviews, with over 19 million users from 200 countries. However, despite these impressive numbers, Burberry’s growth rates, once supported by a buoyant Chinese market, are now starting to slow. To continue its growth trajectory, this classy British label will have to deftly navigate the changing landscape in developing markets to remain a global luxury powerhouse.

83

Johnnie Walker
+12%
4,301 \$m



Johnnie Walker, a leading producer of Scotch whisky, has had a good year and continues to play a leading role in the Diageo portfolio. Selling 17 million equivalent units of its Red and Black labels in the year ending June 2011, Johnnie Walker remains the world’s best-selling whisky and best-selling spirit by value. In the six months following, overall sales went up by 15%. Despite the huge volume, the brand retains its premium positioning — it is the top premium Scotch whisky brand globally. The brand’s simple and elegant architecture translates into a clear differentiation from its competitors and strong understanding by consumers. Its new “Walk with

Giants” campaign in Africa, as well as its partnership with influential Chinese blogger HanHan and first Latino spokesperson, DJ Alex Sensation, are strengthening Johnnie Walker’s appeal in emerging markets, helping to offset challenges in Europe. The brand’s sponsorship of the Johnnie Walker Classic in Asia and the Johnnie Walker Championship at Gleneagles keep the brand highly visible while reinforcing its Scottish roots. At the same time, through careful and consistent management, the brand has remained relevant to customers at every price point. Johnnie Walker’s future will remain very promising if it doesn’t stray from its current path.

84

Prada
New
4,271 \$m



Though in existence for nearly a century, Prada approaches each season with a flair that is bold and innovative, yet distinctly its own. As a result, Prada consistently exudes an admirable degree of self-confidence, which only makes it more desirable, and steers the brand away from provocation for provocation’s sake. What ultimately draws consumers to the Prada brand (and moves them to value its very name across continents and cultures) is its sense of self-assurance, won through constant experimentation and a proven ability to dictate tastes and trends

rather than chase them. Figures reflect the power of this love affair, and underpin Prada’s return to our Best Global Brands report. The brand’s continued growth in revenues (26% in 2011) is fueled mainly by over 250 DOS (Directly Operated Stores) worldwide — a network which is expanded with a careful eye on increasingly well-traveled customers. While Prada boasts an extraordinary indifference to the difficult economic climate, the only caution may be the extent to which the Chinese market alone will be the brand’s center of gravity, both commercially and otherwise.

85

John Deere
+16%
4,221 \$m



John Deere, one of the world’s leading manufacturers of agricultural machinery and forestry equipment, celebrates its 175th anniversary this year with a sharp increase in brand value. The Moline, Illinois-based organization attributes its longevity to the fact that its core values (integrity, quality, commitment, and innovation) are central to the brand’s corporate citizenship strategy and still vital among the 60,000 employees worldwide. The company remains “committed to those linked to the land” by sponsoring agricultural-development training programs in countries like Russia and Ukraine. This commitment and authenticity clearly resonate with the brand’s core audience and

beyond — as the ubiquitous John Deere cap can attest. Without losing sight of its authentic core, John Deere continues to tap into the growth potential of the construction equipment market. With most of John Deere’s construction sales in North America, increased demand in countries like Russia, India, China, and Brazil is expected. Economic uncertainty, adverse weather in countries such as the US and India, and a recent production delay of a new combine line have contributed to John Deere lowering its full-year net income forecast. All signs indicate, however, that the organization is well-positioned to overcome such challenges and make its 176th year its best yet.

86

Pizza Hut
+2%
4,193 \$m



Pizza Hut, part of the Yum Brands portfolio, kicked off 2012 with its “Top This” campaign. It used Facebook to give consumers the chance to appear in a pre-game Super Bowl commercial, illustrating how Pizza Hut is deepening its connection with consumers through social platforms. With 7,200 restaurants in the US and 5,600 in other countries, Pizza Hut has introduced new products to appeal to local tastes. In the Middle East, it introduced “Crown Crust Pizza.” In China, the chain opened restaurants with a casual dining setting that offers typical American dishes. These vast regional differences, along with the fact that the brand has gone

through numerous brand image changes over the past decade, have left some customers confused about Pizza Hut’s core values and positioning. In May 2012, the brand took aim at the sandwich market — namely Subway — by introducing a new pizza sandwich called the P’Zolo™ with the tagline “See ya subs.” The P’Zolo initiative also enables Pizza Hut to improve on “portability” — something that pizza lacks. It remains to be seen if this menu addition will prove successful. With competitors like Domino’s Pizza entering emerging markets with strong brand promises, Pizza Hut will have to rise up in order to deliver.

87

Kia
New
4,089 \$m



For the past few years, Kia has been one of fastest-moving global automotive brands. One of only three auto brands to increase US sales each of the past three years, sales are on the rise, even in a difficult market like Europe. Although the lineup is attractive to many cost-conscious consumers, the brand has built a particularly strong connection with Millennials and Gen Y audiences. A more aggressive front end design with the brand’s trademark tiger nose grille helps give Kia an edge that attracts younger drivers and

also differentiates it from sister brand, Hyundai. Kia is also promoting the connected life and is appealing to younger segments through technology and alignment with their lifestyles. The automaker is not launching any new vehicles this year, but plans to bring its flagship K9 sedan to the US market. The K9’s premium position should raise the profile of the Kia brand. Looking ahead, Kia’s biggest challenges will be its expansion efforts — opening new stores and producing enough vehicles to meet demand.

88

Starbucks
+11%
4,062 \$m



Starbucks, the premier coffee chain, has revamped its strategy in the past year by opening juice bars, introducing a blonde roast coffee, and even offering alcohol, live entertainment, and savory dishes at some of its US locations. This strategy appears to be an effective response to McDonald’s efforts to appeal to more coffee drinkers. Where Starbucks really shines, however, is in engaging its customers and improving their online and in-store experiences. New digital initiatives include an improved mobile and tablet website that enables fans to design, customize, and share coffee-related content online. Recent service innovations

include Starbucks’ US partnership with Square, an electronic payment service. The partnership allows for mobile payments in-store, and its Mobile Pour scooter-based delivery service supports customers who are on the move. The deal seems to have struck a chord with Starbucks’ tech-savvy consumers. Social media commentary shows that they are excited about getting coffee “without waiting on enormous lines.” The brand continues to expand internationally, and entered the Indian market this year — positive steps towards its goal of generating half of its revenues outside the US.

89

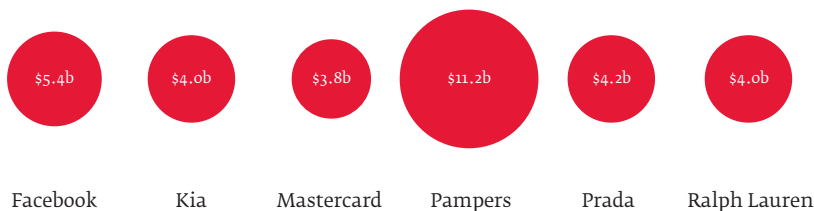
Corona
+3%
4,061 \$m



Perhaps there is no beer more strongly desired on a hot summer day than Corona — with a slice of lime. One of the top-selling imported beers in the US and Australia, and swiftly gaining popularity in Asia and the majority of Latin American markets, Corona saw the largest sales volume growth in Mexican brewer Grupo Modelo’s portfolio in 2011. While there are notable differences in the way the brand is positioned across countries, Corona preserved common strategic guidelines around the globe and continues to align its brand with the excitement of sports and the carefree lifestyles of younger, presumably party-going consumers. This summer’s “Corona Beach Getaway” campaign, for instance, highlighted the fact that the beach is not necessarily a physical place, but rather a state of mind. The campaign achieved massive social media participation. New packaging designs for Corona Extra and Corona Light have

also been announced this year, marking the first time in the brand’s history that the entire line of packaging will adopt new design elements. While the bottles will keep their iconic look, the enhanced packaging will help differentiate the brands through color and graphic changes. Though Corona’s brand remains strong, its growth was slowed in this year’s report due to an overall decline in sales, particularly in the US, where the beer industry has been impacted by high unemployment and the reduced spending power of its core customers — men ages 21–34. Complicating an already tough situation is the challenge of marketing to Hispanics, who will account for 23% of the US’s legal-drinking-age population by 2030. In the years ahead, Corona will need to create distinctive campaigns that avoid resorting to stereotypes and will soundly resonate with this key demographic.

New Additions



90Smirnoff
+5%
4,050 \$m

Smirnoff's parent company, Diageo, describes the brand as being "the world's best selling premium distilled spirit" — and for good reason. Accelerated growth in developed markets and double-digit growth in Africa and Latin America have made Smirnoff a star in the Diageo portfolio. As a result, Smirnoff's marketing spend was recently increased by 10%. And Smirnoff is likely to put the extra funding to good use. Falling in line with its Whipped Cream and Fluffed Marshmallow flavored vodka launches and its "Nightlife Exchange Project," Smirnoff announced plans to collaborate with photographer David LaChapelle to launch "Smirnoff Midnight Circus," a global tour that will celebrate nightlife experiences in cities around the world. Smirnoff's

website also has strong global appeal. It not only boasts a section featuring Smirnoff-infused "cocktails from around the globe," but it also provides consumers with a "nightlife guide" that contains information on the world's "best bars, clubs, eateries, [and] special places." Despite having originated in Russia in the 1800s, Smirnoff remains highly relevant to its consumers in the 21st century. It presents them with the information they need to plan — or just dream about — a thrilling night out in any number of the world's most exciting cities. Clearly, Smirnoff is dedicated to building relevant, self-expressive and exciting experiences for its consumers worldwide.

91Ralph Lauren
New
4,038 \$m

An iconic fashion brand that embodies timeless style, Ralph Lauren excels at creating stories around its merchandise by using technology and creativity. Making its first reappearance in the top 100 since 2009, Ralph Lauren's record brand growth in the past year can be attributed to highly innovative communication patterns and consistency across all touchpoints and formats. At the forefront of the digital movement since the beginning, the brand saw the digital revolution as an opportunity to tell a story online when many fashion retailers saw the internet as a threat to store sales. Over the years, Ralph Lauren has invested heavily in video, editorial content, a Minority Report-inspired interactive store window, mobile apps, and a 4D "visual feast" in the streets of London and New York fusing art, fashion, and technology. Most recently, the brand used Fashion Week as an opportunity to

buy out all the ad space in *The New York Times* iPad app for the entire month of September. Building on its well-established sporting heritage, Ralph Lauren has entered new team sponsorships and outfitting agreements, including a five-year contract with the US Golf Association as its official outfitter and on-site apparel supplier. Expected to bolster its all-American image, the brand accepted the honor of being the US Olympic team's official outfitter as well. Unfortunately, bringing a bit of tarnish to an otherwise exemplary year, outrage ensued when it was revealed that Team USA's RL uniforms were, in fact, made in China. While there are many things Ralph Lauren is doing right, in order to sustain its strong brand growth and integrity, the brand will have to make transparency a top priority.

92Heineken
+3%
3,939 \$m

One of the world's most recognized premium beer brands, Heineken continues to aggressively stay in front of the market. With its recent efforts to acquire the remaining shares of the Tiger beer operation in Thailand, Heineken has proven it's serious about solidifying its operational presence in Asia. The brand also continues to develop impactful and memorable global campaigns like the "Heineken Star Serve," which, appealing to both consumers and beverage servers, advises on how to tap and serve the perfect draught beer. As this campaign illustrates, Heineken is

increasingly involving consumers in its business processes to stimulate worldwide conversation about the brand. From launching a website that allows consumers to discuss the perfect draught beer experience to its crowd-sourced nightclub concept that livened up Milan's Design Week, Heineken is proving that it can mobilize and engage audiences worldwide. With more than five million fans, Heineken's Facebook presence is more proof of the brand's ongoing success with efforts to stay globally relevant while maintaining its premium status.

93BlackBerry
-39%
3,922 \$m

It has been a tumultuous year for the BlackBerry brand. In a category that is driven more by design and user experience, BlackBerry is struggling to find a point of difference beyond security, BBM, and its physical QWERTY keyboards — none of which are capable of being secure, long-term advantages. A change of leadership early in the year provided hope that the company had found a new lease on life. New CEO Thorsten Heins' decision to "stay the course," however, illustrated a reluctance to take a risk on self-reinvention and transformation — traits that are essential for survival in today's hyper-competitive consumer electronics market. As such, the brand remains locked in an identity crisis. Despite its long-standing association with the B2B market, customers are struggling to understand what

BlackBerry stands for, just as its parent company struggles to do the same internally. The company is plagued with underwhelming product launches, undelivered promises (BlackBerry 10 has been delayed yet again, to 2013), and inconsistent marketing campaigns. Without having a clear core idea or platform upon which to build and rally behind, it is increasingly difficult to understand the company's direction. BlackBerry shipments are down 41% in the past year, and market share now stands at 4.8% globally. In order to survive, the brand must demonstrate relevance in the crowded smartphone market. If BlackBerry can deliver a truly innovative experience designed for today's mobile professional, it will send the message that the brand is committed to the B2B market that once made it such a success.

94
Mastercard
New
3,896 \$m



MasterCard makes its debut in our Best Global Brands report after an impressive year. The company's leadership in mobile payment via MasterCard PayPass, the launch of its "Priceless Cities" customer benefits program, and a growing suite of solutions for business owners are steadily increasing consumer satisfaction. MasterCard gained market share from Visa over the past year in spending volume, new bank tie-ups (notably SunTrust and Sovereign in the US) and new card users. The brand's "Priceless" tagline and accompanying slogan have resonated

and succeeded in building emotional connections between MasterCard and consumers over time. Now reaping more of the benefits of those connections, MasterCard needs to continue delivering meaningful results. Despite a positive year overall, a third party data breach exposed the account information of millions of customers. As one of the world's largest payment processors, MasterCard must work diligently to ensure its customers' information is protected and that their experiences with the brand remain positive.

95
Credit Suisse
-5%
3,866 \$m



This year, Credit Suisse launched a bold advertising campaign, aimed at positioning the firm as a luxury brand. It replaced its Roger Federer "Relaxed" with "The Roger Federer World Tour 2012" — and not a moment too soon. "Relaxed" may not be the right vibe for a global banking leader at this particular moment in history. Like other banks, Credit Suisse has been buffeted by the effects of a slow-starting US economy, the European debt crisis, and many unknowns in Asia. The brand's new financial reality — declines in both revenue and margins — has led to cuts in global headcount and the Swiss National Bank's recommendation to "significantly expand its

loss-absorbing capital during the current year." Considering the challenges, the bank's ability to hold steady is impressive. The brand has retained relevance through its continued transition to a more client-focused model, a critical move given the upheaval within its sector. This model extends to the brand's corporate citizenship effort, use of social media channels and a multi-year talent and cultural-building effort. The hard work has paid off. This year, Credit Suisse stands as the lone representative of the Swiss banking tradition among the world's brand elite.

96
Harley-Davidson
+10%
3,857 \$m



After nearly three years of restructuring its business, Harley-Davidson has emerged with confidence and focus. The strategy seems to be paying off with signs of solid performance and consistent growth. Even through challenging economic times, there remains a strong sense of community among Harley-Davidson fans. Knowing that it cannot solely rely on baby boomers, the company has been working hard to appeal to women, minorities, Gen Y, and Millennials. The challenge for the brand will be in balancing traditional audiences with the new audience segments. These newcomers to Harley Davidson, however, are embracing the brand

with passion and enthusiasm. Of its 3.6 million Facebook fans, 40% are aged 18-34. The organization has also shed non-Harley-Davidson brands and put its efforts into a unified brand experience. This focus has helped to build momentum in share gains, retail sales, and profit in outreach markets. Despite strong competition from Japanese manufacturers, Harley-Davidson opened 35 dealerships in international markets, including Mexico, India, Turkey, Russia, China, and Brazil. With a solid strategy in place, Harley-Davidson appears poised to conquer the open road.

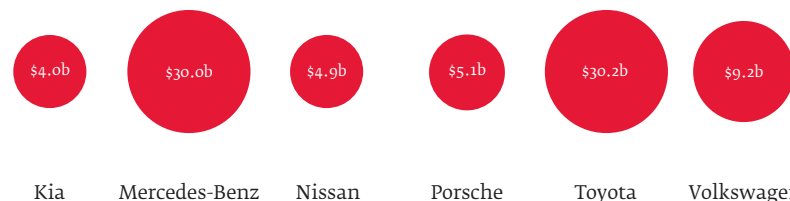
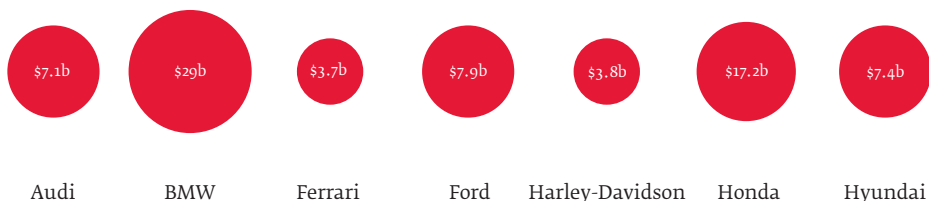
97
Yahoo!
-13%
3,851 \$m



A brand that had a hand in defining the internet before the age of Google, Yahoo has been on the decline for the past 10 years. Although the web portal pioneer is the fourth-largest site on the internet and has an audience of millions, it has been making news not for its achievements, but for its missteps. Yahoo struggles to compete in search, email, and data sharing. Acquisitions, such as Flickr, have been underutilized. Without fully developing social elements, Flickr ceded ground to Facebook and Instagram. On top of that, Yahoo's revenues have been waning for years and its content, while a dominant force in online news, needs to evolve. Potential buyers

have been circling the troubled company for the past two years and, so far, no one has been able to revive the ailing brand. Enter Marissa Mayer — a former Google executive, now Yahoo's CEO. A bold hire by anyone's estimation, there is now more hope than ever for a turnaround at Yahoo. Indeed, the company has potential to make a comeback: it has strong brand recognition, a vast audience, and despite challenges, revenues are up. Yahoo must realize that the content it's now developing will come to define it as a brand and that, in a world overflowing with information, differentiation has never been more important.

Automotive



98

Moët & Chandon
-13%
3,824 \$m



Moët & Chandon has helped its consumers celebrate success and glamour since 1743. In the past year, the brand played an active role in the opening of LVMH's White 1921, a boutique hotel and bar located in the heart of Saint-Tropez. With an 82-seat bar, White 1921 guests are able to leisurely sip Moët Imperial Vintage from 1921. Moët & Chandon also launched its 2012 Moët Rose Lounge Series, a celebrity-hosted, supper club-style tour featuring Moët Nectar Imperial Rose. In the year ahead, Moët & Chandon will serve as the official champagne of the 34th America's Cup. With its US division having

recently hired a new digital advertising agency and having increased its media spend, Moët & Chandon appears ready to grab consumers' attention — not only on the beaches of Saint-Tropez and through celebrity-hosted tours, but on the digital forefront as well. If it can successfully strike a balance between maintaining its enviable heritage while simultaneously becoming digitally aggressive, Moët & Chandon might very well be able to restore some of its brand value in the year ahead — an accomplishment that will definitely be worth toasting.

99

Ferrari
+5%
3,770 \$m



Ferrari is an iconic automotive brand that can be best described as one that passionately pursues perfection. In its latest quest to move the high-performance category forward, Ferrari announced that it will offer its first gasoline-electric hybrid vehicle next year. This vehicle will replace the limited edition Enzo and inject its Formula One power in creating the fastest, most powerful road car ever — while slashing fuel consumption. These are the types of bold ambitions and stories that energize the Ferrari community and generate hours upon hours of

conversations in social media. While Ferrari's home country of Italy is one of the strongholds in supercars, a crackdown on luxury goods and scrutiny of supercar owners has had a negative impact on sales there. China, however, is Ferrari's second-biggest market and the brand continues to expand at a rapid pace with new dealerships and increased sales. With new and renewed licensing deals, Ferrari is as strong as ever and continues to find new ways to excel as one of the world's most legendary automotive brands.

100

Gap
-8%
3,731 \$m



The Gap brand has experienced rocky times in recent years, as the business concept has been successfully copied and revamped by trendier competitors like H&M, Zara, and Uniqlo. Gap has also struggled with a blurred brand vision and lack of design originality. Consequently, the world has watched Gap's steady fall from grace, and consumers are reluctant to keep the faith to a brand once considered the king of retail apparel. In response, Gap is now focusing its efforts on reconnecting with its Californian roots, and staying true to the iconic casual style, built on jeans and t-shirts, that made it so popular in the 1980s and 1990s. The brand is expanding in Asia and its dedicated Chinese e-commerce site has

logged orders from over 330 cities across the country. Its partnership with China's e-commerce leader, Toabao Mall, will allow Gap to reach an additional 370 million consumers. In addition, Gap plans to open 45 stores in China by the end of 2012. Indications show that Gap has been picking up speed after launching a global branding campaign — sales have increased and profits remain stable. By steering away from the "fast fashion" approach common to its competitors and committing itself to longer-lasting consumer pleasure through colors, fabrics, and a return to iconic classic styles, Gap will get another chance to reclaim the retail apparel throne.

Top 10 Brands



Survival of the Smartest

By Stuart Green

Globally, the **airline** industry remains in a fragile state. The industry continues to face challenges from macroeconomic uncertainties, especially within the Eurozone, as well as intense competition and rising fuel costs. Fuel now accounts for a third of every airline's costs, up from 13% a decade ago. The International Air Transportation Association (IATA) estimates that total airline profits for 2012 will be USD \$3 billion, down from the estimated \$7.9 billion in 2011. In fact, the airline industry has suffered a multi-million-dollar global loss in seven of the past 12 years.



Compounding matters, the EU has unilaterally decided to levy a carbon tax. Though airlines have been steadily implementing and achieving environmental goals in recent years, there is friction over the carbon tax plan, a scheme that requires airlines flying within, to, and from the EU to monitor their CO2 emissions and, if necessary, pay for the exceeding carbon allowances. However, despite disputes from the industry, “climate politics” will continue to be an issue for airlines as pressure to curb emissions mounts.

With many airlines bleeding money and drastically cutting back on costs, 2012 has largely been about survival. Fragmented and populated with too many players, the industry is struggling to find its balance as the traditional business model shifts from a focus on market share to a focus on profitability. Consolidation is inevitable to remove excess capacity in the industry, especially as government aid dries up in key markets.

A few bright spots

There are, however, a few bright spots: Asia will still be the most profitable region this year despite the impact of the Eurozone, and an economic slowdown in India and China. Intra-Asia air traffic, driven by the economic growth in the region, remains strong and is growing. Furthermore, there has been a rebound in demand from the Japanese market following last year’s earthquake. North America will account for nearly half of the USD \$3 billion dollar global industry profits. US airlines have benefited from a relatively strong domestic market with a focus on ancillary revenues, and sophisticated rewards and merchandising programs. The Middle East has experienced a sharp decline in profitability due to a heavy exposure to European air traffic. However, despite this, it is the Middle Eastern airlines that are driving consolidation and securing key positions globally. They also continue to outspend their competitors when it comes to new aircraft, passenger comfort, and technology.

Driving demand by leveraging the customer experience

Never before have airline customers been so diverse, informed, fickle, and demanding. Airlines that do manage to please make considerable effort to focus on the desired customer experience. They also deliver changes based on what’s critical, and avoid time and effort spent on what’s not.

These more “experiential” focused airlines know that customers want brand experiences that are relevant and appropriate — not just at a point in time, but on an ongoing basis, and often customized to their liking. Rather than weigh business decisions against the multitude of external factors out of their control (high operating costs, regulations, an ever-changing economy), these airlines use their brand as a decision filter and act with confidence that they’ll deliver what their customers desire. Here are just a few of the experiential innovations taking place in 2012:

Qatar Airways prepares inflight meals for Business Class passengers from the time of order. The airline has also teamed up with well-being guru, Deepak Chopra, to produce a “Tips to Fly Healthy” guide that can be found in the seatback pocket. Qatar will also be the first Middle Eastern airline to have launched the Dreamliner this summer. The aircraft will feature “TouchPMU,” an iPhone-like device that allows passengers to multitask and watch movies.

Virgin America is the only airline in the US that offers USB outlets in all seats and offers inflight WiFi. Adding personality and playfulness to the experience, one of its aircrafts pays homage to Steve Jobs by having his famous quote “Stay Hungry, Stay Foolish” painted on its side. Another aircraft is named “NerdBird” as a result of its high number of WiFi users traveling on the San Francisco-to-Boston route.

A key service differentiator is the airline’s inflight entertainment and communications

system, known as “Red.” The nine-inch high-definition touchscreens feature live satellite television, the first ever seatback digital shopping platform, an open tab service, and interactive Google Maps with terrain view that tracks the flight’s location. Passengers can also use the system to chat with other passengers, play 3D games such as *Doom*, offset carbon emissions for their flight, or purchase snacks, meals, and beverages. Flight attendants receive orders via a tablet device, and bring any ordered items directly to the passenger’s seat.

Korean Air is known to be the world’s most successful inflight retailer and has the lowest seat density on its A380s among all airlines. Sacrificing revenue from 13 seats to make way for the “first flying duty-free shop,” Korean Air has created Absolut Vodka-branded bars and lounges that incorporate display units of duty-free goods. Duty-free offerings are showcased so passengers can sample the best-selling items before making a purchase. Any order placed is then delivered to the passenger’s seat.

British Airways is investing in additional training for its crew and equipping them with iPads to ensure the delivery of outstanding customer service. The iPads have apps that enable the attendants to store and receive relevant passenger details in real-time, such as travel itineraries and meal preferences, to allow for more customized service. The devices also show details of the inflight menu with pictures, as well as pre-loaded information about the arrival destination so attendants can give travel advice and recommendations.

Delta Airlines is the first to roll out mobile bag-tracking capabilities via its Delta app for smartphones, allowing passengers to track checked baggage in real time. The airline also introduced a premium service with Porsche at its Atlanta hub for its highest-tier Diamond Medallion customers. Selected arriving passengers are escorted from the plane to a waiting Porsche vehicle for a ride to their parked cars or other terminals for connecting flights.

KLM is differentiating the passenger experience by enhancing its cultural touchpoints and use of social media. In order to make Chinese passengers feel at home, KLM has localized elements of the onboard experience on flights to and from China. Each flight has three Chinese-speaking cabin crewmembers onboard; announcements are also made in Mandarin and Cantonese, while language assistants are available to assist passengers upon departure and arrival. In addition, KLM’s social media hub strives to answer every customer message via Twitter and Facebook personally, within an hour, 24 hours a day, seven days a week, in Dutch, English, German, or Spanish.

Though current conditions are not ideal for the airline industry, there is certainly ample opportunity to rethink strategy and put more emphasis on profitability. Airline marketers who focus on enhancing their brand’s customer experience can benefit from competitive differentiation, increased brand loyalty, advocacy, and revenue growth. There’s never been a more important time in the airline industry to focus on understanding customers and improving their experience.



— **Stuart Green**, Chief Executive Officer, Interbrand Asia Pacific

You Are What You Wear

By Bertrand Chovet



With consumers seeking value for money and businesses hit by higher cotton prices, the apparel sector faces fundamental challenges. Fashion is moving fast, and consumers move even faster when making purchase decisions. Tracking, anticipating, answering, and connecting with shopper behaviors throughout the purchase journey is more critical than ever. To stay in the game, brands need to demonstrate value across all digital and physical touchpoints.

With the soaring price of raw materials, fast fashion brands have to rethink their low-cost strategies and respond quickly to changes in the market. Due to volatile exchange rates and higher labor costs in Asian markets, apparel brands are also exposed to increasingly fierce competition and face the prospect of losing their competitive advantage.

Apparel has suffered from the recession and brands are responding in various ways. Gap is reducing square footage in the US while accelerating store openings in China. Brands such as H&M have not increased their prices to protect their brand position in accessible fashion. Consequently, H&M's profits have decreased. And Levi's launched DENIZEN, a global initiative to engage a new generation of denim buyers. It meets customer needs for value while protecting the brand's premium image. Defending a premium through behaviors, product, or experience is a key requirement for strong brands.

Digital developments

The battle for omni-channel (seamless) retailing has begun. Zara's online store ensures that the customer's journey delivers an experience consistent with its physical stores. The brand's "Dear America" campaign was a key moment in building presence. By inviting 50 photographers to photograph each US state, Zara gained local and national attention. H&M's online shop features the "Dressing Room" which enables consumers to dress a virtual model in pieces from the retailer's latest collection.

Touching customers' lives

Strong brands are moving forward with shopping applications to capture and transform purchase decisions. However, Interbrand has noticed that shoppers expect a richer experience that reflects their taste and values, which means retailers will have to rethink old strategies and develop more organic, thoughtful approaches.

In March 2012, Zara reopened its flagship on New York's Fifth Avenue, showcasing a revamped architecture and interior scheme. Its innovative approach to interior design is based on four principles: beauty, clarity, functionality, and sustainability - making the brand the best in class for shopping experience. Alongside this, the brand's Dear New York events, echoing the Dear America campaign, demonstrated that the brand has a real feel for its customers' interests and a flair for building relationships with them.

Sustainability and corporate citizenship are high on the agenda for all leading apparel brands. H&M presented several initiatives, such as its Conscious Collection and H&M Fashion Against AIDS. The retailer is also now the world's largest user of organic cotton. In 2011, Levi's introduced the Water-LESS initiative, using up to 96% less water to make its jeans. The initiative also challenged consumers to shower and launder less often. Consumers in more than 1,300 cities around the world rose to this challenge, engaging around shared concerns.

Because apparel reflects the personalities of consumers, this category offers many opportunities for brands to develop deep connections with their core audiences. At Interbrand, we believe the way forward is to use digital and physical channels to develop a rich customer experience.

Racing Towards Growth

By Michel Gabriel

Over the past decade, the **auto-mobile** industry has experienced considerable growth. Luxury car sales in China have grown by a whopping 1,550% from 45,000 units in 2001 to 736,000 units in 2011, and a re-energized North American market has been steadily posting impressive numbers. But even in 2012, the global market for passenger cars is far from saturation.



In addition to China, BRIC (Brazil, Russia, India, and China) and other key emerging markets such as Mexico, Turkey, Indonesia, Thailand, South Africa, Colombia, and Bangladesh are expected to dominate the second growth wave in the automobile industry. As a result, most automobile brands are adjusting their respective brand positionings and the manner in which they engage with these audiences. For these markets, constant, rapid change is the greatest challenge they face. Many consumers in these new markets will be purchasing a car for the very first time, and will require a fair amount of education in how to benefit from and maintain their vehicles. This is a rare opportunity for automakers to create a closer, lifelong relationship.

Whether considering emerging or more established markets, automotive brands are increasingly focused on the emotional aspect of the relationship between cars and consumers. Everywhere in the world, owning a car means more than just getting around. For some, a new automobile represents independence, freedom, and pride of ownership. For others, it's about confidence, sporting the latest technology, or publicly showing one's sense of responsibility to the environment. Automotive brands are becoming more attuned to this emotional connection, which has led many automakers to pioneer more effective, technologically savvy ways to reach target markets and help prospective buyers better identify with or relate to their brands.

Highlights 2012

From an acquisition perspective, Volkswagen stands out in 2011 and 2012. The German multinational took over MAN Trucks, Porsche, and Ducati to complete its range throughout all segments. BMW became one of the most profitable car brands worldwide in 2011, and many of the traditional competitors from Japan, US and Korea capitalized on pent up demand. These sales trends should continue as automakers are in the midst of a protracted launch cycle that started late last year.

In Europe, Mercedes-Benz has revamped their car designs to achieve a more dynamic look,

which represents a genuine advance from a brand perspective. Additionally, Hyundai took a tremendous step forward in the quality vector. Thanks to YouTube, the whole world now knows that Volkswagen's CEO, Martin Winterkorn became aware of Hyundai's quality surge at IAA 2011 (i.e., "Nothing rattles here"), and the impression reflects reality: in representative surveys, Hyundai has been getting top scores for quality and dependability during the past two years. Perhaps, then, it's no surprise that Hyundai is one of the fastest-growing automotive brands in the world.

The largest automakers are beginning to inject a global perspective rather than just a regional, product-driven approach. To help drive consistency, the likes of Audi, BMW, and Hyundai are investing in global brand campaigns while launch and branded events are becoming more and more digitally connected, and tailored to narrower target groups. The entire industry is taking a fresh look at these formats, and hoping to engage customers and prospects in a relevant and personalized manner throughout the entire purchase cycle.

Escalating pressures, from fuel prices to climate change, have pushed automakers to prioritize their sustainability efforts. Like many auto manufacturers, Audi is integrating sustainability into everything they do, rather than treating it as a separate issue. With a dual emphasis on performance and efficiency, BMW continues to promote its "efficient dynamics" program to offer both efficient engines and dynamic driving, while Mercedes-Benz claims BlueTEC as the cleanest diesel technology. No longer a badge or a mantra, sustainability has become an integral part of an automaker's brand identity and is now a key driver of technological progress.

But some have pushed innovation even further. Toyota carved a path for hybrid vehicles while other automakers such as Nissan continue to push the boundaries of EV technology. The Nissan LEAF continues to demonstrate that clean technology does not have to hold performance back while the Infiniti EV concept car, that will soon go into

production, makes sure that luxury isn't sacrificed either. Most notably, BMW is gearing up to introduce the i series, which promises to bring new excitement and attention to the EV market.

Despite the breakthroughs and innovations, adoption of new technologies will take time. Even with government subsidies, models are still relatively expensive and their range is acceptable only in a few regions that have the right infrastructure. Car-sharing in metropolitan areas with green car fleets has been gaining visibility and is a great example of a cost-effective alternative. However, while some cities are experimenting with promising pilot programs, clearly, leading car brands will have to work harder to arouse the curiosity of consumers around green mobility and motivate them to invest in cleaner technology solutions.

Auto retailing and the brand experience

In saturated markets, digital media is changing the role of dealers, but they can still have a crucial role in retaining and acquiring new customers. As technology becomes increasingly complex, dealers can help educate new customers in how to maximize the features in their vehicles. Lexus, for example, has hired new technology associates that focus purely on using tools such as iPads to help new customers get acclimated with their vehicles. Audi is taking things even further with their Audi City concept, a new and exciting format that combines digital product presentations and personal contact with dealers. Audi City presents the brand's complete model range digitally instead of physically and allows the brand to globally showcase itself in important metropolitan areas where space is often limited. Boosting proximity to the customer and transforming the role of the classic auto dealer, Audi City repositions the dealer as a customer relationship manager in an immersive environment that engages and fascinates.

Semi-stationary formats such as branded events, or mobile and virtual channels are also gaining more and more significance for sales. Younger customers, in particular, will

no longer want to visit classic auto dealerships on the outskirts of cities. They do their research online and want to be addressed at their convenience. They also expect to be wowed by a product and demand that brands engage them in a dialog.

The growing significance of online and mobile distribution channels calls for a change in thinking among automakers and retailers toward a multi-channel distribution model. Traditional distribution formats in saturated markets must be reviewed and adjusted. In the future, they will merely be a part of the overall retailing concept and will no longer function as the sole hub of distribution activities. At the same time, multi-channel distribution models must be optimized and implemented for deployment in the urban centers of growth markets.

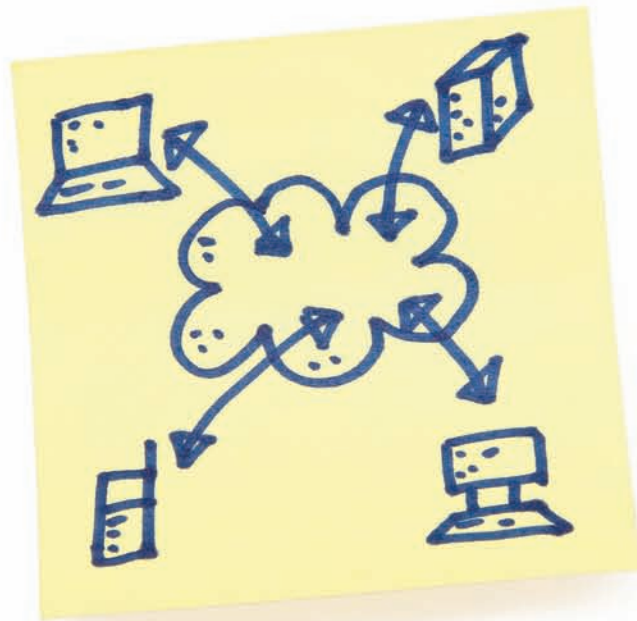
To effectively compete in the category, brands will need to stay relevant — which means rethinking design, adopting a global perspective, driving innovation, and prioritizing sustainability. They will also have to move beyond brochure-ware and catalogs, and engage more directly with their audiences — not only working to pique consumer interest, but also staying with prospective buyers until purchase is secured. For the near future, the automotive brands with the ability to link digital media to real-life brand experiences will have the greatest chance of success.



— **Michel Gabriel, Managing Director, Interbrand Zürich**

Bigging up Big Data

By Josh Feldmeth



Intriguing snippet: Big data is moving with tidal force through markets, reshaping strategies, kicking off new challenges and promising untold riches to those that harness its predictive power. **Business services** brands are rushing in to reap big rewards. The data is there but making sense of it is messy. It's mostly unstructured and our technology infrastructure is struggling to keep pace. A dearth of technical talent exists and business managers are unpracticed in leveraging the insights to drive decision making.

The rise of big data is old news. Way back in 2009, Cisco projected global IP traffic to reach 667 exabytes by 2013, with over 90% represented being video. Last year the IDC estimated that we created and replicated 1.8 zettabytes of data, enough to fill about 58 billion iPads. And they expect this number to double every year. Mind-boggling numbers.

The potential to gain actionable insights from this data is equally enormous, but companies are poorly prepared to seize it, which represents a once-in-a-business cycle opportunity that is not lost on the best business services brands.

Content still reigns supreme

After spending billions over the past years acquiring big data capability, the major business services brands have begun to consolidate their offerings through thought leadership. All of the top business services brands—Accenture, Cisco, IBM, Oracle, SAP, and Thomson Reuters—released major pieces of IP or founded new conferences in 2012, aimed at explaining how their solutions will drive returns on big data.

Thought leadership is a smart play here. Why? To win in this fast-growing space, business services brands must quickly deliver on the three pillars of brand strategy: authenticity, relevance, and differentiation. Acquisitions provide the authenticity through which these brands become credible players in the space. Thought leadership, then, transforms these credible, authentic technical capabilities into something that is relevant to customers. It demonstrates the ability to solve the customer's most challenging business problems and create value. Investing in IP also drives these brands' presence as digital/social technologies continue to place a premium on sharable content over traditional forms of advertising and engagement.

Big data is still a hot topic and top of mind for many CTO/CIOs. The services brands that not only bring capability to the table but help customers get their heads around the topic will win. Content is the essential glue that will bind the services company to customers as they both navigate the big data wave.

Anything you can say I can say bigger

The problem with all this opportunity is that everyone is jumping into the pool. Of the 10 elements that define every great brand, differentiation will be the one that most plagues the big data hunters in the future. You can see the business services brands in 2012 wrestling with this challenge in the very language they use to frame—and name—their offers.

The potential to gain actionable insights from this data is equally enormous, but companies are poorly prepared to seize it, which represents a once-in-a-business cycle opportunity that is not lost on the best business services brands.

IBM talks about “Big Data Analytics.” It makes sense: It's not just data, but the analytical wherewithal to do something with it. Accenture takes it further with “Big Data and Next-Generation Analytics,” recasting plain, old analytics as yesterday's news. Not to be outdone, Oracle launched “Big Data and Extreme Analytics,” a conference title so awesome it has the potential to rocket statisticians to what Google's chief economist, Hal Varian, recently dubbed “the sexiest job of the next decade.” The name game will surely go on as this nascent market evolves. It's fun to watch, but there is a warning here. Brands must be careful to resist the temptation of verbal one-upmanship in favor of language that builds on the authentic truths of their proposition.

Where bigger doesn't equal better

This is all very big stuff, as a white paper on Cisco's site reminds us: “For big data analytics there's no such thing as too big.” Maybe. But in the world of global brands, being big does not go far enough.

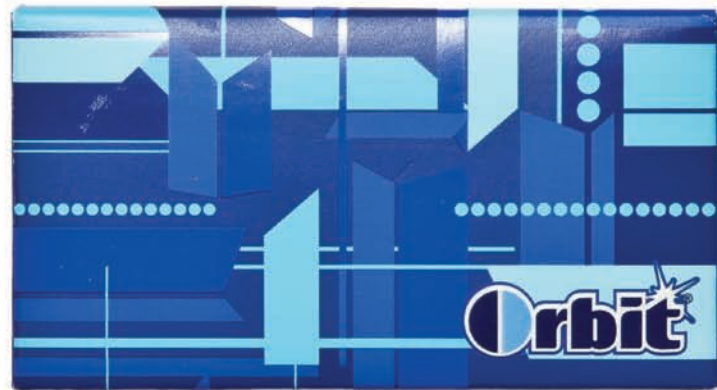
There are many large services companies but few truly global services brands. The ones that made it have found a way to scale and dimensionalize intangibles, like big data. These companies make sense of things that are either hidden deep within a technology ecosystem or found in ephemeral moments of advice. The best global services brands have transcended the inherent limitations of their own offers and found an enduring, emotional role to play in the lives of customers and markets. A Smarter Planet. High Performance, Delivered. The Knowledge Effect. The Human Network. This is better, not bigger.

Business services brands are the most challenging to build. As such, the ones appearing in our ranking are tour-de-force examples of branding at its best.



— **Josh Feldmeth**, Chief Executive Officer, Interbrand New York

As a group, the fast-moving **consumer goods** companies on our 2012 Best Global Brands list increased in brand value over last year. For many of these industry leaders, ongoing product innovation and the continued expansion into new geographic markets drove top line business. However, these companies compete in a market with a daunting pace of change led by the new consumer — seemingly half human and half digital.



Like a sleeping volcano, new behavioral trends will inevitably disrupt the current landscape. Brands keeping up with the pace of change may find themselves vulnerable. Winning depends on leading the pace. The good news is that significant untapped opportunity lies in the creation of a brand strategy that integrates a digital strategy informed by consumer insight.

Change is driven by consumers, not technology

Much has been said about the new consumer — they're informed by online reviews and corporate transparency, empowered by price competition and have redefined brand loyalty. But the newest new consumer is even more challenging: the Millennial, age 25-35. This tech-savvy group tends not to shop in traditional mass or supermarket formats where FMCG companies compete via breakthrough package design and product innovation. Instead, Millennials are attracted to distribution outlets that are less conventional and more convenient. You'll find them online, at food trucks, in bodegas, and other grab-and-go places. Even the most engaging and effective aisle experience in the supermarket might totally miss this influential young target.

Take, for example, Gillette's impressive success in creating a "guy aisle" in stores, devoted to men's grooming. It makes the brand a category hero, synonymous with shaving and personal care. Contrast that with the irreverent and funny, not to mention cheap, appeal of the Dollar Shave Club.com, the \$1 monthly blade subscription service. Is it an amusing side player or an indicator of tomorrow's market? Food for brand thought.

Given that consumer relationships straddle the physical and the online space, clearly, a digital strategy has to be more than a website, a coupon, and a Facebook post. Too few consumer goods makers bring their brands to life digitally. Brands do have personalities that consumers want to engage with, as demonstrated by the multiple-millions who adore Wrigley's eccentric candy brand, Skittles. Visual wit flows between the

brand and its community, with videos and images of candy-covered projects from bundt cakes to ukeleles. Skittles is fully alive in its digital incarnation.

Around the world, consumers voice ever-louder concerns over health and obesity, demanding healthier and more flavorful fare, whether from cereal, frozen dinners or soup. It's been an eventful year for Campbell's, certainly, faced with the weakening popularity of soups, the failure of its low-sodium offerings, and a serious packaging problem. Its soup cans are made partly with BPA (Bisphenol A), a chemical found in plastic, which Canada has declared a toxic substance. The brand's leadership team conducted a comprehensive strategic business review this past year, emerging with new strategies to aid growth through the next decade. Plans include alternative packaging, bolder flavors — not to mention an engaging tribute to iconic Pop artist Andy Warhol to commemorate the 50th anniversary of Warhol's famed piece "52 Campbell's Soup Cans."

Not going away: the threat of private label

While national brands still make up the vast majority of US consumer goods purchases, private label goods are set to double their market share to half of all goods sold in supermarkets by 2025 (Rabobank Report, 2012). US retailers have taken a page from the leading stores of Europe. After studying the success of companies such as Sainsbury's and Tesco, they've refined their private labels to offer both cost savings and quality across many categories; shoppers feel good about buying them even if they don't necessarily need to save money.

Manufacturers are fighting back by creating new products. While private drugstore labels might be keeping the CEO of L'Oreal awake at night, the brand's research and development teams offset the threat by developing dozens of innovative beauty products to stay on top of the market. Health care and pharmaceutical goods giant Johnson & Johnson spent the last year climbing back from product recalls that cost them consumer trust, only to find

private labels not only competing, but accruing true brand loyalty. Even a popular, brand like Kellogg's, known for its honesty, isn't completely immune to the consumer's willingness to try less expensive alternatives. To stay one step ahead of the private label competition, it too, introduced many new products this past year, including a gluten-free cereal. To win back market share, brands look for new ways of reaching consumers, often in the form of expanding into emerging markets.

The tenuous future of package design

Consumer goods makers traditionally look to new packaging to win trial and share. Kleenex introduced charming boxes, shaped like wedges of watermelon and other fruits, to increase summer sales. Heinz is still riding on the good feeling derived from its 3-ounce "dip & squeeze" carry-out ketchup packet, a consumer-pleasing innovation. In answer to issues of sustainability, both brands found a solution in packaging. Kleenex launched an initiative to reduce its UK products 33 percent in size to use less material, require fewer truck miles, and reduce carbon emissions, storage costs, and shelf space. Heinz now makes up to 30 percent of its packaging from plants instead of petroleum.

However, along with their new shopping behaviors, consumers bring with them the early warnings of a prodigious challenge: subscription replenishment. The promise of never running out of toilet paper has become part of the changing customer journey. As more people forgo trips to the store and simply sign up at Amazon, what's the impact on the packaging design community? It certainly increases the pressure to bring the brand to life digitally. Is it that we are doomed to the limits of a one-inch-square jpg on the website's page, or should we consider the changes in buying behavior to create new ways to educate and entice?

How could one inch become the entry point to a whole experience? How does a designer bring brand equities to life when the nature of shopping is changing so fast? It would

certainly appear that the demands on packaging to help with in-store "way-finding" and differentiation will significantly reduce. But will the nature of physical shopping experiences change? And what of the on-line experiences themselves? Many were created with download speed restrictions in mind, but with full HD and 3D always on and at your fingertips, couldn't we be on the verge of a new paradigm in on-line shopping? Perhaps packaging will become functional versus aesthetic — with designers trading the pursuit of shelf impact for the ideal in-home dispensing package. Perhaps we need to rethink the whole way people will buy? Forward-thinking brands are well advised to undertake this challenge as a thought experiment, if not an outright R&D initiative. The trend is already underway.

As always, there's more risk in playing defense than innovating a new offense. Yes, there's always a chance that in pushing the envelope, a brand may make a packaging or public relations error that lights up the internet. But top brands recover quickly. The companies named "best brands in the world" need to be the leaders that others can only hope to copy — they must elevate the game, their sense of innovation, and their digital brand expression. Doing so requires that they never forget the "consumer" in consumer goods, and avail themselves of the modern methods of shopper science and analytics to search for fresh connections with their customers.



— **Fred Richards**, Executive Creative Director of CPG, Interbrand Cincinnati
Bruce Dybvad, Chief Executive Officer, Interbrand Cincinnati & Interbrand Design Forum

What Traditional Companies Can Learn from Technology Companies

By Robin D. Rusch

Today's companies need to make **innovation** a higher priority, or more ingenious minds will capture tomorrow's wealth. Time and again we've seen it happen — particularly in the tech sector where brilliant startups and breakthrough ideas routinely shake up the field, and fortunes are made seemingly overnight. Tech companies know they've got to stay at the cutting edge, or get left behind. But now, as markets and expectations continue to change, traditional brick-and-mortar businesses would do well to follow in their footsteps and systematically redirect a percentage of their profits toward innovation.



In the continuing quest for business growth, many companies have come to rely too heavily on cost cutting. In the past few decades, for example, outsourcing has become increasingly common: Headquarters plays the role of architect, while lower-cost markets execute or replicate, performing what is generally lower-skilled work. In basic principle, this arrangement is not dissimilar to the age-old hometown business model, with management upstairs and workers on the factory floor. These days the factory floor is a lot farther away — and that, as the news frequently reminds us, can be problematic. Outsourcing not only poses supply chain risks that can damage a brand, but it's also making the strategic differentiation between companies narrower and narrower.

This lower-cost work base generates more profit for the company, of course — but where is that money going? Ideally, this could be re-invested to secure against the future. However, most public businesses are not putting these savings into new ideas, innovations, R&D, or other kinds of competitive planning. Instead savings go to activities aimed in part at increasing share price. There is nothing inherently wrong with wanting to increase share price, but when this becomes the primary focus, the long-term health and sustainability of a brand are put at risk.

While stockholders are sometimes referred to as owners of the company, their intent and priorities are not the same as an owner's. Stockholders also aren't in it for the long haul. Fifty years ago, shareholders were content with earnings that were slightly higher than the cost of the capital, and they tended to hold on to stock for an average of eight years. But changing times and changing market conditions sparked a thirst for higher returns. Now, investors demand higher growth targets and, on average, sit on stock for a mere four months. Further, most managers of public companies are compensated by stock. This means they also have an incentive to see the stock price rise, as opposed to laying down a cogent long-term plan for steady, sustainable growth.

All this focus on stock price reduces the likelihood of spending money on anything risky, as generating consistently high margins takes priority over investment going back into the company. R&D, new product development or idea generation, can be expensive and there's no guarantee of success. Yet, the irony is, it's practically impossible to meet the rising expectations of shareholders and create wealth unless companies innovate.

That's why technology companies champion innovation. Google's 20% program is a good example. The 20% time is really the key to innovation at Google. They've hired the best people they can find (arguably some of the best available), and said "follow your passions, and make cool stuff." Does it yield brilliant solutions? Not always. Google's had its share of duds. But this method of (micro) crowdsourced innovation has been extremely effective for Google. Think Google News, Google Reader, Google Trends, and Google Maps, and you'll get a sense of what that 20% did for Google. As of now, these applications only generate about 1.5% of Google's total revenue (about USD \$50 million), but we must consider the magnitude of the growth opportunity, especially in the long term.

Since its stock market launch in 1997, Amazon has also doggedly adhered to a long-term vision and resisted bowing to shareholders' quarterly demands. "It's all about the long term," CEO Jeff Bezos said then. He also warned shareholders that the company might "make decisions and weigh tradeoffs differently than some companies." Amazon's management and employees, he insisted, are "working to build something important, something that matters to our customers, something that we can tell our grandchildren about."

The company takes a beating from investors during earnings reports, and Bezos' outlier position baffles many mainstream managers, but economists tend to laud the strategy, which offers economies of scale and weakens (or eliminates) competitors. Borders has been pushed out of business, Barnes & Noble is struggling, and Best Buy has taken a hit. "If everything you do needs to work on a three-year time horizon, then you're competing

against a lot of people," Bezos said in an interview in *Wired* last year. "But if you're willing to invest on a seven-year time horizon, you're now competing against a fraction of those people, because very few companies are willing to do that. Just by lengthening the time horizon, you can engage in endeavors that you could never otherwise pursue. At Amazon, we like things to work in five to seven years. We're willing to plant seeds, let them grow — and we're very stubborn."

Amazon's patience, commitment to innovation, and customer focus may explain why its growth is double that of e-commerce rates overall. Of course, one could argue that Amazon can afford to protect its vision and defend innovation because it's so large, but there are plenty of other large companies that are far more focused on short-term gains than vision and long-term growth. Tech companies thrive because they are bucking the short-term growth trend and proving that the long-term good of their organization and brand is more important than satisfying investors on a quarterly basis.

When companies institutionalize innovation as Google and Amazon have, they're more likely to generate new products, services, and customer experiences. They're also more likely to improve performance, invent new business processes and models, lower cost structure, and open up new business opportunities. Interestingly, whenever (usually ex-) employees say Google's 20% program is being threatened or is a sham, the discussion always returns to how important it is to protect and defend innovation and R&D at a tech company if it is to survive the future. And indeed, innovation is probably the best way to futureproof any company.

If that's the case, why do we think innovation is more important for tech companies than offline businesses? Sure, technology changes rapidly, but so can competitors and consumer interests. Therefore, all companies should be evaluating their products, services, and methodologies to ensure everything from workplace practice to business methodology, and product relevance is still competitive and in line with the targeted customer. Also,

rather than constantly trying to return money to shareholders or investing large sums to position themselves against competitors, companies could invest in ideas and long-term strategy that would help them. In time, shareholders would be richly rewarded too.

The alternative is to chase short-term stock price growth, run the company into the ground, regroup, and start over. Some organizations like construction companies actually specialize in this. However, there are numerous problems with this strategy. In fact, one of the areas impacted most is brand. Brands are costly and often time-consuming to build. Any gains acquired by turning around your company under a new name would be offset by the time and money spent rebuilding the brand identity every other year. It's far better in the long term to innovate and create something the world actually needs or desires.

Many companies fall behind the innovation curve not for failing to keep up with competitors, but because they've failed to embrace the future. Going forward, companies will fare better that undertake the challenge of innovation instead of focusing myopically on unsustainable growth strategies. These "radical innovators" may not always win, but when they do, they win big — and they'll triumph over the long haul.



— **Robin Rusch**, Chief Executive Officer, BrandWizard

The Time of Tough Choices is Upon Us

By Tom Zara



2012 marks a magnificent yet dubious human achievement: populating the Earth with over 7 billion inhabitants. It's estimated that 2 billion more will join our ranks by 2052. With the population issue comes climate change, threatening to radically alter life on our planet. These facts make the relevance and poignancy of “sustainable” existence a sobering reality. Unless we dramatically improve the way we procure and produce **energy** and responsibly deal with greenhouse gases and other pollutants, it will be impossible to satisfy the relentless global demand for reliable, affordable energy without also creating a global catastrophe.

The rising demand

According to BP's Annual Report 2012, the growth in world oil consumption slowed in OECD (Organisation for Economic Co-operation and Development) countries in 2011, but robust growth in China and other non-OECD nations continued, partially offsetting the overall slowdown in demand. Though efficiency has improved, the National Bureau of Statistics reports that China's energy use rose at the fastest pace in four years in 2011 with consumption climbing 7%. To put this rapid growth in global perspective, if China alone were able to achieve First World living standards while everyone else's living standard remained constant, our total human impact on the world would double.

Yet, marketplace realities, global population trends, global urbanization, and geo-political tensions around energy will not abate. The US government Energy Information Administration predicts that by 2035, global energy use will balloon 53%, fossil fuels will be the dominant fuel of choice (with renewables constituting just 14% of the world's overall energy consumption), and that most renewable energy is likely to come from wind and hydropower.

The most troubling fact that we must consider, rather than scarcity, is that further fossil fuel reserves will be deeper underground, dirtier, and more expensive to extract or process, with higher environmental costs risks.

Challenges for energy brands

More complicated extraction and processing also translates into higher prices. According to BP's most recent annual report, average crude oil prices in 2011 were significantly higher than in the previous year, exceeding \$100 per barrel for the first time (in nominal terms) and natural gas prices diverged globally. In the short-term, this may be good for the quarterly profits of energy companies, but it's not necessarily good for energy brands or the long-term needs of businesses and consumers that are currently dependent on fossil fuels.

As the world roils in the aftermath of Fukushima and debates hydraulic fracturing and Arctic drilling, a sense of discomfort with current energy choices is growing. This sentiment, combined with higher oil and gas prices (and falling costs of alternative energy technologies), have helped drive solar energy installations across the US and, of course, Germany (since announcing it would abandon nuclear power last year). India, Spain, and the UK are also making significant investments in renewable energy. In fact, underscoring grid vulnerabilities, recent blackouts in India were summed up in one telling headline: "coal failed, solar delivered." While the move toward renewables is still in its infancy, this trend is definitely on the rise.

In general, consumers have low confidence and satisfaction with energy brands because of rising energy costs and a justified perception of irresponsible actions regarding the environment. Global research conducted by Ernst & Young in 2011 found that, in the majority of the 13 countries surveyed, consumers' relationships with the largest energy providers were "at best...transactional, cold and distant; at worst, hostile." These negative perceptions tend to undermine a brand's efforts to secure a more meaningful relationship with its customers. There is currently a disconnect between what energy companies say and what they do — and that gap must be bridged through real efforts to adopt environmentally sensitive practices, clean up accidents if they occur, address health impacts, and invest in clean energy.

Building trust

Brands in this sector need to appreciate the role of the public in determining their "social license to operate." Unlike other fossil fuel companies with longer supply chains and a less public face, oil companies sell their fuel to consumers at gas stations, thereby making them an easier target for boycotts and blame. Another unfortunate disadvantage is the tendency of consumers to lump all brands in a sector together and condemn them more or less equally, regardless of real differences in the track record and policies of individual

companies. Amplifying these risks, the ubiquity and accessibility of social media has given consumers increased power to determine the fate of a brand — whether they have their facts straight or not.

In order to build trust, energy companies need to become more engaged and respond to the concerns of consumers. Rather than relying on one-way communication, essentially telling consumers what to think about their brand through feel-good commercials or a clever logo refresh, energy companies need to interact with consumers and take advantage of social media. To gain credibility, energy brands must show consumers that they are not monolithically uniform in their attitudes. It might, for example, be smart to launch discussions with social and environmental organizations and associations of indigenous people, implement their recommendations — and make that public. In short, energy companies that behave and communicate like progressive, socially responsible organizations — and take the right steps during this pivotal time — may very well outcompete less progressive companies in the years to come.

Power companies might also benefit from extending their product lines, though merely having the capabilities is not enough to ensure success. Consumers have to trust the brand. If they don't give the brand "permission" to supply other services, they will look at an integrated offer with skepticism. It must be kept in mind that brands create differentiated choice for customers beyond price. Price certainly matters to consumers, but it's not the only consideration. Studies have shown that most consumers don't mind paying a fair price for energy, particularly "green" energy.

Shell is a strong brand in this category, at least for the time being. Despite a serious oil spill off the coast of Nigeria, Shell is still considered a premium brand that ensures best quality. In general, brands that live up to their promises, show genuine commitments to safety and sustainability, and regularly engage and communicate with their target

audiences stand out in the category. The rise of Shell and the decline of BP illustrate the power and the failure of strong brand management in a category ripe for leadership and strength. Energy companies, as we know, are not non-profit charities, but profit-making entities that are under obligation to maximize profits for shareholders. We who specialize in managing brands, of course, want to see every brand succeed, but at some point, we have to ask ourselves — what kind of world are we going to be managing brands within? The urgency for sustainability is undeniable and, the truth is, we do not have to prosper at the expense of people and the environment. There are other, smarter ways — and we must find them. While our energy future still remains somewhat unclear, one thing is sure: How the world's leading energy brands carry the standard for innovation, consumer trust, environmental stewardship, and responsible practices will shape their relevancy and legacy as vital components of societal well-being in the years to come.



— **Tom Zara, Executive Director of Strategy, Interbrand New York & Global Practice Leader of Corporate Citizenship**

Slowdown in the Fast Lane

By Alejandro Pinedo

As Interbrand looked ahead to what 2012 would bring for **fast-developing markets**, “slowdown” was the buzzword that seemed to best describe the economic situation. The economic growth of the BRIC countries has indeed slowed, and the reasons differ from country to country. Governments are taking assertive measures to stimulate economies, including interest rate reductions, tax incentives, and providing easier access to credit.

While the economic expansion has decelerated, growth potential still exists and emerging markets continue to be an interesting arena for brand development. Competition in some of the larger developing countries is fierce.

FMCG giants battle for growth

Fast-moving consumer goods giants Unilever and Procter & Gamble (P&G) were featured in a recent article in *The Economist*. It showed how both companies are competing aggressively not only against each other, but also with local brands in countries like China, Brazil, India, Bangladesh, Pakistan, and Sri Lanka. Agile and effective innovation among local competitors has proven to be a critical factor that Unilever and P&G have had to face around the world.

Both companies depend on developing markets to achieve their long-term growth objectives. P&G expected to add 1 billion new customers by 2015, while Unilever wants to double its revenues by 2020, with 70% of sales generated in developing markets.

Large emerging markets are particularly challenging because they have consumers across the income spectrum, all with ample access to information via the internet. In order to grow in these markets, both Unilever and P&G invest a great deal of time deciphering consumer preferences to gain local relevance.

Successful multinationals realize that building the corporate brand is as important as building product brands in emerging markets.

Building consumer engagement

Sports events are one way in which brands have effectively established consumer connections and positioned themselves in large-population, fast-developing markets. Sports events such as the 2012 UEFA European Football Championship have provided golden opportunities to establish positive emotional connections with consumers.

P&G’s “Thank You Mom” campaign, which aired in emerging markets, demonstrates how brands can connect with global audiences. With high visibility and a strong emotional resonance, events enable brands to connect with fans in a new way. This becomes more valuable in high-population, developing countries where, due to low internet penetration and fewer communication channels, there are fewer opportunities to reach a large number of consumers in a non-intrusive way.

Respecting local preferences

Another interesting story is developing in India, involving Coca-Cola and the leading local cola brand, Thums Up, which enjoys more than 40% of the local market share. When the Indian government introduced rules limiting foreign ownership of local companies in 1977, Coca-Cola and Pepsi pulled out of the country. Thums Up was launched as an alternative to Coke and was an immediate hit.

Coca-Cola returned to India in 1993, bought Thums Up, and tried to use the local brand to compete against Pepsi. More recently, Coca-Cola tried to kill Thums Up, pushing itself as a replacement. Yet local consumers won’t give up the Thums Up brand.

International marketers must not underestimate the importance of consumer knowledge and preferences in fast-developing markets. Companies that ride roughshod over local preferences do so at their peril. Opportunities exist for those brands that can build meaningful, authentic connections with consumers.



Rebuilding Trust in Troubling Times

By Carola Jain and Mike Rocha

The **financial services** industry has been through an incredibly turbulent period since the 2008 financial meltdown, and as banks continue to lurch from crisis to crisis, the adversity shows no sign of letting up anytime soon.

In the past year alone, UBS had a € 2 billion Delta One problem; MF Global went bankrupt and lost over \$1 billion USD of clients' money; J.P. Morgan Chase & Co reported a \$4.4 billion trading loss in its chief investment office; and Barclays is the first of a number of banks to be tainted by the evolving Libor scandal.



Libor, according to MIT Professor of Finance, Andrew Lo, “dwarfs by orders of magnitude any financial scam in the history of markets.” Regulators in at least seven countries are investigating the rigging of the Libor and other interest rates, and around 20 major banks have been named in investigations and court cases. This still-unfolding story that has revealed decades of abuse, has financial experts calling for an overhaul of how the rate is set.

The old growth tricks of consolidation are hardly defensible given the general notion that large banks are not only “too big to fail” but also “too big to manage.” The Libor scandal, in particular, has intensified pressure on Wall Street to enact reform. Aside from potentially costing banks tens of billions of dollars in penalties and legal settlements, the scandal is further damaging the banking industry’s already battered image. Analysts worry that it is eroding the faith of investors and consumers whose confidence in Wall Street has been shaken by continual scandals and unsettling stock market losses.

The failure of the industry to put its own house in order means that politicians and regulators will be more inclined to step in. In the short- to medium-term, ongoing regulatory change — of which we have likely only seen the beginning — is redefining the environment within which financial brands can operate. Financial institutions’ capacity to generate returns above the cost of equity is already under extreme pressure, so business strategies and models will have to evolve rapidly — and brand strategies will need to evolve with them.

With stock prices sliding and investors’ interest waning, uncertainty weighs heavily on the sector, but the picture may not be as bleak as it seems. The demand for financial services remains strong; wealth is being generated in commodity countries; emerging markets and pension funds continue to grow.

Another reason for cautious optimism is that corporate customers have broadly stood by their banks. However, it must be pointed out that this loyalty is partly due to the absence of

an industry leader that might clearly show a differentiated strategy. While clients overall are continuing to demand more transparency and accountability, on the B2B side at least, it seems that the majority see safety in size and will continue partnering with global players.

Reassuring and connecting with consumers

From a consumer point of view, trust is at an all-time low, and willingness to consider alternative providers at an all-time high. This is creating significant opportunities for new entrants, particularly trusted brands from other sectors. We expect this trend to continue and accelerate, improving choice and increasing the role of brand as competition intensifies.

The ongoing digital revolution is also facilitating change in the industry, empowering consumers, expanding their consideration sets, and enabling greater opportunities to compare value. A sense of more options and more personal control over choices, coupled with the above-mentioned trust deficit, is also speeding a trend toward declining loyalty and less inertia. Consumers are increasingly willing to make a switch, creating further opportunities for new market entrants.

Financial services has been slower than most industries to embrace the transformational potential of digital. Outside of financial services, consumers are coming to expect personalized customer experiences due to their experiences with retailers like Apple and Amazon, which have raised the digital bar. Consumers increasingly expect a rich and engaging experience from all of the brands of their life, including their financial service providers, with content that is tailored to their profiles and individual financial needs. As this demand grows, financial services brands will need to develop tools that can mine data to build more personal, relevant customer profiles at higher levels of sophistication than today. In addition, this experience will need to be deployed across all of the increasing number of channels and touchpoints.

Opportunities around the world

Emerging market growth is another global trend that will continue to provide huge opportunities for financial brands over the next ten years. Opportunities exist at each level of an emerging market society. Through increased penetration of the unbanked, financial services organizations can offer a wider range of increasingly sophisticated products and services to the growing middle classes, as well as through private banking to the growing number of wealthy entrepreneurs.

Western brands can’t simply assume they will be able to effortlessly expand into these new markets, as they will face regulatory restrictions and growing competition from emerging market-based international groups, possibly even becoming targets for acquisition themselves. While there is concern about the size of banks in Western markets, in emerging markets the race for consolidation continues, with many players seeking initially to become regional powers. We have no doubt that, in time, emerging-market financial brands will break into the Best Global Brands’ top 100.

In the next year, we expect that most financial services institutions will be primarily focused on restructuring, grappling with regulation, and on the constant hunt for revenue. Banks will be looking for new revenue sources, as will governments that are introducing new taxes that could impact corporate customers and consumers alike.

Though it doesn’t necessarily make the path forward easier, it helps to remember that times of great change — and great challenge — are also times of great opportunity. The power of brands during such turbulent times is their ability to act as the central organizing principle for their businesses, establishing clear values and principles which can guide future strategies and behaviors internally, and, over time, influence external perceptions.

For consumer banks, nothing is more important right now than rebuilding trust. To

accomplish that, financial companies will need to clearly define what their brands stand for, and communicate those values in a way that is relevant and credible. It will also be necessary to involve managers and employees in a process of engagement, executing communication consistently across all touchpoints and creating metrics to galvanize management, manage performance, and monitor progress. The point is to use all the tools at your disposal, including new digital tools, to make meaningful connections with consumers that can be nurtured over time.



— **Carola Jain, Senior Director of Strategy, New York**
Mike Rocha, Global Director of Brand Valuation, Interbrand London

Branding's High-wire Acts

By Bill Chidley



Comprising both the lead position and 15 of the 100 Best Global Brands on this year's list, **food and beverage** brands are perhaps the world's most aggressive marketers as a group. Today, they are also the most under siege, as they experience increasing political pressure as symbols — and perceived causes — of health-related social maladies. Like high-wire acts, they amaze us with their spectacular abilities to delight our senses and entertain us as they always seem one slip away from disastrously negative media coverage.

The tension between these forces of doom and delight make these some of the hardest brands to successfully manage, yet they seem to rebound and even advance in the face of adversity. This summer, both Coca-Cola and McDonald's utilized the London Olympic Games as a world venue to showcase their latest approach to staying exciting and relevant, in spite of the controversy surrounding their sponsorship. While critics have pointed out that McDonald's and Coca-Cola's offerings conflict with the athletic Olympic ideal, the two brands placed emphasis on their healthier options and maintained that complex health issues cannot be solved by companies alone. A persistent drum of negativity, however, ultimately cannot be good for any brand or sector. The proverbial elephant in the room, namely health concerns, may not impact the choices of core users and loyalists, but it does disrupt the stream of potential new users who have not yet formed habits and are open to alternatives.

Evolving the soft drink and fast food offers

Since the margins involved in selling food and beverage brands are slim, it is imperative that these brands continually attract new consumers into their categories and, of course, to their specific brands. In order to achieve this, food and beverage leaders like Coca-Cola and McDonald's will have to tune into the concerns of the public and respond to them. More than ever, consumer conversations are driving the images and perceptions of brands, which means food and beverage companies will have to focus more on understanding, engaging with consumers, and even changing course if a product or practice proves to be unpopular.

Soft drinks have been a rite of passage among the youth cultures of modern societies for generations, and fast food has been the go-to rescue and even "fun" meal solution for families as well, which legitimizes these categories for future generations. However, it is becoming less and less likely that these traditional points of entry will be the "guaranteed" new consumer pipelines that they have been. The Cola Wars of the 1980s assumed cola

consumption and pitted brands against each other for share. In the near future, we will see brands battling for an ever-shrinking piece of the market if their offerings are not adjusted to reflect evolving preferences, and if consumer relationships are not successfully managed to encourage trial and discourage defection.

As brands like Coca-Cola, Pepsi, McDonald's, and KFC balance on the high wire, there are other acts that are eager to steal the show. The energy drinks category looks as though it is here to stay, and remains above the fray of controversy for the time being. Brands like Red Bull (globally) and 5-Hour Energy (in the US) are sourcing volume and occasions from stalwart coffee and soft drink brands by offering a benefit focused on consumers' on-the-go lifestyles. These brands are drawing many imitators and capturing users beyond the early-adopting younger market. Starbucks, for instance, is responding to the trend with a line of natural energy drinks called Refreshers. Differentiating their "beverage innovation" from competing energy drinks, Starbucks is touting the benefits of green coffee extract, a natural source of energy derived from coffee, but without coffee flavor, that gives their fruity new drinks a boost. On the food side, premium offerings in the burger segment like Five Guys in the US and Canada, and global chicken chains like South Africa's Nando's are capturing more share from global brands.

Overall, the model for growth in food and beverage remains unchanged and is derived from three simultaneous investment areas: more accessibility and marketing presence in the underserved parts of the world; product innovation to reflect the unique preferences of diverse consumers; and more experiential innovation in packaging and delivery channels in mature markets. Coca-Cola is investing billions of USD in India to increase presence and preference and outpace competitors, and sees China eventually becoming its biggest market. McDonald's is continuing to invest heavily in renewing the brand experience in its aged fleet of restaurants in the US as it simultaneously tries to appeal to new mothers and silence critics with a healthier Happy Meal.

Drinking to the health of alcohol

Like soft drink and fast food brands, alcohol brands have survived their share of falls from the high wire over the years as well. Though there has been long-time awareness of the risks associated with consumption, alcohol brands continue to face challenges from legislators and the medical community. For example, a report published by the House of Commons Science and Technology Committee in the UK this year recommends that adults abstain from drinking for two days a week. The report and its findings seemingly justify a new push for legislation aimed at reducing consumption in the UK. Additionally, Russian beer will lose its classification as a "foodstuff" this year. The new classification will impose limitations on beer marketing by aligning it with spirits, which have been banned from TV for years in Russia, except on pay channels.

Despite these setbacks, alcohol offers on this year's list are looking for growth by strengthening their brands and seeking ways to drive preference. Mid-tier brands like Budweiser, for instance, are still heavily reliant on promotional activity to drive sales and periodic redesigns of their light beer variants to keep the category fresh. Distilled beer and spirits continue to see disproportionate growth in developing markets as evidenced by AB InBev signing with FIFA to be the official beer sponsor of the 2018 World Cup in Russia. In the US, unemployment has hampered beer sales and intensified price-related promotions, making growth difficult. China is currently the largest beer market and accounted for 43% of the world's volume growth. However, beer pricing remains low in China and profit margins are thin, which makes it challenging for global brands to invest.

China is also the focus of growth for classic spirit brands like Johnnie Walker (that boasts the highest brand value increase of alcohol brands at 12%) and Hennessy, which have become two of the top three brands in that market. Diageo, for instance, is shifting focus and investment from the mature

markets to the faster-growing emerging markets, and is planning for half of its sales to come from developing economies within the next four years. Now that they've acquired Shui Jing Fang, maker of a traditional spirit known as baijiu that dominates the Chinese market, Diageo hopes to develop baijiu into a global brand.

The food and beverage brand space will continue to be an exciting one to watch as the big players flex their marketing muscle and thrill us on the high wire of the consumer stage. We expect to see more innovation in products, digital marketing, and social media, as well as agile marketing in developing countries as these brands continue to grapple with thorny ethical issues, health concerns, and growth challenges that are unique to their sector.



— **Bill Chidley**, Senior Vice President, Interbrand DesignForum

Continued Erosion Of The Blockbuster Model

By John Breen



Over the past year, InterbrandHealth has observed the progress of two notable trends in the **healthcare** sector. Firstly, the continued loss of exclusivity for a number of notable “blockbuster” pharmaceutical drugs, heralding a change to the industry’s traditional brand model; and secondly, the increasing role of brand in the hospital and health delivery industries.

In the past 12 months, blockbuster brands such as Lipitor, Plavix, Singulair, and Lexapro have all lost patent exclusivity. By 2015, a number of important biologic brands that comprise a large proportion of the estimated USD \$140 billion global biologics market — including MabThera, Aranesp, and Herceptin, are anticipated to lose patent protection, creating a potentially large market opportunity for biosimilars (imitations of biologic products with expired patents).

Perhaps more importantly, a number of anticipated potential blockbusters have continued to face delays or clinical failure. More stringent regulations and the dearth of new products have shifted the nature of innovation in the healthcare industry towards more niche opportunities. Recent drug approvals tend to be more specialized therapies targeted at smaller sub-groups of patients.

This trend has important implications for the healthcare industry brand model. For example, the marketing of niche products will require a different skill set to connect with very specific and smaller groups of more sophisticated stakeholders.

Leveraging corporate brands and current assets

Historically, pharmaceutical companies have not promoted their corporate brands to customers, choosing to focus on product brands because of the efficiencies of marketing a few products to many customers. With the rise of more “personalized” therapies, there is a need for companies to leverage the corporate brand to increase marketing efficiencies and differentiate their product brands.

To build stronger foundations for growth, pharmaceutical companies must also consider a broader focus than solely selling traditional compounds. Opportunities include entering end-consumer markets, focusing on emerging markets, and beginning to develop biosimilars. There are strong indications that this is already

happening, with pharmaceuticals proactively identifying ways to redefine their brand offerings.

The industry must also find new ways to maximize the residual brand value of existing assets, as pipeline relief may not come anytime soon. Companies continue to try to squeeze as many uses as possible out of their current assets. As part of this strategy, they must measure and manage their brands to drive appropriate business decisions.

Proactive brand management will be of particular importance to the innovators of biologics, where physician and patient uncertainty surrounding biosimilars could present an opportunity to capture greater revenue after patent expiry. Unlike many drugs, biologics cannot be precisely replicated, making biosimilar development more costly and less predictable than that of generic drugs. The relatively small price gap between branded biologics and biosimilars, combined with the development of enhanced biologics (“biobetters”), should all drive greater investment in maximizing the residual brand value of biologics.

Conversely, because biosimilars are closer to branded products than traditional generics, they represent a tremendous brand opportunity in both established markets (some predict the US will become the largest market for biosimilars) and emerging markets (where biosimilar activity is thriving due to less stringent regulations). The market’s current combination of necessity and uncertainty call for a long-term brand strategy. This is an ideal playing field to leverage a strong corporate brand.

The evolving role of brand for hospitals

The role of brand in healthcare is also emerging as an urgent issue in areas never before considered brand-sensitive, like hospitals. In the face of shrinking reimbursements, rising costs, and a changing healthcare culture, we have seen hospitals begin to rethink their delivery of superior and cost-effective care to drive future success.

In Europe, public health networks are facing extreme pressures and challenges as economic decline continues alongside growing demand for services. As a result, community-based services are growing in importance, and competition for private hospitals is increasing considerably now that cheaper European travel costs are opening up opportunities for more patients to consider treatment locations beyond their local area.

Now, more than ever, it is critical to cultivate the ability to communicate positive, reassuring messages, make an emotional connection, and create lasting relationships. Hospitals face the same organizational, financial, and consumer issues as any business, but their success depends on a uniquely diverse range of stakeholders; this includes current and potential patients, employees, payers, donors, employers, government, volunteers, and the media. Hospitals also specialize in delicate and emotional concerns and services — matters of life and death. Therefore, while hospital customers are not always “customers” by choice, choice is playing an ever-greater role in where and how they get care.

A brand is a powerful business tool that has the potential to drive business performance. The transition period during a merger or acquisition, for example, is a crucial time for hospitals to use brand to consolidate identity, create efficiencies, rally employees, and reach targets. There is certainly an enormous opportunity for hospitals to leverage their brand to drive choice, bridge institutional gaps, differentiate their organization, and galvanize a diverse set of stakeholders. In turn, this will help them attract and establish meaningful relationships with consumers and, ultimately, strengthen their bottom line.

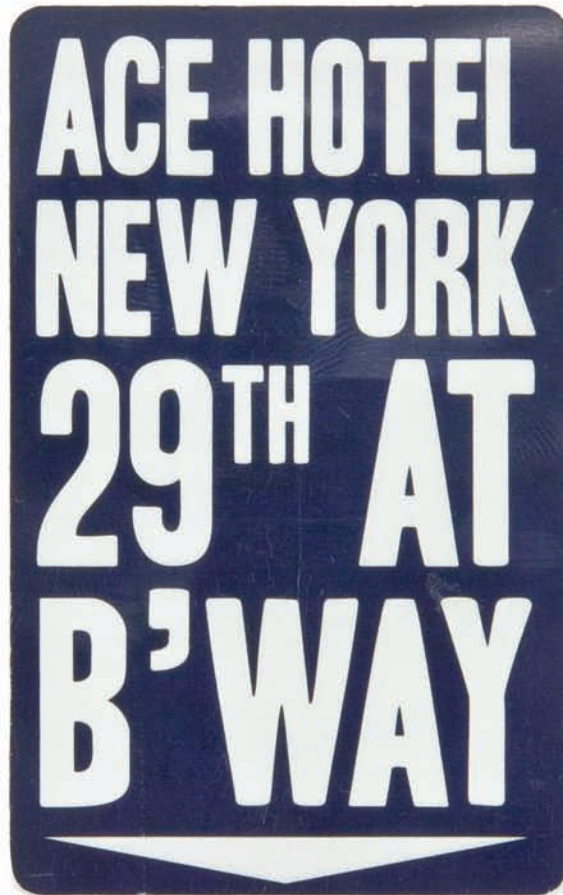


— **John Breen**, Executive Director of Analytics, InterbrandHealth

Post-glitz Hospitality

By Manfred Abraham

Just as it did in 2011, the **hospitality** industry has stood resilient against the Eurozone debt crisis and wider economic challenges during 2012. Europe still represents the largest hotel and travel market in the world and, despite the uncertain environment, most cities are showing improvements in key hospitality measures.



This feeling of strength is mirrored across the globe as larger hotel groups make aggressive expansions into Asia. China is already the second-largest market for InterContinental Hotels Group, behind only the US, and the group is planning to nearly double its Chinese presence over the next five years. This will make it the biggest and fastest-growing international hotel operator in Greater China.

Looking past the figures, however, there are warning signs that the market has changed. Revenue per available room has been improving, but it still hasn't recovered to the pre-recession peaks of 2007.

A new model suited to the post-recession digital consumer age involves delivering a branded experience that guests love — and for which they happily pay a premium.

Changing notions of value

While major hotel chains competed during the recession to offer heavy discounts, guests got used to the lower rates. At the same time, the ability to search online and seek “value clubs” and “flash sales” has made it far easier for consumers to compare and find deals on a desirable locale.

This represents a fundamental shift in consumers' attitudes toward value, but it doesn't mean that discounting is the way forward. In fact, some hotel brands are finding a low-cost, high-charge model that is perceived by their guests as good value. Current trends indicate that a new model suited to the post-recession digital consumer, age involves delivering a branded experience that guests love — and for which they happily pay a premium. This is the opposite approach to the “features war” that many luxury and premium hotels engage in to attract today's sophisticated customers. At Interbrand, we call the new approach “post-glitz hospitality.”

This is a concept that goes beyond the idea of consumers valuing ostentation. Relevance, tailoring, and authenticity are the keys to success here. Post-glitz brands use only a selection of features that are truly relevant to their specific target audiences — such as superior service levels or informal dining — and they implement them expertly. At the same time, features that customers don't need or that don't fit the brand are simply left out.

In New York, for example, the Americano Hotel offers a room service menu with only three choices fit for the time of day. The meals (even the burgers) are served in bento boxes, which complement the hotel's branded concept perfectly: a blend of '50s chic and Japanese minimalist design, wrapped up in a Latin attitude. This convenient, no-fuss-yet-stylish approach is ideal for their guests, who typically stay for a couple of nights and are more likely to explore Chelsea's happening restaurant scene than order room service — but it's available and presented with flair for those who want and expect the option.

On a larger scale, the Joie de Vivre Hotel Group has a brand proposition that promises “opportunities to live the joy of life.” It has a portfolio of more than 20 hotels and is expanding across the US. Each hotel is based on a unique experience concept that is executed to high standards and includes high levels of service. Though attentive, the service is delivered in a relatively relaxed style and the hotel environments are eclectically designed, with an aesthetic that varies from location to location. In this “curated” approach, the focus is on a more soulful, authentic hotel experience and local distinction, as opposed to uniformity.

Not all Joie de Vivre hotels share the same features, and no star rating is provided. But the features reflect the concept and correspond to the likely purpose of the visit — from colorful beach hotels to romantic retreats and sophisticated urban properties. Proving that customers will pay a premium for an experience that delivers beyond the usual expectations, some of the chain's hotels, like the Ventana Inn and Spa, can command up to USD \$1,000 a night for their comfortable, thoughtfully designed rooms.

Food for thought

These approaches show that a strong brand concept and a clear proposition can drive efficiencies as well as higher margins, and build loyalty among key target audiences by offering guests a meaningful experience.

However, at present, it seems that most of the hotel industry still hasn't incorporated the idea of “branded experience” into their strategy, which would allow them to create carefully curated experiences for their guests. Perhaps this is why no hotel brand has taken a spot in the Best Global Brands rankings in 2012. Meanwhile experience purveyor Disney, who does have a place in the top 100, has successfully branched out into the hotel sector. It will also be interesting to see how IKEA fares in the space after recently announcing plans to open budget hotels across Europe in 2014.

Clearly differentiation, authenticity, style, and a tailored experience are becoming increasingly important in the hospitality industry, which has long been associated with either a pedestrian, cookie-cutter experience or glitzy ostentation. In the “post-glitz” (and post-pedestrian) era, guests — especially those who are willing to pay a premium — are looking for something different, something that reflects their lifestyle. They're not just looking for a place to stay, they're looking for an experience.



— **Manfred Abraham**, Head of Consulting, Interbrand London

The Consciousness of Luxury

By Manfredi Ricca

The current economic landscape would not seem to leave much room for optimism when it comes to **luxury** brands, yet all of the luxury brands in our Best Global Brands report increased their brand value this year.

In 2011, research suggested that luxury consumers were still spending freely despite gloomy predictions about the global economy. In America and Europe, that spending has been reigned in and, overall, an increasingly complex picture of the luxury market is emerging. Mature economies, home to luxury brands such as Burberry, Hermès and Tiffany, show signs of new contractions and seem to be stuck in stasis. All the while, the luxury market and conspicuous consumption is on the rise in developing countries.

With the emergence of new, wealthy consumers from the BRIC countries and the economic downturn for most other nations, the meaning of luxury is shifting. The changes stretch far beyond economic cycles. They reflect, in fact, a changing global consciousness.

In the depths of the 2008 recession, luxury went stealth. Ostentatious was out and discreet was in. However, even before the economy faltered, consumers were shifting away from purely status-oriented consumption and environmental concerns have become a more influential driver of choice. When it comes to corporate citizenship, brands like Prada and Gucci have the longevity, credibility, and influence to champion causes which range from education to the arts. Most high-profile luxury brands have endured for generations, embodying the very principles of sustainable growth centuries before the term was conceived.

For luxury brands, storytelling is more important than ever. As author, Anaïs Nin, famously wrote, “Stories are the only enchantment possible.” Enchantment and aesthetic delight are the very essence of the luxury experience. Luxury consumers want to engage with something more profound. They want to be swept away by captivating imagery and masterful storytelling.

Luxury consumers will be looking for brands that offer personalization and exclusivity and perhaps an entertainment factor. Ralph Lauren executive, David Lauren, refers to it as “merchantainment” — the blending of commerce and culture. The key concept underlying the philosophy is that the luxury shopping experience is not about a transaction, it's about immersion and stoking desire. Luxury consumers expect exceptionally designed marketing communications and inviting websites, and will be using social media to research and qualify prior to purchasing.

When it comes to inspiring luxury consumers to spend, brands that can project elegance and glamour and build upon an authentic heritage have an immediate advantage. For luxury brands that don't have a strong history, the focus should be on exceptional quality, originality, attention to detail, or commitment to sustainability.

Brands that maintain a sleek and refined image — as well as the inherent quality of their manufacturing and design — will most likely come out ahead at a time when many luxury marketers are feeling compelled to head down-market amidst economic uncertainty.

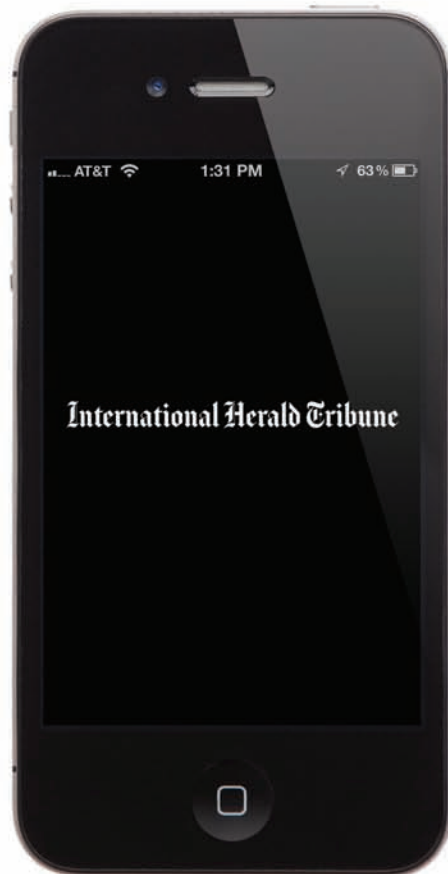
During this period of recovery, companies will not be able to rely on a large pool of customers ready and willing to buy with little thought to cost. Today's luxury consumers are more sophisticated and have higher expectations. They understand value better and research their purchases much more thoroughly. This will mean leveraging every physical and digital tool available to deliver a fully tailored, experience-rich customer journey.

Post-recession success will be dependent not only upon a portfolio of superior products and superb quality of service, but also a strong, cohesive brand, a formidable online presence, and a reputation that is timeless, elevated, and refined.



Orientation in a Fragmented World

By Cassidy Morgan



The media world is transforming rapidly. Barriers to entry to become a media entity have never been lower, media consumption habits are changing continuously, distribution channels are exploding, and the speed and reach of **media** platforms are increasing all the time. And, in the midst of this sea change, the big players have consolidated large parts of the industry, and are faced with increased fragmentation and an ever-expanding definition of what media actually means. During these tumultuous times, with no end to change in sight, brands serve as a critical navigation device.

With the rapid digitization of media content, associated processes and resulting product innovations, heavyweights like News Corp., The Disney Company, and Viacom are contending with increasing competition, not only from other established players, but also from startups. Companies like Google, via YouTube and other assets, long ago realized the value of media platforms to create closer connections with customers. At the same time, innovative apps allow people to consume — and distribute — content in new and compelling ways. Perhaps most threatening to the established players are the trailblazers of the future, dreaming up ideas in a garage in Berlin, a dorm room in California, or an Indian incubator.

This upheaval has accelerated the decline of established media entities, like newspapers or TV stations, as the only source of information or entertainment. The result of this revolution in habits and technology is a progressively fragmented and oddly democratized media landscape in which nearly anyone has the power to establish himself or herself as newsworthy. Simple actions — a click of a button, a 140-character message, a short video — suddenly have the power to change our perspective, shift our point of view, and instantly provide us with useful information. Consumers today, and many businesses as well, rely on emerging technologies, particularly the internet and social media, as key sources of data. Such sources allow people to make critical personal or business decisions. While this has empowered us all tremendously, it has also created an element of confusion. The amount of information being generated is exploding, which overwhelms us with choices, and makes it harder to distinguish credible and honest news or data from the dubious and misleading. It is a brave new world, indeed.

While we now have access to more transparent information, we're also confronted with innumerable information sources. In the past, in the field of journalism for instance, sources were checked, double-checked, and then triple-checked before information was published. With the rise of bloggers, citizen journalists, a broad spectrum of alternative news sites, and a legion of internet

personalities with opinions that run the ideological gamut, we can no longer assume accuracy and objectivity. We now have unlimited information at our fingertips, materialized in a matter of seconds, yet it's harder than ever to separate fact from fiction, hype from reality.

How can I be sure that this blog post is true? Does this video accurately reflect the incident in question? Who can I trust? The answers to these questions are not clear these days. Brands, however, can help us sort things out. Using their power and influence to cut through the noise, brands can help direct us to what is timely and relevant. They can clarify, simplify, inform, and guide in the midst of information overload.

Not only do we live in a period of economic and political uncertainty, we also live in a period in which information seems to have reached a dizzying peak of expansion and complexity, like a new universe unfolding. Somehow, we have to learn to navigate the intricate terrain. In times as complicated and uncertain as our own, people turn to those brands they trust. That is precisely why media brands have such an extraordinary opportunity in front of them. They can serve as a beacon — guiding consumers and businesses alike; bringing insight, identifying information that can be trusted, and ensuring that people are furnished with accurate, useful, relevant information that will help them make sound decisions, however swiftly things are changing.

At present, most established media brands, and even the newer media brands, under threat from emerging business models have failed to leverage their power in a meaningful way. There are two main reasons. First, they lack a basic understanding of what has made, and continues to make, their brand strong. Second, with the impossible goal of pleasing everyone, many have shied away from expressing a strong and clear point of view.

The bottom line is that people are overwhelmed by information and have difficulty cutting through the clutter. The magnitude of the issue is unprecedented and people are searching for those media outlets and

networks that help them make sense of what's happening in the world. Media brands can help them do this. They are perfectly positioned for the task and can be the source people turn to when suspended between conflicting points of view. They can be the source people turn to when they desire a short-cut, snapshot, or overview of events — or when they need reliable analysis and a clear and compelling point of view. But first these brands need to understand their own strength and then define a clear role for themselves in this shifting landscape. Any media company that grasps these two critical points and develops its brand accordingly has the opportunity to shine a beacon of light in a fog of confusion.



— **Cassidy Morgan**, Chief Executive Officer of Interbrand, Central & Eastern Europe



Leading by Aligning

By Bruce Dybvad

Three macro trends hold the world's top **retail** brands to modest gains. The cost of commodities is up, challenging companies to operate more efficiently while maintaining quality. Modest income growth and fragile confidence continue to constrain consumer spending. And the irreversible shift in power to the shopper, thanks to social media, puts pressure on retailers to operate transparently and engage shoppers through brand experience.

Faced with the soaring prices of raw materials, energy, and labor, companies are reviewing operations to find ways to cut costs. For the furniture category, large products drive up the cost of logistics and impact price. International home furnishings giant IKEA minimizes costs with flat-packing, saving money in labor, shipping, and storage. Not only are devotees of IKEA's European-modern aesthetic content to assemble products themselves, they share pictures of their newly furnished rooms on the retailer's website.

Today, brands interact with consumers in a dialogue which amplifies the consumer's voice and influence. The top retail story in the US — the travails of JCPenney (JCP) — illustrates what happens when a leading retailer fails to keep pace, listen, and respond.

While JCP's attempt at brand transformation is highly commendable, it seems to have been done without consumer input. Marketing and pricing messages came out ahead of store reinvention and merchandising. Confused customers have not embraced the conversion of their beloved old-line department store into a new age fashionable boutique with everyday low prices. Consequently, JCP has suffered lost sales and plunging stock prices. Time will tell if the company's new strategy is too flawed to work. Meanwhile, there are two takeaways for the rest of the industry. First, rebranding a company is a complex endeavor, involving much more than a new pricing policy and image adverts. Second, retailers pay a steep price when they break a sacred covenant; that is, the need for the experience to deliver on the expectations set by its brand

communications. Leaders of tomorrow will be those who effectively manage transformational change with the participation of their customers and keep their promises.

Conversely, American casual clothier Gap made strides this year, picking up strength after launching a global branding campaign. By refocusing on its California roots and regaining its identity for "slow" fashion, sales have increased and profits remained stable, despite the increased marketing expense.

For many retail categories, closeness with consumers depends more and more on their sensitivity to sustainability. Green products and services, facilities, and activism are heavily publicized and strongly supported by consumers. IKEA, for example, plans to be a 100% green company, and works with the Forest Stewardship Council and the World Wide Fund for Nature.

Watchdog groups and conscious consumers continue to keep the pressure on Nike, Puma, and adidas to respond to accusations that their factories are polluting Chinese waterways. The three brands released a joint roadmap towards zero discharge of chemicals in the supply chain by 2020, setting a new standard for environmental performance in the industry. Big box retailers, such as Target and Walgreens, have developed in-store apps that help shoppers navigate and save time. Like a GPS, Walgreens mobile tool creates a way-finding pattern from a shopping list. It consolidates the trip and provides a platform for promotions at the optimal moment. 20% of sales are lost when shoppers can't find an item which makes creating such mobile apps a strong priority for retail.

Global retail leaders are continuously challenged to align with demand. That means engaging customers through any means possible, including innovations in mobile technology; increased emphasis on inventory management; brand extensions and global expansion; and innovating with the customer to capitalize on best opportunities.

Opportunities For The Swift-Footed

By Jonathan Bernstein



The sports industry, with its mix of markets and sectors, and its multitude of players, is often hard to pin down. Yet what is not in question is the speed at which it continues to evolve. For **sports** brands, the message is stark and clear: adapt and change, or risk losing relevance. Sport plays a central role in most cultures around the world, giving brands in this category enormous influence that few others can match. The power of sports brands lies in their ability to build deep and lasting connections with consumers.

The interplay between consumer and brand is fundamentally different in this sector. In most categories, brands deliver an experience that may, in time, create loyalty. Yet with the exception of a few star players, true brand loyalty is elusive and a real challenge to maintain. For sport brands (particularly club teams), loyalty comes easily, irrationally, and is “sticky” (often handed down from parent to child). Just ask any Chicago Cubs fan — it’s been 103 years since their last championship season.

With billions of new global consumers/fans coming online in the next 10–15 years, it’s clear that sports are no longer a local affair, something top European football clubs have known for years. Anyone strolling down Nanjing Road in Shanghai is guaranteed to see a young Chinese fan wearing a Chelsea FC jersey. There is massive growth potential for brands.

No one is doing a better job of this than Formula 1. In the past five years alone, it has introduced new races in India, Singapore, Abu Dhabi, and Korea, with future races planned for the US and Russia — significantly increasing its presence in strategically important growth markets. By partnering closely with local governments, Formula 1 has created a portfolio of iconic events that are highly relevant to a much broader set of stakeholders than just race fans. Take the Singapore Night Race. With the city as backdrop and a viewing audience of 100 million, the government is more than happy to promote the race via its tourism board (and foot 60 percent of the race

bill). This is a smart brand strategy that creates enormous value for the brand owner, its partners, spectators, and others.

Like most other sectors, the capacity of sport brands to deepen existing relationships and develop new ones relies on their ability to leverage new technology. Now that the low-hanging fruit such as live streaming has been picked (but by no means maximized), the question is, how can brands create additional value in a multi-platform world of cheap digital content that is accessible to most anyone?

FC Barcelona is one brand that is taking a smart, and global, approach to digital. The club’s website is in seven languages, its Twitter feed’s in three. It has a strong presence on YouTube and QQ for its Chinese fans. In addition, Barça is developing the digital assets to monetize the passion and loyalty of its fans by developing a downloadable app for less than USD \$1. Today an app, tomorrow a jersey; forever a fan.

Perhaps the most innovative sports brand today is Red Bull. The company has such clarity of identity that it managed to transform an energy drink brand into a mainstream sports brand without compromising or diluting what it stands for. The brand knows who its customers are, delivers the right kind of experience to them, and constantly innovates to maintain relevance. While many brands engage in sponsorship to sell more product, no others have yet created and taken ownership of the sport itself.

One of the biggest sports stories of the year was the global Linsanity phenomenon. While most experts agree that the Houston Rockets contract signed by Taiwanese-American Jeremy Lin was excessive, there is a debate around whether he creates enough value in other ways to justify the contract. Undeniably, the marketing value of a US-Asian star is potentially huge. But to help individuals and franchises make better business decisions, sports companies need a better understanding of how a brand creates value.

**To Thrive in Turbulent Times:
Become a Tech Brand People Like**

By Nirm Shanbhag

In 2012 the **tech** industry's titans supplied dramatic tales of dizzying success and dismal failure: Apple's astonishing rise to the top and BlackBerry's race for the bottom; HTC's jump forward versus Nokia's slide; and, as ever, Google's impressive growth. It all proves the old saying: If there's one constant, it's change. And in the tech industry, change is as tumultuous and plentiful as it gets.



Individually, each brand's trajectory is worthy of a case study, but taken as a whole, they tell a far more interesting story about what it takes to stand out and gain ground in rapidly changing markets. On the surface, the winners in this year's race — Apple, Google, Samsung, and Intel — are companies that have fought hard to find and maintain their relevance. Just as we asserted last year, those brands that found a way to matter in the hearts and minds of audiences also found ways into their wallets. Conversely, loss of brand value and market share hit hard for those who made missteps. HP suffered as its story shifted away from its products and towards its leadership turmoil. Nokia saw few results from its highly publicized partnership with Microsoft. But worst of all were those who simply refused to acknowledge that the world had changed. The most glaring example, of course, is BlackBerry, whose downward spiral shows just how quickly (and monumentally) the ground can shift in the world of technology.

Looking a little deeper, it becomes clear that the solution is not as simple as developing the right advertising campaign. The reality is that many of those who experienced brand success this year did so despite lukewarm campaigns. Others spent heavily to build up expectations, made promises they were ultimately unable to keep, and dropped as a result. Here is where we find the lesson for brand builders, marketing managers, and CEOs alike. In the technology sector, where today is so yesterday, the most important thing a company can do isn't to *find* its story, it's to *live* it.

For years, Apple has epitomized what happens when a brand goes from being a force that drives marketing to a force that drives the business. Volumes have been written about the many ways in which Apple's brand comes to life, from industrial design to retail salesperson training. The presence of Apple comes through in everything they do. Having equipped the global consciousness with a clear understanding of what an Apple experience should entail, Apple has been able to rewrite the rules of consumer computing in markets that were once deemed untouchable to premium brands. China

has opened its doors to Apple, with millions craving iPhones, MacBooks, and the wonders of iTunes. Brazil is speckled with retailers creating stores within stores that recreate the Apple experience for discerning customers. iPads pop up in airport lounges around India.

In the past 11 years, Apple has launched three products — the iPod, iPhone, and iPad — that have created brand new markets, stoking and fulfilling desires consumers didn't even know they had. It has jump started and set a standard for the mobile era that others are now scrambling to follow. Yet nearly all experts agree that Apple's brand, not so much its products, is the real key to its success. Apple is the archetypal emotional brand. It's not just intimate with its customers, it is beloved. For many people, it embodies the very essence of imagination, design, and innovation. Apple has a story and a meaning; it lives that story and meaning, and lives it well.

Customers will settle for things that are brand basics in other sectors, like easy-to-understand offerings and being rewarded for their loyalty.

At the other end of the spectrum lies BlackBerry, a company that defined the smartphone market just a decade ago. Today, the debate is whether we are about to witness a supernova or a quiet quelling of the flame. Earlier this summer, BlackBerry announced 5,000 layoffs, a huge quarterly loss, and that its next operating system, intended to be the linchpin of Research In Motion's turnaround, would be delayed. Some investors now fear the company won't be around long enough to launch the OS, which isn't expected to hit the market until the first quarter of 2013.

Interestingly, RIM's chief problem is the loss of its stronghold in the corporate market, which it once dominated. Rather than issuing company BlackBerries, many employers now have workers bring their own devices in to work, which are often iPhones and Android

smartphones. With consumers free to choose and presented with more options than ever, BlackBerry should have perhaps put more thought into why people were opting for other brands when they had a choice in the matter.

Despite the fact that BlackBerry is a recognized brand, has an unquestionable heritage, and tens of millions of users worldwide, it suffers from the most fundamental of challenges. It's been too slow to respond to market changes, but too eager to claim it had an actionable strategy. The link between what was expected and what was experienced broke down and not enough effort was made to rejuvenate the brand before the situation hit what now looks like the point of no return. What, we might ask, did BlackBerry ever mean to users? A free smartphone issued by employers? A brand's value goes beyond commerce, convenience, and visibility. People have to actually care about it.

If Apple and BlackBerry represent the extremes of tech brand success and failure, what of those in the middle? Some, like Dell and Sony, have an opportunity to quickly turn the course if they can focus on leading through innovation and delivery, and communicating accomplishments in those areas. Others, like HP and Nokia, need to take decisive action, delivering leadership-worthy offerings that live up to their brands' potential. Those who are in the midst of brand reinvention and reinvigoration — like Microsoft and Adobe — must ensure at all costs that they realize — at a minimum — and ideally accelerate, their respective transformations.

For those who are shepherding the world's most valuable technology brands, the year ahead will pose a formidable challenge: pushing brand beyond marketing, and deep into the hands (and hearts) of audiences and users. It's not always easy, but it can be done; and when it's done well, it works wonders for a brand. Case in point: BlackBerry, and others, might find inspiration in recalling Apple's financial tailspin during the mid-1990s, when the company seemed in danger of going out of business. At the time, its brand and products were not the ones we know and love today. In a calculated and

somewhat heroic rebranding effort, Apple abandoned its old rainbow-hued Apple logo in favor of a minimalist monochrome one, gave its computers a hip, modern look, and sought to establish a "heartfelt connection" with its customers. The rest, as they say, is history; and here they sit astride all but Coca-Cola in our Best Global Brands 2012 report.



— **Nirm Shanbhag**, Managing Director, Interbrand San Francisco

Brand Stretch In A Changing World

By Kevin Perlmutter

Telecoms are now truly at the heart of innovation — supporting, guiding, and powering other innovators and connecting everything that is important to our personal and business lives. Fast mobile networks are helping to revolutionize every aspects of our lives.



Telecom doesn't always receive the credit it might for helping to make lasting change across industries like healthcare, entertainment, home security and personal finance. As network speeds continue to increase, with 4G LTE networks beginning to light up, we will see more seismic changes in human behavior. Further, some developing countries that were once referred to as "third world" due to their remote connection to capitalism are now catching up, thanks to modern mobile networks that improve education, healthcare, and commerce. Growth into new areas for telecom carriers is so explosive that leading brands are being forced to stretch every year — more than some companies do in a lifetime.

Serving customers in new ways

With mobile penetration over 100% in major markets, telecoms are serving their customers in new ways to drive loyalty. Already, they are making it possible for consumers to pay for things with a mobile device; store and access data in the cloud; monitor their home from afar; run their business from the road; and watch HD movies on the go. But the real prize for these brands is building customers' appetite for, and reliance on, a rapidly expanding array of new offerings and capabilities.

While it may seem like we're in boom times for telecoms, these opportunities come with their own set of challenges. Inside the leading telecom companies, corporate strategists, technology visionaries, and operational orchestrators need to stay many steps ahead to pave the way for a future that does not yet exist. These companies are constantly evolving, working to bring their employees along, and trying to stay in front of consumer demand. Externally, the industry is intensely competitive, where making the first move or a claim of superiority is often a top priority.

Earning trust

For brands to stretch credibly, many will first need to earn the trust of their customers. This is not a challenge in all markets, as some carriers are associated with national pride. For example, Deutsche Telecom is felt by many to be the national carrier in Germany,

and is the most trusted telecom brand in the market with a trust rating of 73% on the German Consumer Confidence Index. Vodafone and Telefonica's O2 each follow with a 60% trust rating in the German market.

In some other markets, years of advertising claims that showcase the best possible offering have eroded trust, because the experience doesn't always match. Customers are more able to see the cracks in the foundations — pointing out an opposite experience for every claim, and having little patience for less-than-perfect service. This dynamic is visible in the US, where the four major telecom brands — Verizon, AT&T, Sprint and T-Mobile — all make aggressive claims of network superiority that do not always match the user experience. Syndicated research from multiple sources shows that customer satisfaction averages below most other service categories, due to network coverage and customer service challenges.

Closely linked to trust and credibility is the brand's perceived corporate contribution to the community that it serves. Many telecom brands contribute significantly to their community through massive investments in infrastructure or philanthropic contributions, although they don't always get credit. In contrast, many seem to be at odds with consumers or local governments and face roadblocks when they want to expand their offering or stretch into new areas. We see differences in how this plays out when the telecom is not on the positive side of public opinion or government regulators. In China, for instance, brands like China Telecom are subsidized and supported by the government to extend service to the country. In Mexico, there is a public debate underway between the government and the dominant player in the category — who owns landline carrier Telmex and mobile carrier Telcel — about having too much control over the market. Recently, the Mexican government has taken steps to open the doors to new competition. In the US, the leading telecom carriers and the government seem to be at odds over how to keep up with consumer demand. This sparring has made it difficult for US telecoms to overcome regulatory hurdles for some acquisitions or to access new spectrum.

Capable and credible

Another consideration as telecoms stretch into new areas is to ensure that they are fully capable and credible to deliver the new offering, and that their business is set up to serve the new offering well. They need to evaluate whether they should build or acquire the capability; launch it on their own, through a joint venture or as a co-brand; treat it like a sub-brand or a product; or perhaps market it under a different brand. How the offering fits into their brand architecture and how it is launched will determine what potential value is added or detracted from the business. Movistar in Spain and Latin America is a prime example: As a sub-brand of Telefonica, the Movistar brand is used strategically and differently, or not at all, in the countries Telefonica serves.

Lastly, for telecoms to truly stretch, they will need to take their customers on a journey into new areas of possibility. Their outward focus should be less about blanketing a market with superiority claims, and more on understanding customers' needs and desires, and then overtly meeting or exceeding them. They should use their customer-facing employees and digital technologies to form closer bonds with customers, and to interest them in new capabilities that can improve their lives and businesses. Going forward, value won't come from having access, it will be based on how useful and meaningful access is for the customer.

Many telecoms will have to work extra hard to earn the trust of customers and governments to play in areas they want to go. In terms of brand strength, they will need to improve understanding around what their business can credibly offer customers. They will need to do so in a way that is authentic, both in terms of brand personality and competitive differentiation. And most importantly, they will need to truly listen to their customers and respond in ways that are most relevant to their basic and emerging needs.

For some, bold steps like reorganizing the company may be needed to realign and keep pace with consumer behaviors. For both SingTel, serving parts of the APAC region, and

SFR in France, reorganizations are already underway. SingTel says that the reorganization is in part to "seize emerging opportunities in an era where consumer usage behaviors are quickly evolving." SFR says, "We have been designing plans to adapt to a new competitive environment...including quick wins and more drastic structural changes," according to parent company Vivendi CFO.

As the global telecom industry continues to rapidly evolve, its impact on other industries and peoples' lives will continue to be profound. Some telecom brands will stretch to keep up with the changing world. However, those who stretch in the right ways and take their customers on a fulfilling journey will be the ones who change the world.



— **Kevin Perlmutter**,
Senior Director of Strategy,
New York



Applications for brand valuation

Compared to when Interbrand first pioneered brand valuation in the 1980s, global business leaders now widely accept the importance and value of strong brands — and the significant role they can play in enhancing business performance.

For many years, Best Global Brands has been one of Interbrand’s most important commitments to the promotion of brands as key value creators for business and for society. Strong brands enhance business performance primarily through their influence on three key stakeholder groups: customers (current and prospective), employees, and investors. They influence customer choice and create loyalty; attract, retain, and motivate talent; and lower the cost of financing.

The influence of brands on current and prospective customers is a particularly significant driver of economic value. By expressing their proposition consistently across all touchpoints, brands help shape perceptions and, therefore, purchase behavior, making products and services less substitutable. In this way, brands create demand, allowing their owners to enjoy higher returns. Strong brands also create continuity of demand into the future, thus making expected returns more likely — or less risky. Brands, therefore, create economic value both by generating higher returns and growth, and by mitigating risk.

Interbrand’s brand valuation methodology has been specifically designed to take all of these stakeholders and value-creation levers into account. Role of Brand analysis is about understanding purchase behavior — the brand’s influence on the generation of demand through choice. Brand Strength measures the ability of the brand to create continuity of demand into the future through loyalty and, therefore, to reduce risk. In doing this, it considers internal (management and employee) and external (customer) factors. Finally, these inputs are combined with a financial model of the business to measure the brand’s ability to create economic value for its owner.

It is quite possible that you believe that your brand could be (or is) a significant source of competitive advantage for your business, but you are unsure of how a brand valuation exercise could help you.

The business applications for brand valuation can broadly be categorized into three areas:

- Financial
- Brand Management
- Strategy/Business Case Development

Brand valuation applications fall broadly into three categories

	Financial	Brand Management	Strategy/Business Case Development
Applications	<ul style="list-style-type: none"> • Investor relations • Mergers & acquisitions • Financing/securitization • Licensing/royalty rate setting • Tax planning/transfer pricing • Balance sheet valuations 	<ul style="list-style-type: none"> • Brand performance management • Brand portfolio management • Resource allocation • Brand tracking/dashboards • Return on investment analysis • Sponsorship evaluations • Senior management KPIs 	<ul style="list-style-type: none"> • Brand positioning • Brand architectures • Brand extension • Business case for brand investment • Co-branding/JV analysis
Typical Frequency	One-off	Recurring	One-off
Primary Objective	A robust value with supporting analysis	Ongoing brand management leading to insight and recommendations to grow brand value	Business case connecting brand change/investment to expected financial results

Applications for brand valuation (con't)

Financial applications

Increasingly, CEOs are placing more emphasis on their companies' brands in investor communications. Many more annual report column inches are now dedicated to discussing an organization's commitment to its brand, from the CEO down. Numerous companies take their brands seriously enough to report on their value over time to investors.

Brand also continues to be a key driver of acquisition premiums in M&A. Often, it is the latent potential of the brand that is driving this premium through its ability to enter new markets and extend into adjacent categories. A broad skill set, combining market research, brand, and business strategy, together with business case modeling, is required to quantify the latent financial potential of the target brand.

Interbrand's brand valuation methodology can also be used to complement other more traditional techniques for setting royalty rates for brands. By identifying the value created by a brand for its business, combined with an evaluation of the relative bargaining power of the parties involved, we are able to advise on the proportion of brand value that should be paid out as a royalty rate in return for the right to exploit the brand.

Brand management applications

Ultimately, everything we do as brand managers should be considered through a value creation lens. Considerable investments are made in brands and, ultimately, it is important to determine if these actions are creating value for your customers and, in turn, your shareholders.

Interbrand's brand valuation methodology seeks to determine, in both customer and financial terms, the contribution of the brand to business results.

A strategic tool for ongoing brand management, brand valuation brings together market, brand, competitor, and financial data into a single, value-based framework within which the performance of the brand can be assessed, areas for improvement identified, and the financial

impact of investing in the brand quantified. It also provides a common language around which a company can be galvanized and organized.

Role of Brand analysis lets us know where investment in (and focus on) brand improvements will have the biggest impact. It can be thought of as a measure of "brand leverage."

Brand Strength is the key diagnostic tool with which we can measure brand performance and better understand the reasons behind a brand's strengths and weaknesses, both internally and externally. It supports strategic brand management by prioritizing areas of highest impact for managers.

Typical deliverables from a Brand Strength analysis are:

- A heat map indicating areas of strong and weak performance for the brand (this can be across geographies, products, or customer groups).
- Drill-down analysis into specific segments in the portfolio to identify reasons for over- and under-performance.
- Recommendations for improvement on Brand Strength factors, together with a cost/benefit analysis to inform prioritization.

The core benefits of Brand Strength analysis are that it:

- Enables constructive dialogue about the brand between different parts of the business by creating a common language for discussion of brand performance.
- Provides global and local managers with an actionable tool to make informed marketing decisions—empowering management with insights to implement brand strategy.

- Allows responsibility for performance on the ten Brand Strength factors to be allocated to functions across the business, building engagement and a sense of responsibility for the brand across the organization.

Finally, when the Role of Brand and Brand Strength analyses are connected to the financial model, they provide a framework for resource allocation and prioritization based on the opportunities to enhance brand performance that are expected to have the greatest impact on brand and business value.

Strategy/Business case applications

From time to time, businesses need to evaluate significant changes in brand strategy, whether it be re-positioning, brand architecture, brand extension, or even a complete re-brand. These kinds of changes typically involve significant financial outlay upfront, along with a high degree of uncertainty over when, or whether, a positive return will be made on that investment.

Some CEOs are willing to make these critical brand strategy decisions based on qualitative strategic analysis and intuition. The majority, however, are looking for a business case that goes further. They want to understand the likely overall financial impact on the business over time, covering a range of alternative scenarios. In addition to a detailed breakdown of the expected costs to deliver, a rounded business case will also quantify the expected impact on the top line through the modeling of key revenue drivers (these will vary based on the business, but could include customer acquisition, churn, price premiums, share of wallet, frequency of purchase/visit, average basket size, and so on), and on profit margins from any operational changes required to deliver the new strategy. Finally, sophisticated techniques such as Monte Carlo simulation may be employed, running thousands of possible permutations in order to estimate the most likely outcome.

By bringing together market, brand, competitor, and financial data, the brand valuation model is the ideal framework within which such business case modeling can be conducted.

As global competition becomes tougher and many competitive advantages, such as technology, become more short-lived, the brand's contribution to shareholder value will only increase. Brands are one of the few business assets that can provide long-term competitive advantage.

Companies as diverse as Samsung, Philips, Hyundai, and AXA, among many others, have used brand valuation to help them refocus their businesses on their brands, motivate management, create an economic rationale for branding decisions and investments, and make the business case for change.

Although many brand metrics are available, few can link the brand to long-term financial value creation and this, along with its many other applications, makes brand valuation a versatile strategic tool for your business.



— **Mike Rocha** is Interbrand's Global Director of Brand Valuation

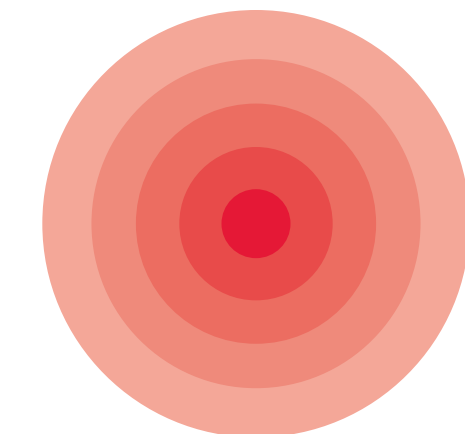
Criteria for Inclusion

There are several criteria for inclusion in Interbrand's annual Best Global Brands ranking.

The brand must be truly global and needs to have successfully transcended geographic and cultural boundaries. It must have expanded across the established economic centers of the world and be establishing a presence in the major markets of the future. In measurable terms, this requires that:

- **At least 30% of revenues must come from outside the brand's home country**
- **It must have a presence in at least three major continents, as well as broad geographic coverage in emerging markets**
- **There must be sufficient publicly available data on the brand's financial performance**
- **Economic profit must be expected to be positive over the longer term, delivering a return above the brand's operating and financing costs**
- **The brand must have a public profile and awareness above and beyond its own marketplace**

These requirements — that a brand be global, visible, and relatively transparent in financial results — lead to the exclusion of some well-known brands that might otherwise be expected to appear in the ranking. The Mars and BBC brands, for example, are privately held and do not have publicly available financial data. Walmart, although it does business in international markets, often does so under a variety of brands and, therefore, does not meet Interbrand's global requirements. Likewise, several industries have been excluded for similar reasons. Telecommunications, for example, tends to be strongly oriented to



national markets and faces awareness challenges outside of home markets. The airline industry is highly capital intensive and, in general, operates on narrow margins. This means that airline brands struggle to achieve positive economic profits over the long term. Major pharmaceutical companies, while valuable businesses, are also omitted. This is because consumers tend to build a relationship with the product brands rather than with the corporate brand, and there is not enough publicly disclosed financial data on pharmaceutical product brands to meet Interbrand's criteria.

Methodology

Interbrand's brand valuation methodology seeks to determine, in both customer and financial terms, the contribution of the brand to business results.

A strategic tool for ongoing brand management, it brings together market, brand, competitor, and financial data into a single framework within which the performance of the brand can be assessed, areas for improvement identified, and the financial impact of investing in the brand quantified. It also provides a common language around which a company can be galvanized and organized.

We believe that a strong brand, regardless of the market in which it operates, drives improved business performance. It does this through its ability to influence customer choice and engender loyalty; to attract, retain, and motivate talent; and to lower the cost of financing. Our approach explicitly takes these factors into consideration.

There are three key components in all of our valuations: analyses of the financial performance of the branded products or services, of the role the brand plays in the purchase decision, and of the competitive strength of the brand.

Financial analysis

This measures the overall financial return to an organization's investors, or its "economic profit." Economic profit is the after-tax operating profit of the brand, minus a charge for the capital used to generate the brand's revenues and margins. A brand can only exist and, therefore, create value, if it has a platform on which to do so. Depending on the brand, this platform may include, for example, manufacturing facilities, distribution channels, and working capital. Interbrand, therefore, allows for a fair return on this capital before determining that the brand itself is creating value for its owner. We build a set of financial forecasts over five years for the business, starting with revenues and ending with economic profit, which then forms the foundation of the brand valuation model. A terminal value is also created, based on the brand's expected financial performance beyond the explicit forecast period. The capital charge rate is determined by reference to the industry weighted average cost of capital.

Role of Brand

Role of Brand measures the portion of the decision to purchase that is attributable to the brand, relative to other factors (for example, purchase drivers like price, convenience, or product features). The Role of Brand Index (RBI) quantifies this as a percentage. Customers rely more on brands to guide their choice when competing products or services cannot be easily compared or contrasted, and trust is deferred to the brand (e.g., computer chips), or where their needs are emotional, such as making a statement about their personality (e.g., luxury brands). RBI tends to fall within a category-driven range, but there remain significant opportunities for brands to increase their influence on choice within those boundaries, or even extend the category range where the brand can change consumer behavior. RBI determinations for this study derive, depending on the brand, from one of three methods: primary research, a review of historical roles of brand for companies in that industry, or expert panel assessment. RBI is multiplied by the economic profit of the branded products or services to determine the earnings attributable to the brand (brand earnings) that contribute to the valuation total.

Brand Strength

Brand Strength measures the ability of the brand to create loyalty and, therefore, to keep generating demand and profit into the future. Brand Strength is scored on a 0–100 scale, based on an evaluation across 10 key factors that Interbrand believes make a strong brand. Performance on these factors is judged relative to other brands in the industry and relative to other world-class brands. The strength of the brand is inversely related to the level of risk associated with the brand's financial forecasts. A proprietary formula is used to connect the Brand Strength Score to a brand-specific discount rate. In turn, that rate is used to discount brand earnings back to a present value, reflecting the likelihood that the brand will be able to withstand challenges and generate sustainable returns into the future.

Methodology

1. Financial Analysis

Economic Profit

2. Demand Analysis

Role of Brand Index (RBI)

3. Competitive Analysis

Brand Strength Score (BSS)

Brand Earnings

Brand Risk (Discount Rate)

4. Brand Value: Net present value of brand earnings

Brand Strength

Our experience and knowledge show that brands in the ideal position to keep generating demand for the future are those performing strongly (i.e., “showing strength” versus the competition) across a set of 10 factors that are outlined below.

Four of these factors are more internally driven, and reflect the fact that great brands start from within. The remaining six factors are more visible externally, acknowledging the fact that great brands change their world. The higher the Brand Strength Score, the stronger the brand’s advantage.

Internal factors

Clarity

Clarity internally about what the brand stands for and its values, positioning, and proposition. Clarity too about target audiences, customer insights, and drivers. Because so much hinges on this, it is vital that these are articulated and shared across the organization.

Commitment

Internal commitment to brand, and a belief internally in the importance of brand. The extent to which the brand receives support in terms of time, influence, and investment.

Protection

How secure the brand is across a number of dimensions: legal protection, proprietary ingredients or design, scale or geographical spread.

Responsiveness

The ability to respond to market changes, challenges, and opportunities. The brand should have a sense of leadership internally, and a desire and ability to constantly evolve and renew itself.

External factors

Authenticity

The brand is soundly based on an internal truth and capability. It has a defined heritage and a well-grounded value set. It can deliver against the (high) expectations that customers have of it.

Relevance

The fit with customer/consumer needs, desires, and decision criteria across all relevant demographics and geographies.

Differentiation

The degree to which customers/consumers perceive the brand to have a differentiated positioning distinctive from the competition.

Consistency

The degree to which a brand is experienced without fail across all touchpoints or formats.

Presence

The degree to which a brand feels omnipresent and is talked about positively by consumers, customers, and opinion formers in both traditional and social media.

Understanding

The brand is not only recognized by customers, but there is also an in-depth knowledge and understanding of its distinctive qualities and characteristics. (Where relevant, this will extend to consumer understanding of the company that owns the brand.)

Note: Interbrand was the first company to have its methodology certified as compliant with the requirements of ISO 10668 — requirements for monetary brand valuation, as well as playing a key role in the development of the standard itself.

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Founded in 1974, Interbrand is one of the world's largest branding consultancies. With nearly 40 offices in 27 countries, Interbrand's combination of rigorous strategy, analytics, and world-class design enables it to assist clients in creating and managing brand value effectively, across all touchpoints, in all market dynamics.

Interbrand is widely recognized for its Best Global Brands report, the definitive guide to the world's most valuable brands, as well as its Best Global Green Brands report, which identifies the gap between customer perception and a brand's performance relative to sustainability. It is also known for having created brandchannel.com, an international online exchange and resource about brand marketing and branding.

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