Best Retail Brands 2012

Creating and managing brand value™

Interbrand

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InterbrandDesignForum

For more than 30 years we have been creating retail brand experiences for companies around the world. Interbrand Design Forum's talent for game-changing innovation spurred us to create a business model that integrates analytics-based strategy into what began as a design and architecture group — the first and only company with such a comprehensive offering. Our broad range of services includes: retail design, brand strategy, shopper sciences, packaging, digital, documentation and rollout. This unique ability to address retail's growing complexity has led many of the world's top companies to our doorstep and propelled Interbrand Design Forum to the forefront of the industry. For more information, visit www.InterbrandDesignForum.com.

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Let's Not Forget the Store: Why Brick and Mortar Still Matters in a Multichannel World

Humans are social creatures hungry for experience. As much as we love to research products via QR codes, engage with friends and retailers via our Facebook pages, and collect music in our cloud libraries, it is all too easy to forget that there's still a special place in our lives for the retail store. Stores are where we learn what's new, find inspiration, and see other purchase choices we may not have found online.

That's why the brick and mortar store still remains an essential point of access for the retail brand. Its role may have changed, but as this year's Best Retail Brands demonstrates its relevance to the brand remains the same. Brick and mortar is where every dimension of the brand comes alive for us to see, feel, smell, touch, taste, and hear. The store does what technology cannot — allows us the full usage of our senses. And when the retailer embraces digital in the experience, it provides an anchor in a shifting, multichannel world.

Indeed, even as digital retail leaders like L'Occitane, Asda, Uniqlo, and Mango continue to bolster their digital experiences, they have not lost sight of the importance of the brick and mortar store, devoting just as much time to getting the details of the living brand experience right within the store as they do to their digital channels. In the case of L'Occitane, this means a service-oriented approach and an emphasis on creating a warm and welcoming ambiance, which is orchestrated down to the scent that is discreetly used in each store. Similarly, Asda's digital efforts were matched by its significant efforts to create a consistent in-store experience; its transformation of its Netto chain of stores to Asda supermarkets was one of the largest conversion programs in retail history. Meanwhile, Uniqlo and Mango's success has to do with a balance between an innovative digital approach and an even more significant brick and mortar store expansion. These Best Retail Brands understand that every channel matters in the new landscape — and prove that though a multichannel approach is certainly more complex, if done strategically, it pays off.

At Interbrand, we believe that brands have the power to change the world. As you read the pages of our 2012 report, I urge you to consider opportunities for your own brand to elevate creativity and innovation and explore new ideas that can revolutionize the experience of shopping. When it comes to retail, every touchpoint provides a portal to your brand. The landscape may have shifted, but the same general rules apply: Listen to your customers, get the details right, and you might just succeed despite the challenges of our current marketplace.

Cheers,

Jez Frampton
Global Chief Executive Officer
Interbrand

The Era of Infinite Competition

Retailers face a fast-expanding, multi-pattern competitive set. A company may see it's losing market share, but may not see where it's going. Consumer spending is scattered thanks to new ways of making purchases. Manufacturers are becoming retailers. New rivals, often in the form of companies too small to hit the radar, continue to enter and fragment the market. In such a climate, every customer interaction becomes crucial.

Less Predictability, More Agility

Now that consumers decide how, when and where to interact, the only location for retail is where the customers are.

Retail scale has traditionally been defined by number of stores. Greater scale allows more efficiency which yields greater profit. Today, however, commerce is available any way the consumer wants it, online or off, reducing the levels of business predictability.

For retailers, a fluid and uncertain market is the new normal. Responsiveness now trumps efficiency. When a brand is responsive to its shoppers' behaviors and expectations, it adds value to its goods and services. Added value allows a brand to earn more. In a responsive world, scale can be redefined as reach and responsiveness through store count combined with online impressions, mobile transactions, and real-life social interactions.

A fine example of global scale today is Japan's Uniqlo, a brand that adds value to every interaction. To generate excitement and consumer engagement, Uniqlo opened a 2011 summertime roller-skating rink and pop-up shop next to Manhattan's High Line public park. The activity brought friends together for a fun experience. The brand's distinctive illuminating Uniqlo Cube introduced shoppers to its affordable cashmere fashions, and directed them to the city's two new flagships for its full offering. Online, the company publishes a catalog filled to the brim with brand stories about its devotion to materials and fabrication. It discusses social responsibility, offers charming downloads, and reaches out through a full complement of social media channels. Uniqlo also plans to add up to 300 new stores a year to its global fleet.

Another retail tenet, location, is still of utmost importance, but has come to mean both real and virtual. In some cases, it means mobile, as in four-wheeled vehicles. Brands have been successfully putting a retail spin on the food truck model — Armani Exchange, JCPenney and Topshop to name just a few, have been behind the wheel. Not only are trucks invigorating the retail scene while being very cost efficient, there is untapped opportunity for other categories, such as florists, barber shops and office supplies.

U.K.'s Tesco grabbed major retail headlines in 2011 with an ingeniously agile move: placing a graphical virtual version of its South Korean Homeplus discount stores at Seoul subway stations so busy commuters

Retailers are facing competition from an ever-growing number of sources — from big box giants to under-the-radar shops and online marketplaces like Etsy.

could use the time spent waiting for trains placing home delivery orders. A phenomenal success and a strategy that other retailers will certainly borrow.

As locations go, what could be better than sharing the same space as your shopper's wallet? Location-based smartphone alerts that allow retail brands to tempt consumers with promotions are just gaining a toe-hold in most parts of the world. Apps such as Foursquare and Shopkick reward consumers for checking into stores; shoppers who use Australia's QuickerFeet only need to be in the vicinity of their favorite retailer to receive a promotional alert.

Now that retail has the ability to be accessible to everyone everywhere, some clever brands have worked the reverse of the trend to their advantage. Exclusivity can still be counted on to generate excitement, convey status and stroke the shopper's ego. Luxury brands as well as makers of jeans and sneakers are successfully creating desire by offering limited edition goods at a single location, be it Rome or Soho.

Many of these new retail forms, such as pop-up shops, once thought to be a passing fad related to the current recession, have proven to be invigorating experience concepts instead of just a way to seasonally add square footage cheaply. While not new, store-within-store concepts are becoming more thoughtful and strategic, expanding the entry brand's scale and host brand's pull, as in Target's recent announcement that it will begin adding Apple stores within its stores.

Perhaps the biggest challenge for a more agile brand is keeping all the brand touchpoints connected and aligned with the home store, where the entire brand offering is available. Additionally, maintaining the expected level of customer service, which in today's competitive landscape becomes exponentially more critical in helping every shopper interaction lead to brand adoption.

Making the Most of Digital Opportunities

Technology enables and encourages personal connections, and any company that did not rush to explore its potential for building business would be remiss. But the prevalence of low-utility apps indicates a lack of understanding of the target consumer's needs as well as too much faith in their desire to do everything from their smartphone.

Similarly, "magic mirrors" in fitting rooms that allow shoppers to superimpose clothing on their reflections and email the images to friends, or clothes that play music when you try them on are usually short lived experiments. The problem is, companies must be continuously new and disruptive to excite customers and make news, and augmented reality in the store wins headlines.

Digital can make it too easy for retailers to depend on daily deals and price promotions to grow sales, sometimes at the expense of profitability. Digital used in the service of shopper relevance, through targeting and segmentation, can help deliver something shoppers value as much as price, such as advance notices, personal recommendations or reviews from peer shoppers. Studies show that the single most powerful impetus to buy is often someone else's advocacy.

Today's customers gravitate toward simple solutions and more efficient shopping. In that respect, most retailers still have unrealized opportunity to delight their customers apart from digital channels. Improved customer service, easier merchandise returns and a reduction in out of stocks, which still reach up to ten percent in stores on average, could have far more relevance.

SUNING 苏宁电器

Suning established a first-of-its-kind employee training center to improve after-sales service in an effective and sustainable way.

The New Pathway to Purchase

By returning their attention to the way consumers make purchase decisions, top brands find opportunities to innovate and build relationships.

For many years, marketers had a distinct way of examining (or determining) consumers' decision processes. Typically, consumers considered a wide range of brands and methodically narrowed their options until a final selection could be made. In response, brands addressed consumers' points of awareness and purchase through advertising and promotional spending. The post-purchase phase was rarely of interest because, for so many years, consumers cared only about how well a product functioned.

Today's "pathway to purchase" is far more complex. Thanks to countless digital advancements, today's consumers can connect with many brands through many channels. And many of these channels often fall outside a marketer's area of influence. Today's consumers spend significantly more time in the research phase, considering an ever-expanding array of brands before making a choice. Thanks to social media and consumer evaluations, today's consumers remain engaged with products for an extended period of time after purchase — evaluating and, in some cases, either advocating or criticizing a brand.

Such changes to consumers' decision processes means that traditional strategies used by retail marketers will no longer work. Today's retail marketers must be as quick as they are agile. In this digital era, it is imperative that they constantly study consumers' evolving pathway to purchase. It is the only way retail marketers will successfully uncover

Leroy Merlin offers online tools to aide customers with budget planning.

and, more importantly, leverage key insights around consumers' purchase decisions — insights that have the potential to significantly boost a brand's profitability.

France's Leroy Merlin, a DIY retailer, strengthened its 2011 sales numbers by addressing the shopper's need for budget guidance. Upon the discovery of that pain point, the company created online tools to help consumers accomplish their DIY projects perfectly without over-spending. The brand also noted that its female shoppers reacted to the sensory attributes of its products. Based on that insight, Leroy Merlin reclassified its product categories for a better experience. Lastly, to increase engagement, France's third most valuable retail brand now offers a large selection of useful tutorials, both online and in the store. Having searchable content available to take immediate advantage of consumers' curiosity and need puts the brand into their consideration set.

Suning, the leading household appliance chain in China, spent 2011 focused on meeting consumer needs through better service and e-commerce. To improve after-sales service in an effective and sustainable way, the brand established an employee training center, the first of its kind in the industry. Indeed, Suning's brand promise — to "Bring Happiness to Your Home" — demands an ongoing commitment to the customer through the life of its appliance if the promise is to be authentic.

Retailers need to devote resources to identify the pathway and study its intricacies — perhaps with digital analytics — and use the insights they gain to revise strategy, media spending and organizational roles. However, simply watching and listening to shoppers still works because despite all the digital research, many decisions are still made in the store. U.S. apparel retailer Old Navy saw that more of its shoppers had become too time-pressed to take an item of clothing to the fitting rooms at the farther reaches of the store. Rather than have the shopper leave the store empty-handed, Old Navy installed "quick change" booths in the middle of its floor space, enabling hurried shoppers to try on single items with speed and convenience — a pain point effectively removed and sales subsequently increased.

Consumers engage with brands differently. The phenomenal research, speed and amount of interactivity means retailers must create a brand experience plan that will make the experience coherent, accurate and consistent. Such a plan will include everything from discussions in social media to exciting in-store innovations and continued interactions with the brand. Great brands are visible and understand that, ultimately, consumers still want a clear brand promise and offerings they value.

Gap considers its "Pico de Gap" campaign a great first step in reviving the brand's image.

Gap enjoys extremely high brand recognition, but has been adrift for some time. Gap's brand value is up slightly this year.

Every Brand is a Story

More retail brands need to abandon traditional one-dimensional merchant roles in favor of multi-dimensional identities and richer textures.

Retail is extremely operationally focused, which makes it a tough environment for brand thinking and management. But when a company gets it right, the brand becomes a value creation tool.

Getting it right begins with a great idea that captures the imagination, such as Apple's averment to challenge the status quo. But over time every brand achieves a level of maturity and reliability and with it less surprise and relevance. Where do you go after that? How does a brand develop, year after year, a renewed experience with enough depth to triumph?

It can't be more of the same. A brand has to develop a theme beyond a shopper's need for function and identity by adding even more emotion and dimension. Brands can revive their relevance by going deep into their original attributes to find a fresh connection that turns the ordinary into something meaningful.

U.S. retailer Gap, despite the fact that it's a global powerhouse with extremely high brand recognition, has been adrift for some time. Perhaps because the brand was founded simply on the intent to "make it easier to find a pair of jeans," it has struggled to find a message that resonates.

After a management shake-up in 2011, Gap re-launched its 1969 jeans line with what is essentially a worldwide storytelling campaign intended to boost the brand's authenticity and better position it against competitors. Elements include an edgy new design studio in a gritty Los Angeles neighborhood, online documentaries about what inspires Gap's L.A. designers, and in keeping with the Angelino street vibe, a food truck.

The "Pico de Gap" vintage taco truck took the show to major U.S. cities, tweeting its arrival at special events, street festivals, neighborhood bars and hot spots, offering gourmet tacos along with special denim promotions. The company considers the campaign a success and a great first step in reviving the brand's image. It's a fascinating brand journey to watch. After past declines, Gap's brand value is slightly up this year.

Operationally, some aspects of retail will never change. Initiatives will always need to be built around shopper frequency, loyalty, margin, relevant assortment, and top and bottom line growth. What has changed is a brand's ability to drive them all. An overall brand strategy can align these initiatives, making them more effective in total, boosting productivity.

It's been said, if shoppers were only interested in price, there wouldn't be much retail. The variety of retail we have today proves that different people value different things when it comes to acquiring goods. The trick is to find the value beyond the transaction. The world's best brands know what the customer values, and work relentlessly to provide it for them.

Whole Foods romances its products with artful merchandising that appeals to its "foodie" audience.

The Role of Design in Building Brand Value

The design of things shapes our experience of them. Design has the power to solve problems, delight and engage — all the elements of a great retail brand.

Shopping has long ceased to be conceived of as a task. It is now rightly considered an experience — and people are known to become loyal to experiences as much as, sometimes more than, products.

As brands respond creatively to shifts in consumer behavior, tastes and desires, they become keenly aware of the need to create an aesthetic that strikes the right note with their customers. Why does teen apparel store, Abercrombie & Fitch hire hip associates, dim the lights and crank up the music, giving the impression of a really great party? To feed the younger generation's thirst for social networking, and to stay in harmony with their need to establish social identities.

For its "foodie" audience, Whole Foods Market artfully merchandises its produce, showing off its texture and color as though it were destined for a gourmet table instead of the back of the fridge or a shelf in the pantry. Germany's top retail brand, Aldi, on the other hand, is the essence of thrift. Its customers would be suspicious if the value grocer's spare aisle and tidy stacks of canned goods were replaced by anything resembling style.

Shoppers expect their favorite brands to speak in a consistent voice, in store, online and in traditional and digital channels. In retail it is extremely difficult to get all the customer-facing components to talk the same talk to convey consistency and relevancy. However, a holistic approach rising from design gets all the retail components working together. Light, color, texture and shapes become a complete brand language, orchestrated to create stories and meaning about the brand. The warm golden-yellow brand color of France's L'Occitane along with its use of nature imagery immediately telegraphs its ethos, whether it appears in the store, print, or digital touchpoints as does the proprietary blue of Tiffany & Co.

Design has the power to differentiate, helping businesses break from the pack through daring architecture and experiential concepts. It can convey a brand's passion, kindle the imagination and elevate emotion for a more memorable experience.

L'Occitane gives special attention to interior design and its brand values of authenticity, simplicity, and sensory pleasure come through in its boutiques.

Besides the intangible, design takes care of the practical. The majority of stores and websites still have boundless opportunity to improve on the execution of the brand promise. Dated flow-through, assortments that are unfocused, poorly done merchandising are all widely prevalent. For companies seeking better performing stores through design there's nowhere to go but up. And design can do the heavy lifting.

Experience is the defining element of any brand. It provides the memory that prompts repeat use, or doesn't. Failure to make a repeat purchase could be blamed on the product. But it could just as easily be a failing of design. Design is the ticket to breaking out of an old brand identity to re-inspire your customers. It can help add excitement and drama to routine transactions. Its storytelling ability can energize brand culture. Brands often asked themselves: What do we want our people to believe about us? But a better question might be: How do we want to be experienced?

Even as retailers adjust their practices to the technology trends of today, the best do not neglect design. Design remains a powerful tool for raising the brand experience, increasing productivity and driving brand value.

Boots has invested in testing innovations on both its physical and digital channels to analyze their effectiveness.

The Promise Of Omnichannel Retail

A successful omnichannel strategy has the potential to revolutionize retail.

In 2011, Walmart changed the way it manages its global online retail operations. Instead of operating in separate silos, its e-commerce executives now report to its brick and mortar store executives. The move was made in response to Walmart's customer, who wants a consistent, seamless experience shopping in store and online, comparing prices, assortment and availability.

It was also almost certainly driven by the growing threat and glowing example of Amazon.com. Amazon's five year average return on investment is an enviable 17 percent, whereas traditional discount and department stores average 6.5 percent. This year, its brand value jumped 32 percent.

Like many traditional retailers, Walmart has treated its e-commerce operation almost as an afterthought, leaving it without resources and commitment. The typical state of cross channel commerce remains poor, plagued as it is by information silos, organization issues, and non-interoperable programs that frustrate customers.

The best retail brands are taking steps to fix the problem, but there is a long way to go and not much time. It's estimated that by 2014, almost every mobile phone will be an internet-connected smartphone and 40 percent of Americans will use tablets.

Macy's isn't wasting time. The iconic U.S. department store is testing and deploying various technologies in its stores — such as, free Wi-Fi, digital receipts, tablets for store associates, live chat and more — to mirror its online shopping experience. It also continues to add content and functionality to an already impressive online experience. In short, Macy's appears determined to master an omnichannel perspective, where brand-driven retail prevails and channel becomes irrelevant. The brand will be accessible to shoppers no matter how or when they prefer to explore or shop.

With the rapid adoption of technology, it's the consumers who are out in front, not the industry. As customers grow less tolerant of the online/offline disconnects, online players have a chance to gain. And in the absence of a valuable brand experience, customers have only price and convenience to rely on, and those can be easily found online.

Estimates by Forrester Research put online shopping close to $200 billion in revenue in the U.S., accounting for 9 percent of total retail sales. The number is about 10 percent in the U.K. and 3 percent in the Asia Pacific. Looking ahead globally, experts think digital retailing will eventually hit 15 to 20 percent of total

Amazon.com has a five year annual return on investment of 17 percent compared to an average of 6.5 percent for traditional discount and department stores.

sales, with the proportion varying greatly by sector. One top brand, U.K.'s Boots pharmacy, seems to share Macy's sense of urgency in addressing the coming revolution. Boots has invested in the testing of innovations on both its physical and digital channels to analyze their effectiveness. A costly measure that most retailers are going to find inevitable.

It's been said that a successful omnichannel strategy has the potential to revolutionize retail in a way that hasn't happened in 50 years. The challenge it represents is great, but so are the rewards. Retailers will find that the digital and physical arenas complement each other instead of competing, increasing sales and lowering costs.

But to achieve that, entrenched anti-digital retailers will have to overcome their shelf-centric way of thinking and pick up the pace of change. Brand-led companies will have an advantage when it comes to the adoption of a new perspective that allows them to integrate disparate channels into a single profitable presence.

Best Retail Brands 2012

Growth with Hints of Channel Integration

by Bruce Dybvad

Though it continues to be uneven, it's great to see growth. While the total brand value of this year's top 50 U.S. retail brands is flat, many brands increased in value by impressive double digits. The average growth by brand was a healthy 4 percent.

The two most valuable U.S. brands — Walmart and Target — continue to dominate the retail landscape, but were nearly flat in their growth with Walmart down 2 percent and Target up just 1 percent. Nevertheless, the threshold for the U.S. league table has gone up over 90 percent compared to last year. It now takes a brand value of US $771 million to make the top 50.

For the most part, companies have invested in better store experiences and put more capabilities into the hands of their shoppers. It's one of the most compelling lessons from the list. The best didn't stand idly by, waiting for further signs of recovery. They contributed to it by anticipating their customers' desire to return — not to shopping as usual — but to something better.

Leaders in every category continue to remodel their stores — Old Navy brought back its quirky personality. Staples, Kohl's, Dollar General, Walgreens and Costco are among those that looked through their shoppers' eyes to find ways to improve the experience. Increasingly, CVS/pharmacy shoppers rely on the brand's smartphone application. American Eagle Outfitters is a partner in the launch of Google Wallet. Many brick and mortar retailers, like The Home Depot, invested in customer-facing technology so associates can locate inventory, view online information and complete sales transactions. Amazon.com tested a new design experience that makes it easier to navigate on a tablet.

Such initiatives were underway in anticipation of the uptick in customer confidence that arrived in the second half of the year, as purse strings continued to loosen and unemployment numbers dropped. Additionally, expansion picked up steam as almost half the list opened new stores, expanding both domestically and abroad. This wasn't a year for radical new store ideas, but we hope to see more design innovation in the future.

Online retail spending continued to grow, from almost 7 to nearly 9 percent of all U.S. retail sales. But when it comes to mastering the integrated omnichannel environment, the retail industry as a whole seems to have barely scratched the surface.

For individual retailers, such as Walmart and Target, online revenue accounts for less than 2 percent. Nordstrom and Macy's led the pack integrating their touchpoints in every way, making it easier for shoppers to leverage store, mobile and web. In doing so, they add value to the experience. Their strategy is not to drive more business online per se, but to grow revenues, along with frequency and loyalty.

As they say, it's not the product that you're selling. You're selling shopping success. Today, retailers win according to how well their touchpoints enable shoppers to succeed in interacting with the brand.

The Most Valuable U.S. Retail Brands 2012

01	Walmart	139,190 $m
02	Target	23,444 $m
03	The Home Depot	22,020 $m
04	CVS/ pharmacy	17,343 $m
05	Best Buy	16,755 $m
06	Walgreens	15,018 $m
07	Coach	13,442 $m
08	Sam's Club	12,854 $m
09	Amazon.com	12,758 $m
10	eBay	9,805 $m
11	Nordstrom	9,497 $m
12	Publix	9,123 $m
13	Lowe's	8,638 $m
14	Dollar General	6,451 $m
15	Costco	6,429 $m
16	Kohl's	5,948 $m
17	Staples	5,936 $m
18	Victoria's Secret	5,497 $m
19	Avon	5,376 $m
20	Tiffany & Co.	4,498 $m
21	AutoZone	4,300 $m
22	Gap	4,040 $m
23	GameStop	3,541 $m
24	Bed Bath & Beyond	3,303 $m

25	Old Navy	2,605 $m
26	Sherwin-Williams	2,598 $m
27	Michaels	2,115 $m
28	Ross Dress For Less	1,800 $m
29	Guess	1,748 $m
30	Banana Republic	1,628 $m
31	J. Crew	1,605 $m
32	T.J. Maxx	1,547 $m
33	Marshalls	1,545 $m
34	PetSmart	1,527 $m
35	Toys “R” Us	1,253 $m
36	RadioShack	1,252 $m
37	Dick’s Sporting Goods	1,247 $m
38	Whole Foods Market	1,191 $m
39	Dollar Tree	1,166 $m
40	Bath & Body Works	1,164 $m
41	Urban Outfitters	1,111 $m
42	American Eagle Outfitters	1,066 $m
43	Big Lots	1,012 $m
44	Buckle	970 $m
45	Abercrombie & Fitch	962 $m
46	Tractor Supply	928 $m
47	Family Dollar	871 $m
48	Advance Auto Parts	799 $m
49	Macy’s	775 $m
50	Rent-A-Center	771 $m

Brands New to the List

Guess
29
1,748 $m

Buckle
44
970 $m

Abercrombie & Fitch
45
962 $m

Advance Auto Parts
48
799 $m

Rent-A-Center
50
771 $m

Guess makes its debut on the U.S. Most Valuable Retail Brands list at #29. Revenues and same-store sales were up this year and the Guess brand is more protected than most. Its strategic use of retail, wholesale, e-commerce and licensing distribution frees it from depending on the performance of any single channel, and allows the brand to adapt quickly to changes in the distribution environment in any particular region.

After a year off the list, **Buckle** makes its return. The brand does a good job of staying on top of trends and had positive same-store sales in 2011 and e-commerce sales were up a healthy 25 percent.

With sales up 22 percent, **Abercrombie & Fitch** is returning to form. It's opening new stores around the world in cities like Paris, Madrid, Düsseldorf, Brussels and Singapore bringing its distinct visual style to a broader audience.

Advance Auto Parts and **Rent-A-Center** are also back on the list after falling off in 2011. Advance Auto Parts saw an increase in sales, number of stores, earnings and sales per store. The brand is working to differentiate itself through service leadership and superior availability. Rent-A-Center is back to focusing on its core strength, as it exited its financial services business (payday loans, check cashing) in 2011. With nearly 3,000 stores, the brand claims 35 percent of the U.S. rent-to-own industry.

Brands that Dropped Off

Dell
2011 Rank: 10

Ralph Lauren
2011 Rank: 26

Aéropostale
2011 Rank: 37

American Girl
2011 Rank: 49

Anthropologie
2011 Rank: 50

Both **Dell** and **Polo Ralph Lauren** fell off the list for the same reason — they no longer meet our criteria for being considered a retailer. For the purposes of this report we define a retailer as a brand that generates at least 50 percent of its revenues from sales through its branded retail locations and Ralph Lauren no longer reaches 50 percent. Similarly, Dell does not meet that threshold as it has placed increased focus on higher-margin enterprise-level customers where transactions occur through direct sales representatives and bid processes rather than retail.

Aéropostale prospered during the economic downturn, posting record-high margins as shoppers on a budget loaded up on its cheap-but-stylish clothing. However, discounts from teen retail competitors, rising commodity costs, and several fashion missteps have weighed on the company's profits. The brand was hurt by lowered earnings expectations and is looking to re-find its footing with an eye on international markets, including its online efforts through the FiftyOne Global Ecommerce platform which expands their reach to 90 countries.

American Girl and **Anthropologie** both actually increased their brand value this year, but with the threshold to make the Most Valuable U.S. Retail Brands Top 50 rising, it wasn't enough to remain on the list. With a vigilant eye toward quality and service, American Girl has earned the loyal following of millions of girls and continues to grow sales and its footprint, adding two stores in 2011. Anthropologie owns a unique space in the landscape of apparel retailers and excels at leveraging its design and style to build an emotional connection with customers. While its sales were flat, the brand continued to add stores in 2011 and expand its catalog circulation, bringing its charming visual style and tone of voice to a broader audience.

With $260 billion in U.S. sales, Walmart claims 1.7 percent of the United States' GDP.

01

Walmart

139,190 $m ▼-2%

With 180 million shoppers annually, $260 billion in U.S. sales, and a legitimate claim to 1.7 percent of the U.S. GDP, Walmart remains number one on the Most Valuable U.S. Retail Brands list by a huge margin. Walmart's brand value decreased slightly over the previous year and has not returned to its 2010 height, as shoppers spread their spending to other stores. In response, the company is bringing its massive strength in innovation, low price guarantees and supply chain mastery to bear. Stores continue to evolve and departments have improved for an easier, more enjoyable shopping experience. Effective marketing efforts and relevant online strategies, along with aggressive fairness, philanthropic and sustainability initiatives, demonstrate the company's tireless dedication to betterment.

02

Target

23,444 $m ▲1%

Target holds its place as the preferred discount mass merchant of a loyal, satisfied base of affluent shoppers under age 45, while fine-tuning its owned brands and partnering with high fashion designers. In 2011, the company picked up the pace of its remodeling, adding grocery to hundreds more general merchandise stores to drive frequency. Select cities are welcoming smaller CityTarget stores. In Canada, Target acquired over 220 retail locations, with conversion to begin in 2013; 70 percent of Canadians recognize the Target brand and 10 percent have shopped it. After Target migrated its e-commerce site off its Amazon.com-hosted platform, the site suffered several general outages, most notably in September during a traffic spike prompted by its limited-edition Missoni apparel line.

03

The Home Depot

22,020 $m ▲8%

The Home Depot commands the largest piece of the highly fragmented home improvement pie. The brand continues to expand as the market dictates, and with its deep pockets has invested heavily in in-store technology so associates can better service shoppers and manage inventory. The Home Depot serves two audiences, delivering a how-to experience to consumers, and speed and efficiency to contractors. With e-commerce/in-store integration, the brand is at parity with most brick and mortar retailers. Its print and digital media feel more refined than the store — a common issue in the DIY category. The Home Depot's track record of responding well to market challenges will be tested in some Midwest markets with the entrance of another aggressive competitor, Menards.

04

CVS/pharmacy

17,343 $m ▲5%

CVS operates in three general areas: retail pharmacy, pharmacy benefit management (PBM) and retail clinic service. Its MinuteClinic division, with approximately 600 clinics in 26 states, stands to assert CVS' leadership position with hundreds of planned new locations to meet rising need. Thanks to the high utility of its mobile application, CVS estimates up to 2 percent of patient interactions are now through mobile devices. Its urban retail format focuses on consumables to better position CVS against the competition and the impending market saturation of retail pharmacies. Lucrative new PBM contracts stand to boost CVS' 2012 sales by an estimated $4.8 billion. However, at times inconsistent but reactive prioritization of business activities based on divisional performance clouds the brand's long-term goals.

05

Best Buy

16,755 $m ▼-11%

Although Best Buy dropped in overall brand value this year due to the soft consumer electronics market, it remains top-of-mind by 65 percent over competitors and claims more than 20 percent of the market share. Amid weak sales and growing online competition, the big-box giant is shrinking its 45,000 s.f. stores to 36,000 s.f. through retail sublets. Online, Best Buy plans to double its business over the next three to five years. The company's buyout of its U.K. partner, Carphone Warehouse, through the U.S. joint-venture Best Buy Mobile stores secures one of the fastest growing components of the brand's business fueled by the demand for smartphones. Prolific in retail innovations, Best Buy could gain ground again as consumers perceive digital tablets as a necessary purchase.

06

Walgreens

15,018 $m ▲4%

Walgreens' focus on the customer is clearly apparent. The retailer slowed its expansion to a rate below 3 percent to allow for focus on creating a cohesive and relevant brand experience. Walgreens has made great strides in improving the consistency of its brand experience, offline and online. The Customer Centric Retailing program, implemented in over 6,000 of its more than 7,800 stores, has optimized its merchandising system and refreshed in-store communication hierarchy, boosting front-end productivity. Attributes of the recently acquired Duane Reade chain and its private label brands are being slowly introduced into the Walgreens network. In March, the company acquired Drugstore.com expanding its e-commerce reach by 3 million customers representing sales of over US $456 million.

07

Coach

13,442 $m ▲16%

A consistently renowned American heritage brand of accessible and aspirational luxury with high positive social media scores, Coach has 500 stores in the U.S and Canada and enjoys an ever-growing presence globally, most recently entering Brazil and Vietnam. The company is experiencing tremendous growth in China due to the explosion of middle income families who aspire to higher-end brands. To protect its brand, Coach initiated a major crackdown on counterfeiters and trademark infringers. It also created a new brand, Reed Krakoff, to deliver a slightly different design aesthetic at a higher price point. All things related to the brand filter through Coach's executive creative officer to keep brand focus sharp. The result is continued double-digit growth.

08

Sam's Club

12,854 $m ▲4%

Sam's top priority is attracting new warehouse club members through improved experiences. It's currently testing a "club of the future" redesign, investing in better customer understanding and sharing scanner data so suppliers can improve the offers they provide. Responding to increased demand for health and wellness, the brand is adding pharmacies, free monthly health screenings, and hearing centers. The company has stepped up its technology with a more robust e-commerce site, in-store kiosks and a sophisticated smartphone application. Sam's Club Plus Members can now access their personalized eValues℠ through any channel. While the increased interactions with members has helped differentiate it from the competition, there is significant opportunity for Sam's to differentiate further.

09

Amazon.com

12,758 $m ▲32%

Amazon.com continues its upward path with strong growth and emphasis on its B2C and B2B fulfillment services. With its Kindle e-book reader, Amazon has changed the way books are consumed. Kindle Fire represents a major new product launch and the first serious competition for Apple's iPad. Amazon has been testing a new design experience that makes it easier to navigate on a tablet rather than desktop or laptop. The brand continues to add services to its Prime membership program such as instant video streaming and the option to borrow *New York Times* bestsellers. The company enjoys strong brand recognition with customer-centricity at the core of its brand strength.

10

eBay

9,805 $m ▲16%

With over 97 million users globally, eBay is the world's largest online marketplace, where practically anyone can buy and sell practically anything. About 60 percent of sales are now fixed-price products versus the traditional auction model pioneered by eBay. This transition has enhanced the company's growth rate. With its $4.4 billion-in-revenue PayPal private online secure payment system, eBay is positioning itself as the payments operating system of the web. Its acquisition of GSI Commerce will help eBay expand its network to include larger retailers. Additionally, the company acquired Magento, an open-source e-commerce platform, to provide a full set of capabilities for merchants that wish to build complete shopping experiences.

11

Nordstrom

9,497 $m ▲10%

Nordstrom continues to evolve and refine its legendary service by opening in-store wedding boutiques, expanding its complimentary personal stylist program, bringing digital technology to the sales floor, and offering free shipping and returns. Last year, Nordstrom acquired HauteLook.com, a members-only site with limited-time sale events, and opened Treasure & Bond, a philanthropic store and business incubator in Manhattan. The brand operates 225 U.S. stores in 29 states. Its slow but continual retail expansion allows complete replication of Nordstrom's unique service components. However, continued growth in consumers' ability to purchase discounted high-end merchandise — from retailers that include Nordstrom's Rack and HauteLook.com — poses some risk to Nordstrom's traditional format.

12

Publix

9,123 $m ▲11%

Family friendly Publix is an employee-owned supermarket looking to build relationships and provide knowledge to its customers. This year, sales are up and employee and customer satisfaction remain high. As proof of its brand promise, Publix continues to receive awards for being a top business to work for. Its loyal shoppers share recipes, coupons and stories on its extremely active Facebook page. Publix strives to create an emotional, caring connection through programs such as free medications, menu and event planning, and cooking classes. Its award-winning private label strategy is the brand's "secret weapon." By differentiating its products according to its consumers' preferences, it has competitive private label products that cannot be copied by national chains.

13

Lowe's

8,638 $m ▲3%

Lowe's remains a strong player in the home improvement category, stepping up its efforts to attract shoppers online and in-store by slashing prices permanently. It enjoyed a slight sales increase this year despite the weak economy and housing market, delivering against high customer expectations by providing a consistent, open, easy-to-shop atmosphere for do-it-yourselfers. Lowe's recently revamped its management and regional structure from five divisions to three, and consolidated its merchandising operations. The company will close 20 of its U.S. locations to improve profitability. Stiff competition continues to come from The Home Depot and now the entrance of Menards in some Midwest markets. Lowe's will need to bring its brand to bear rather than rely on price to drive choice.

Publix tailors its private label products to its consumers' preferences giving it a competitive advantage over national chains.

14

Dollar General

6,451 $m ▲8%

Dollar General is something of a category captain for extreme value. It maintains a stronger media presence than its peers. It operates almost 9,800 "small box" stores, far more than its rivals and more than any other retailer in America. In 2011, it launched an e-commerce website complemented by social media and mobile alerts. It also opened over 60 of its Dollar General Market formats for fresh foods. Gearing up to compete with small grocery stores like Fast and Easy and Walmart Express in urban food deserts, the company plans to open 40 more Market stores in 2012. Dollar General continues its commitment to brand by rolling out new neighborhood stores in its updated format while keeping frills to a minimum. As economic uncertainty continues, the retailer's outlook remains strong.

15

Costco

6,429 $m ▲16%

At its core, warehouse club Costco is a company of exceptional merchants and operators, dedicated to the efficient sourcing, shipping, displaying and selling of quality goods. The brand prides itself on its fun-to-shop treasure hunt atmosphere. Private label Kirkland Signature continues to be very well received by the company's 60 million members whose renewal rate is over 87 percent. Internally, Costco fosters an entrepreneurial culture that helps the brand continuously evolve and improve. The company spent US $1.3 billion constructing new warehouses and renovating older ones to provide a better customer experience. Plans are in place for global expansion and an increased emphasis on its Kirkland Signature label. Interestingly, the company doesn't have a mobile app except for a third-party locator app.

16

Kohl's

5,948 $m ▲6%

Originally, Kohl's filled the gap between traditional department stores and discounters. With 1,127 stores in 49 states, 40 of which opened in 2011, Kohl's is where the entire family shops for on-trend items. The company continues to expand, remodel and explore different channels to connect with customers. Its no-hassle return policy responds to real-life challenges. As it moves more into fast fashion, value-focused communications incorporate a bigger trend message. Additionally, the brand's ongoing green initiatives, such as piloting electric vehicle charging stations in 33 of its stores, demonstrate good corporate citizenship. However, Kohl's traditional middle ground is getting blurry as discounters like Walmart upgrade and department stores like Macy's rely heavily on promotion.

17

Staples

5,936 $m ▼-7%

Staples has an unwavering focus on serving the needs of its small to medium business clients. While it's the world's largest office products company, competition from non-office supply specialty retailers continues to grow, but Staples' strong product assortment, customer service, loyalty program, breadth of services and its consistent "easy" message still resonate with consumers. A refreshed store design features more open floor space with a large section of products to try. Its revamped mobile site is helping it compete against online competition. 2011 saw continued development in the sustainability and environmental programs so important to its business customers. Staples' reach is international, extending to Canada, Europe and now Australia.

18

Victoria's Secret

5,497 $m ▲11%

Victoria's Secret increased its media spend over the previous year by 27 percent and kept its advertising fresh with variety. The brand is also a champion at earning media with its televised fashion shows and million dollar gem-embellished lingerie. As a result, sales and same store sales increased by double digits for the leader in intimate apparel. Domestic business continues apace with operating margins at a record level. Its popular entry-level brand, Pink, now has co-branded merchandise with all 32 NFL teams. Because Victoria's Secret brand recognition is so high in countries without brick and mortar stores, its international potential looks huge. The brand plans to open 130 locations outside of North America, including the Middle East and Moscow.

19

Avon

5,376 $m ▼-6%

Avon, with its unique direct sales model, enjoys a rich legacy. The foundation of the beauty brand revolves around empowering women to earn money. Brand development efforts focus as much on recruiting representatives as appealing to consumers, and Avon invests significant time and money in the success of its representatives. Over 6.5 million Avon reps serve more than 300 million customers in over 100 countries, which means that brand consistency is a challenge. International growth with a focus on Brazil and Russia is a priority. But speed of growth has strained legacy systems, requiring aggressive investment in infrastructure and technology. Two major acquisitions (Liz Earle and Silpada) are part of Avon's strategy to reach new customers with higher price points.

20

Tiffany & Co.
4,498 $m ▲9%

Tiffany & Co. continues to flourish where many luxury goods have struggled. Store expansion continued in 2011 with the restraint and discipline befitting a luxury brand. The brand has been able to successfully offset rising commodity costs through increased merchandise pricing. Active in both product development and promotions, Tiffany's successful multimedia campaign "What Makes Love True?" was recognized as a best-in-class example of a luxury retailer using digital. The company's increasing focus on environmental and social leadership is a growing component of the brand; it is clear about its diamond supply chain partners and practices. The appeal of the iconic blue box is universal, as demonstrated by Tiffany's continued international growth.

21

AutoZone
4,300 $m ▼-9%

A dominant player in the retail auto parts business with over 4,800 stores, AutoZone can boast a strong base of very loyal customers — do-it-yourselfers and light commercial automotive service groups — who take advantage of the retailer's numerous services, such as free diagnostics, tool loans, advice and guidance. Its store experience is consistent and familiar across locations, yet there is little to differentiate it from its peers other than private label products. AutoZone recently ventured into online and social media channels; however, the brand has much to learn when it comes to using these touchpoints effectively. Lately, the company has faltered a bit in customer experience, and announced initiatives to improve customer service and refine inventory deployment.

22

Gap
4,040 $m ▲2%

Gap, the world's megabrand for denim, surprised the industry with a massive shake-up of its management ranks and agency relationships this year. The company hired its first Global CMO to get the brand on course and move it forward towards greater relevance. Its New York design hub now combines design, production and marketing under one roof to better tackle its challenges, including lack of product differentiation. The brand has a solid online presence and is testing promotions through Foursquare, Groupon and Facebook. Aggressive global expansion more than makes up for continued weak domestic sales. Now in 29 countries, including Asia and plans for Africa, Gap announced it will shutter approximately 20 percent of U.S. stores.

23

GameStop
3,541 $m ▼-13%

GameStop is the world's largest video game and entertainment software retailer with over 6,500 brick and mortar stores in 17 countries, as well as online channels GameStop.com and EBgames.com. The company also operates *Game Informer* magazine with over 4 million paid subscribers. It finished its fiscal year with a 5 percent increase in sales; however, hardware, software and same-store sales have slipped. Because the retailer's once differentiating pre-owned business has been copied by competitors, GameStop's competitive advantage is shifting to a loyalty program, developer-exclusive content, and convenience delivered by the size of its network. GameStop plans to introduce its own version of an Android tablet, and will include trade-in and pre-owned programs for tablets in general.

24

Bed Bath & Beyond
3,303 $m ▲5%

Capitalizing on consumers' desire to shop for home goods in a specialty environment, Bed Bath & Beyond continues to perform well and consistently. Its numbers have increased almost steadily since 2004, with 39 new stores in 2011 and comparable store sales up by close to 8 percent. Bed Bath & Beyond's perpetual 20 percent off direct mail coupon serves as its primary driver. Online, the brand has a very functional website that provides useful shopping information and allows for local store inventory checking. The brand is also highly responsive on its popular Facebook page. Even with the absence of innovation in the store, Bed Bath & Beyond beats the home goods departments in other stores on sheer assortment, a steadfast and healthy brand.

25

Old Navy
2,605 $m ▲2%

Mall staple Old Navy refreshed its stores, brought out more of its quirky, fun spirit through its advertising and ventured into interactive musical brand experiences — all to step up its game in the face of increasing competition from the likes of Target. Old Navy pulled out the stops, creating humorous ads targeted to men, inviting families to party in its stores, and introducing everyone to the Snap Appy app that turns any Old Navy logo into deals, games and fashion tips. On top of that, the retailer has written original songs about its apparel. Shoppers can "Shazam" any song from Old Navy Records and immediately unlock exclusive deals. As its YouTube videos demonstrate, the "funnovation" and "research and deal-velopment" never stop in the creation of a strong call to action.

Sherwin-Williams' popular color-matching and color-inspired digital tools help make a meaningful connection with its customers.

26

Sherwin-Williams

2,598 $m ▲9%

Sherwin-Williams, a global powerhouse in paint and coatings, had another good year. It boasts high brand recognition and even higher loyalty among its professional and non-professional customers alike. The brand is dedicated to evolving with its customers, seeking new ways to make the brand engaging and responsive. That includes expanding on its popular color-matching and color-inspired digital tools. Participation in its preferred customer program increased 30 percent in 2011. Sherwin-Williams' dedication to leadership in paint and coatings led to three important acquisitions last year: Europe's Becker Acroma and Sayerlack, industrial wood finish manufacturers, and Ecuador's Pinturas Condor, a coatings supplier. The brand increased its fleet of 3,450 by 60 with plans to add up to 60 more in 2012.

27

Michaels

2,115 $m ▲3%

Michaels is well known to highly involved crafters, who follow the brand closely. Its new branding program is consistent across all touchpoints — social media, website and marketing collateral — except Michaels' brick and mortar channel, where its differentiated store concept has not been consistently rolled out. Nevertheless, Michaels continuously strives to be the leader in its category, keeping relevant to its core audience, and carrying name brand merchandise such as Martha Stewart, American Girl and Paula Deen. As yet, the brand does not offer a true e-commerce site, lagging online competitors such as Amazon.com and JoAnn.com, so the brand has an opportunity for a more integrated experience in the future.

28

Ross Dress For Less

1,800 $m ▼-4%

Ross Dress for Less is the second largest off-price department store chain in the U.S. with over 1,000 stores in the South and West. A no-frills, single channel retailer, its slogan is simple: Focusing on Bargains, Delivering Results. The company's traditional buyers and merchants concentrate on negotiating the lowest deals possible and transferring them to customers. While there is positive sentiment about the brand in social media, it lacks overall presence in the digital space. Beyond everyday savings of 20-60 percent off designer and famous names, the brand claims few if any emotive intangibles. Ross Dress for Less has begun expansion into the Midwest, beginning in Chicago.

29

Guess

1,748 $m NEW

Founded in 1981 as a jeans brand, Guess has maintained much of the same visual equity and style since then. Well-recognized as a sexy, body conscious retailer of apparel and lifestyle, Guess enjoyed an exciting year. Revenues increased by 9 percent and same-store sales by almost 3 percent. The company directly operates more than 700 retail stores around the world. Its newest and largest flagship opened on Fifth Avenue in New York. Geographic dispersion keeps the Guess brand more protected than most, while its strategic use of retail, wholesale, e-commerce and licensing distribution frees it from depending on the performance of any single channel, and allows the brand to adapt quickly to changes in the distribution environment in any particular region.

30

Banana Republic
1,628 $m ▲7%

In 2011, Banana Republic opened its first store in Moscow and its first on the Champs-Elysées. The retailer of "elevated design and luxurious fabrications" also debuted its new store format, Revolution, featuring a wide, central boulevard lined by "shops" that address various customer wardrobe needs — weekdays at the office, ballet on Friday, cocktails Saturday night and Sunday brunch — culminating at an accessories "plaza." It teamed up again with the Emmy Award-winning costume designer of "Mad Men" for a successful co-branded clothing line based on the TV show's characters. Banana Republic has been expanding into international markets, with 642 stores in 32 countries, shipping to 20 countries through its websites and more than 50 countries through a third party.

31

J. Crew
1,605 $m ▲3%

Despite major shake-ups in 2011, J. Crew stayed true to its upscale trend-right classics in creative store environments. Private equity groups TPG Capital and Leonard Green & Partners acquired the previously public company for $3 billion, prompting a dispute with shareholders. President and Executive Creative Director, Jenna Lyons, who is well-known to brand followers from her "Jenna's Picks" online and catalog features, faced some controversial personal press. J. Crew continues to expand its services, stores and niches prudently, diversifying formats with J. Crew, Madewell, crewcuts and J. Crew Factory Outlet locations. In preparation for a U.K. store, the brand began international e-commerce to the U.K. in addition to its Japanese market. Additionally, it opened its first Canadian location and held its first formal fashion show, which was very well received.

32

T.J. Maxx
1,547 $m ▲6%

Off-price retailer T.J. Maxx, part of the Marmaxx Group along with Marshalls, ranks #119 among the Fortune 500 and its comparable store sales increase almost each year. 2011 saw a 4 percent rise. As a player in one of the best performing retail sectors, T.J. Maxx is adding new stores, some featuring The Runway, a high-end designer department. Meanwhile, its 14,000 global vendors ensure a steady stream of product to meet customer needs. While not "best in class" in social media, the brand encourages Facebook friends and Twitter followers to post great finds. Marmaxx continues its considerable philanthropic efforts and last year published its first corporate social responsibility report.

33

Marshalls
1,545 $m ▲4%

Marshalls, the other half of the Marmaxx Group, has a slightly smaller following than T.J. Maxx and has the perception of carrying fewer "high end brands." However, Marshalls continued to expand, introducing a new shoe store concept to capitalize on its growing footwear sales. The Marmaxx Group does a good deal of customer research to understand shoppers' needs and preferences, and Marshalls' key strength is its freedom to carry low inventories, constantly refreshed to ensure it's always trend-right. Within the off-price category, there is little differentiation between T.J. Maxx, Marshalls and Ross Dress for Less. And while differentiated from traditional department stores, the lines are beginning to blur with competitors like Kohl's who offer discounted prices with a more structured shopping experience.

Banana Republic partnered with the costume designer of the popular "Mad Men" TV show to create a successful co-branded line.

34
PetSmart
1,527 $m ▼-7%

PetSmart's brand strength is rooted in its ability to continually innovate and expand into new services. The first-mover in the pet care industry for veterinary clinics, training, boarding and day camp within its stores, PetSmart recently added dog toys from Toys "R" Us Pets and rock and roll star Bret Michaels to its list of exclusive partnerships with Martha Stewart Pets and GNC Pets. Although it's difficult to replicate some of the brand's differentiators online, the channel is aligned with the in-store experience and remains important not just in promotions, but in disseminating knowledge and expertise helpful to its "pet parent" audience. PetSmart Charities finds homes for homeless pets, reinforcing the brand's position. Overall, the brand remains true to its core strategy of providing total lifetime care to pets.

35
Toys "R" Us
1,253 $m ■0%

Although Toys "R" Us opened half as many holiday pop-up stores in 2011, the retailer opened 21 stores, including 11 of its successful "R" superstores that combine Toys "R" Us with Babies "R" Us. It continues to expand its presence in Europe and Asia. The toy seller is focusing on exclusive brands and products to grow sales and compete with Walmart. It's also proving forceful in the mobile space, giving consumers the ability to learn more about products before purchase. A new online catalog is devoted to layaway, making both layaway and flexible payment options available online as well as in store. The brand now lets shoppers designate someone else to pick up their online items instore, and its new "ship from store" program uses store inventory to fill online orders.

36
RadioShack
1,252 $m ▼-11%

RadioShack, or The Shack, experienced a slight dip in comparable store sales but strengthened its presence by opening more Radio Shack Bullseye Mobile kiosks in Target stores in 2011. It now has nearly 7,300 locations in North and South America, Europe and Africa. The veteran retailer supplies the less tech-savvy consumer in search of convenience with a curated mix of products, especially mobile devices and carriers. In March, the brand closed its three PointMobl test concept stores and ended the year with the announcement that it's searching for a new creative agency of record, while working with global media agency Mindshare to improve its online advertising. With such a large network of small formats, RadioShack is very dependent on sales associates to deliver its brand attributes.

37
Dick's Sporting Goods
1,247 $m ▲14%

Despite being a sporting goods superstore, Dick's succeeds by feeling small thanks to its "stores within a store" format, and the fact that it acts local, recognizing different needs and sports calendars by region. To mitigate increasing competition from mass merchants and online specialty stores, Dick's delivers expertise and exceptional service in store, employing PGA and LPGA professionals, certified fitness trainers and trained bike mechanics, for example. The brand has been aggressively promoting its online channel, where it has yet to express its main differentiator, professional expertise. Dick's has been recognized for its "Protecting Athletes through Concussion Education" program, designed to raise awareness and provide funding for concussion testing for high school athletes.

38
Whole Foods Market
1,191 $m ▲12%

Expecting to see consumer demand for natural and organic products increase, Whole Foods Market is building upon its Health Starts Here (HSH) program as a means to differentiate the brand as a leader in information and education around healthy eating and living. In 2011, Whole Foods rolled out more HSH prepared foods, provided new online resources and placed a HSH point person in each of its stores as a resource to shoppers. Even as it strives to be the finest food shop within its communities, Whole Foods will continue to offer value-oriented options, and saw great success with its first Living Social deal promotion. The company recently approved expansion plans for the U.S. and U.K. and was named Retailer of the Year by *VMSD* magazine for its store design and artful merchandising.

39
Dollar Tree
1,166 $m ▲7%

A Fortune 500 Company, Dollar Tree increased its media spend by 30 percent in 2011 to support the brand's bright, fun and friendly experience, as well as promoting its value and great deals on "small surprises." It opened 86 stores in Canada, growing its fleet to over 4,100 and increasing overall store footprint by 7-8 percent. Comparable store sales increased strongly and Dollar Tree's operating margin remains among the highest in the value retail sector. The company recently began using point of sale data to make smarter inventory allocations. Online, its high utility e-commerce site is optimized for mobile, and supported by 24/7 telephone service and nicely organized for its small business customers. The soft economy continues to propel Dollar Tree's performance.

40

Bath & Body Works

1,164 $m ▲ 2%

Bath & Body Works continues its focus on its customers, engaging them to a high degree via social media, and delivering a consistent and rewarding brand experience with a goal of building brand advocates. Despite a small advertising presence, Bath & Body Works enjoys very strong awareness. The company's high operating income indicates its relevancy as an affordable indulgence — despite the continued macroeconomic conditions and plenty of competition from less expensive outlets. Bath & Body Works now has more than 1,600 stores nationwide with plans to expand internationally. In 2011, the retailer invested in a mobile-friendly website. While it experienced some changes in executive leadership, Bath & Body Works' luxury for the masses continues to win.

41

Urban Outfitters

1,111 $m ▼ -4%

Described as hip and ironic, Urban Outfitters is an innovative specialty retail company that caters to a highly defined customer niche in North America and Europe. The brand seeks to create an emotional bond with the 18 to 30-year-old shoppers who share its odd sensibility and who enjoy a less usual shopping experience — one that is entertaining and artfully inspirational. The brand succeeded in increasing its social media presence significantly in 2011 to promote greater dialogue with customers. It now makes online product recommendations, and saw sales based on this advice jump 700 percent. The retailer also introduced a line of wedding gowns, although the initiative has been perceived as a brand disconnect. More recently, it launched an exclusive online men's suit shop, fully infused with its unique brand personality.

42

American Eagle Outfitters

1,066 $m ▼ -16%

American Eagle Outfitters operates in a very crowded retail space, preppy back-to-school apparel for teens, where it relies heavily on promotions and price. But the brand's strong suit is its digital interaction with customers. Recognizing its audience's preference for mobility, American Eagle announced its partnership in the launch of Google Wallet which allows shoppers to pay, redeem discounts and earn loyalty points through their smartphones. In 2011, the retailer increased focus on its e-commerce business, including a redesigned website which resulted in strong sales growth. The company operates more than 1,000 retail stores in the U.S. and Canada, including 148 aerie and nine 77kids stores. Its website, ae.com, ships to 76 countries.

43

Big Lots

1,012 $m ▲ 8%

A general merchandise discount retailer, Big Lots' merchandise mix consists of approximately 50 percent closeout, 25–30 percent imported home furnishings, seasonal items and toys, and the balance in food. Big Lots continues to see an increase in higher-income shoppers thanks to the economy and Big Lots' real estate strategy — that of taking over better locations from shuttered higher end stores. The company also acquired retail locations in Canada this year. With sales, store count and sales per square foot going up, the Big Lots brand is proving its greater relevance. It also seems to be shifting focus from national advertising to its Big Lots Buzz Club loyalty program, which shows commitment to delivering the right customer experience but perhaps at the expense of awareness.

44

Buckle

970 $m NEW

While specialty apparel retailer Buckle offers better-priced apparel, footwear and accessories, more than 40 percent of sales come from jeans. Given Buckle's mix of labels, it has done well staying on top of trends. This is largely thanks to a unique system that allows Buckle to respond daily to what is selling store by store, and the retailer has more merchandise flexibility than stores that only carry their own lines. At the same time, Buckle's exclusive private labels give it a bit of a proprietary ingredient. Same store sales were positive in 2011, with e-commerce sales up a healthy 25 percent. Buckle stands out from its peers with its complete focus on customer experience, offering personalized shopping assistance, free alterations, layaway and a frequent shopper program.

45

Abercrombie & Fitch

962 $m NEW

Abercrombie & Fitch, with its premium priced collegiate clothing and wayward sex appeal, is returning to form. In 2011, the brand grew sales by 22 percent — shuttering underperforming stores, opening new ones and increasing same store sales by a steady 5 percent. Its international unit generated a noteworthy 79 percent rise in net sales. A handful of new stores are slated to open in Paris, Madrid, Düsseldorf, Brussels and Singapore. There is no mistaking the Abercrombie & Fitch visual style, which extends into social media where the brand has a distinct presence and millions of followers. Parents continue to rail against the brand's sexualization of young people, as in its recent offering of a padded push-up bikini top for tween girls.

46

Tractor Supply

928 $m ▲18%

Tractor Supply does not sell large-scale farming equipment, but it does offer home improvement skewed to the needs of the rancher and hobby farmer. The retailer dedicates itself to supporting rural areas that typically can't support big box brands such as Lowe's and The Home Depot. Tractor Supply's tagline, "For Life Out Here," connects strongly with its audience. Its website, magazine and messaging align with its brand position, being very clear about who Tractor Supply is and who it serves. In 2011, the company surpassed the 1,000 store mark while its stock price rose nearly 80 percent. It has little to no presence in social media, which seems appropriate for the brand's authenticity.

47

Family Dollar

871 $m ▲10%

Family Dollar saw record sales and earnings in 2011. In March, the company rejected a multi-billion dollar buy-out offer from the Trian Group. To continue to serve its low-income customers and attract more middle-income shoppers, Family Dollar launched a renovation program to increase store productivity and improve the shopping experience. Key consumables as well as health and beauty aids have been expanded in stores, leadership training enhanced, adjacencies improved and building refreshes applied to its fleet of 7,000. Aggressive renovations will continue as will the addition of 450–500 new store openings in 2012. While Family Dollar shoppers can visit its online channel for coupons, deals, budget-stretching recipes and tips, they largely look forward to its weekly circular of savings.

48

Advance Auto Parts

799 $m NEW

One of the larger players in the auto parts business with 3,500 stores, Advance Auto Parts saw an increase in sales, number of stores, earnings and sales per store. Its distinctive brand message, "Service is our best part," is raising awareness. Going forward, the brand intends to differentiate itself through service leadership and superior availability. Advance Auto Parts is indeed perceived to be more about service than sale, thanks to the home delivery of auto parts in select markets. To build loyalty, an enhanced website adds more functionality including the ability for customers to maintain their own online "garage," view instructional videos, download an app, and research car manufacturers' recall information.

49

Macy's

775 $m ▲5%

Macy's same-store sales climbed 4.6 percent in 2011, thanks to its product choices and celebrity affiliations, the continuation of the My Macy's initiative that tailors local assortments and shopping experiences, and most recently its high-fashion capsule collections from acclaimed designers. The retailer's focus on the customer is clearly evident. The "Magic of Macy's" theme now extends to "Magic Selling," an energized approach to customer engagement through its store associates. Rather than resist channel blur, the company plans further integration between in-store and online channels, and will use mobile engagement to drive business both online and in the stores. Macy's demonstrates the advantage of a powerful brand strategy and the relentless dedication needed to bring it to life.

50

Rent-A-Center

771 $m NEW

In 2011, Rent-A-Center exited its financial services business (payday loans, check cashing) to focus on its core strength. Rent-A-Center helps strapped consumers possess electronics, furniture and appliances without the need for credit or long-term obligation. The retailer plans to expand, currently operating nearly 3,000 stores throughout the U.S., Canada, Mexico and Puerto Rico — claiming 35 percent of the U.S. rent-to-own industry. The company's messaging emphasizes flexibility and control, and its website lets shoppers initiate a rental agreement before coming into the store. However, the perceived predatory practices of the category present the ongoing risk of backlash or regulatory action.

Balancing Channels and Staying Committed to the Brand

by Graham Hales & Rupert Faircliff

There was never any doubt that 2011 was going to be a tough year for retailers in the U.K. An economic backdrop of low growth, high inflation, and saving-conscious consumers made the year a particular challenge.

The smashed windows of the August riots, in which town center shops took the brunt of rioters' aggression, were an unfortunate visual metaphor for high street's wider troubles. With customers increasingly attracted to online shopping, stores struggled to grab the attention of customers. Indeed, The Portas Review, a look into the future of the U.K.'s high streets, confirmed the threat with its warning that our high streets could "disappear forever" unless action is taken.

Despite such turbulent times, some brands succeeded. They did so through a clear multichannel strategy, a commitment to focused innovation, and a sustained emphasis on value. As a result, they remained relevant to shoppers, amidst this landscape of change.

The increasing popularity of online shopping forced retailers to continually reevaluate the balance between their channels. Brands such as Next saw poor pre-Christmas sales on the high street, but this was balanced by a strong showing from their online and catalog business. Understanding how and where to best express their brand in brick and mortar as well as online — and deliver the subtly different experiences customers want from both — remains a top priority for retailers.

With this in mind, 2011 was a year of innovative concept stores, as brands looked to new physical formats to attract spenders. Seeking to grow their presence, Morrisons and Waitrose both moved into the convenience sector with sub-brands M Local and Little Waitrose. Morrisons also underlined its focus on innovation with the intention to build a "store of the future," while Sainsbury's Fresh Kitchen showed the brand prepared to stretch into a specialist sandwich offer. A concerted focus on the customer paid off too. Boots' investment in employee development programs and weekly shopper surveys kept them relevant. Similarly, Asda saw continued success from its customer-centric "Chosen By You" range.

Ultimately the search for value remained dominant in consumer concerns in 2011. At different ends of the market, Waitrose and Asda's similarly strong brand value growth indicated that executing a coherent and appealing value proposition to customers and balancing the dual aspects of price and quality in relevant measures continues to be important. Sainsbury's too sensed an opportunity to shift brand perceptions, crediting its new value-based tagline "live well for less" with a sales uplift.

With so many domestically variable conditions, some brands looked abroad to bolster their revenues. Tesco reported growth overseas on the back of its brand's existing international appeal. Meanwhile, M&S, with bold global growth plans of its own, demonstrated that the continental appetite for its offer remains strong as it re-opened in Paris.

All current signs point to equally challenging economic headlines at home in 2012, even with an Olympic bounce to look forward to in the summer. And away from London and its tourist pounds, retailers' experience will be even tougher, which means that building on the lessons of success from leading brands in 2011 will be crucial as the Games year gets underway.

The Most Valuable U.K. Retail Brands 2012

01
Tesco
11,011 $m

02
Marks & Spencer
6,256 $m

03
Boots
2,852 $m

04
Asda
1,576 $m

05
Next
1,319 $m

06
Sainsbury's
976 $m

07
Argos
876 $m

08
Morrisons
438 $m

09
Waitrose
382 $m

10
Debenhams
288 $m

01

Tesco

11,011 $m ▲ 9%

Despite Tesco's decision to pull out of Japan, international expansion led to good sales growth in 2011. Tesco has more than doubled its U.K. sales and profit over the last decade, securing its position as market leader. Digital has become a big focus for Tesco, and its efforts paid off with a win of "Multi-Channel Etailer of the Year" at the Oracle World Retail Awards 2011. One highlight of the digital strategy was the launch of the world's first virtual store in Seoul's subway. While Tesco's overhaul of its Double Points loyalty scheme in favor of its Big Price Drop campaign this year initially resulted in an increase in shoppers, the move also resulted in some customer backlash. The brand must be careful to deal with this issue in the U.K. market in order to maintain market leadership.

02

Marks & Spencer

6,256 $m ▲ 3%

Over the past 125 years, Marks & Spencer has become something of a national treasure in the U.K. and this has been cemented in recent years by the "Your M&S" campaigns. Despite operating in some challenging markets, M&S International business delivered a strong performance with an increase in sales for 2011. The brand has continued its focus on "Plan A" with aims to become the world's most sustainable major retailer by 2015, and has announced that it is ahead of schedule for meeting the targets of the program. M&S believes that this program creates value in three ways: cost savings, staff motivation, and brand differentiation. This year, the company continued to build recognition for the brand through celebrity endorsements. Adding to its positive 2011, M&S was awarded the prize of U.K.'s top family brand by ad agency Isobel and YouGov.

03

Boots

2,852 $m ▲ 15%

Boots performed well financially this year despite the economic climate. A mixture of positive financial performance as well as continuous development of its products and services offerings boosted its score. In particular, the brand's internal culture, which is committed to customer service, ranks high. This dedication is reflected through its employee development programs aimed at ensuring that they have the best people supporting and developing the customer offer and weekly surveys to verify consumers' needs are being met. This constant innovation has enabled the brand to maintain a high level of relevance with consumers. The company's continual development of boots.com has also positively impacted the brand, with its "Order online and collect in store" feature now available in nearly all 2,500 Boots stores across the U.K.

04

Asda

1,576 $m ▲ 13%

Asda's "everyday low prices" tagline has allowed Asda to stand apart from competitors in terms of price and helped accelerate growth. This has been bolstered by the "Asda guarantee" which says "if we're not 10 percent cheaper on your comparable grocery shopping we'll give you the difference." The same message is reinforced digitally through its app. Asda has also made an effort to offer consumers a consistent brand experience and in 2011 was involved with one of the biggest conversion programs in retail history — the transformation of the Netto chain of stores into new local Asda Supermarkets. Other initiatives that had a positive impact on its business include its "Chosen By You" product range, where every product is tried, tested, and approved by the shoppers before it is allowed to reach Asda's shelves.

Marks & Spencer is ahead of its schedule to become the world's most sustainable major retailer by 2015.

05

Next

1,319 $m 0%

Next, which continues to offer affordable clothing and home goods, is Europe's biggest fashion e-tailer. Its global online presence through Next Direct is at the forefront of home shopping and the Next brand stays relevant through its use of digital communications. The brand has a very interactive Facebook page and a proliferation of content on YouTube, including fashion shoots and instructional videos on beauty and makeup. However, engaging with consumers via multichannel platforms has become standard for retail brands and Next does not clearly stand out from other affordable fashion providers such as Zara and Topshop who both have unique identities. Consumers do not yet have a clear understanding of what the brand stands for and Next would do well to focus on this in the future.

06

Sainsbury's

976 $m ▲15%

Sainsbury's continues to hold its position in between more up-market supermarkets such as M&S and Waitrose, and more price-focused retailers like Tesco and Asda. Customers expect Sainsbury's to trade responsibly and ethically without compromising on quality or value, and this remains at the heart of everything it does. There has been a great response to this offering with customer numbers hitting an all-time high of 21 million transactions a week during the year. An overhaul of its marketing tagline to the more relevant "live well for less" allows consumers to see value without losing the quality perception of the brand. However, the loss of the company's marketing and brand chiefs at the close of 2011 along with the departure of Jamie Oliver, its signature brand ambassador, leaves an air of uncertainty about the brand's future.

07

Argos

876 $m ▼-4%

Argos expanded on its already successful multichannel offering in 2011 with the launch of a new home shopping channel, Argos TV, on the Sky digital TV platform, which can also be viewed online. The brand, which is well known for its message of value, choice and convenience, continued to reiterate this throughout its communications this year. Argos has maintained its commitment to being highly price competitive through the use of weekly price comparisons on around 10,000 products and its Argos Value and WOW lines. However, Argos' financial performance declined in 2011 despite positive initiatives, in part due to a drop in disposable income. It reports a "significant decline" in consumer electronic purchases and other "big-ticket" items. This, paired with increased competition from online retailers such as Amazon.com, has challenged the retailer.

08

Morrisons

438 $m ▲2%

Morrisons is the U.K.'s fourth largest food retailer by sales and currently holds 11.8 percent of the grocery market, according to the latest Kantar figures. The brand is taking steps to be more responsive to market changes and consumer needs, with a focus on building online channels, where it lags in comparison to competitors as it does not run an e-commerce site. As part of this strategy, Morrisons bought a stake in U.S. online fresh food company FreshDirect to help boost its online capabilities. This year, Morrisons also committed to investing €3.6 billion in its stores and private label ranges. As part of this, the brand developed a new format of stores, M-locals, a convenience store focused on fresh food.

09

Waitrose

382 $m ▲13%

Waitrose continues to weave its focus on quality, freshness, and high standards of customer service into everything it does. As part of the John Lewis Partnership, it enjoys a unique business model, in which everyone who works for the Partnership also owns the company. As a result, Partners are active co-owners in the business, which means they have a share in the profits and have a real say in determining its future. In 2011, Waitrose saw an almost 10 percent sales growth, in large part due to its focus on attracting more new customers through investing in value, innovative top-tier ranges, new spaces, and new formats. The brand's success is clearly shown, earning several important awards and receiving top honors in the 2011 "Which?" Annual supermarket satisfaction survey.

10

Debenhams

288 $m ▲1%

The company's "Designers and Debenhams'" offering, which showcases designer clothes at affordable prices, continues to strengthen its performance. Debenhams has also focused on improving its digital experience, including an extension of the brand's beauty club offering, which incorporated an app version. It continues to be one of the first brands to use Facebook credits outside of a gaming context to reward consumer engagement. Other multichannel investments have included an augmented reality app allowing consumers to visit a virtual pop-up store and Debenhams Extra kiosks enabling customers to self-serve in store. Both investments provided customers with new ways to find and buy products. However, more steps may need to be taken in order for Debenhams to be seen as truly differentiated from its rivals.

The Most Valuable French Retail Brands 2012

by Bertrand Chovet

Good Retail is Good Detail

Steve Jobs' first three words when he hired Ron Johnson, SVP Retail Operations, were "Retailing is hard." But Johnson must have done something right because according to mid-2011 sales figures, with 20 percent of total retail sales growth, Apple became the fastest-growing retailer in the U.S.

While it is likely that some of this growth has to do with a strong product and service proposition, it is also tangible proof of the importance of an organization's dedication to detail. Just one example is Apple's focus on building absolute storefront symmetry: the square stone floor tiles are the master element that sets the position of other material, sidewalk panels are created with contraction lines to align with floor tiles and window panes to create symmetry, leading shoppers to enter the experience without realizing why the store is so attractive. While the brand doesn't meet the criteria for inclusion in this report — a brand must generate at least 50 percent of its sales through branded retail locations — it is a company that many retailers aspire to emulate.

World-changing retail is attitude

Good retail is anchored in careful attention to detail, exceptional layout, and understanding your store. Comprehending your clients' needs and behaviors has enabled many leading brands to create a retail experience that is at the forefront of building customer loyalty. Equally important is the creation of an environment where an employee is passionate and motivated.

L'Occitane is a great example of detailed retail design. It manages to exceed the expectations of shoppers by having a long-term vision of what a client expects and desires. Over 30 percent of the product range continues to be refreshed and customers have come to expect fresh and exciting offers from the brand. In terms of the service experience, L'Occitane generally places the cash desk towards the rear of the store. This creates a service orientated practice that enables a sales advisor to offer time-consuming advice on the skin care product range. Additionally, the wall space is designed with individual vertical wall shelving units that encourage the customer to look up and down instead of along the shelf. This maximizes the "hot zone" product area, where the client finds L'Occitane's star products and family product ranges. Other small details include perfume that is discreetly used to create an enjoyable experience without overpowering customers, and lighting that creates a warm and welcoming ambience.

Combining the science and art of analytics and creativity

An important question to ask when integrating creativity and analytics is what your retail brand stands for. Even more, what does the retail brand have to deliver to change its shopper base? Pressure on margins, price wars and the race to lower price are a vicious circle. Offering less for less can become a dead-end.

This is why it is pivotal to build a combined approach between analytics and creativity. We all know that it is more difficult to win a new client than to nurture the existing base. A focus on what is unique about the proposition drives long-term loyalty. For example, Carrefour City has perfectly answered the growing expectations for urban convenient supermarkets. As a result, these stores have seen an average growth of more than 29 percent versus the previous Shop format. Meanwhile, in contrast, Carrefour Planet's proposition wasn't clear and it didn't succeed in reinventing the challenged hypermarket model.

The devil is in the detail and it's what counts most

Retail is challenging. The best retail brands are the ones with a brand strategy that directly follows the business strategy. The retail brand is then at the core to address market opportunities, customer behavior, product and service innovations, sustainability issues, and process and organization improvements. It is about customer-centricity and agility. Take Sephora: its brand proposition is inarguably unique. As a result, it is unbeatable and insulated from market changes in the long-term.

Taking a cue from Sephora, it is all about the execution. It is about understanding the consumer and providing a long lasting design that instills trust in the brand and ensures that a retail space becomes a destination — not just a stopping off point.

01	Carrefour	11,076 \$m
02	Auchan	3,155 \$m
03	Leroy Merlin	1,930 \$m
04	Sephora	1,549 \$m
05	L'Occitane	1,475 \$m
06	Conforama	1,087 \$m
07	Decathlon	908 \$m
08	Darty	892 \$m
09	Fnac	523 \$m
10	Casino	467 \$m

01

Carrefour
11,076 $m ▼-17%

The biggest French retailer, Carrefour, has been in the process of revamping its hypermarket model and in 2010 it unveiled Carrefour Planet. Contrary to high expectations, this costly project has resulted in retail malaise with a profit warning. Due to the economic crisis, unorganized structure and stock shortage of Carrefour Planet, the concept has been put on hold. What's more, internationally Carrefour had a lagging performance in emerging countries. A large battle between Carrefour and Casino led the giant to lose ground in Brazil which was a global strategy priority market. The company's negative press again illustrated an inability to create brand consistency and presence. Given the pressure on price, bad image, lack of vision and negative internal commitment, Carrefour has a negative projected outlook on the brand value.

02

Auchan
3,155 $m ▲10%

Auchan, which recently celebrated its 50th anniversary, saw an increase in brand value this year, despite some margin pressures. To cater to customers' growing demands for convenient shopping, the group better developed its drive-through shopping offers Chronodrive and Auchan Drive and also launched an urban hypermarket in France under the Auchan City banner. Still, despite experiments with new formats, Auchan's focus continues to be hypermarkets. This year, it performed especially well in emerging markets, which offset difficulties in Western Europe. It has also proven adept at adapting the hypermarket format to different markets. For example, in response to consumer's perceptions that cheap products mean low quality or counterfeit products, it moved away from hard discount in China.

03

Leroy Merlin
1,930 $m ▲22%

Leroy Merlin is a DIY specialist in France that caters to both the private and residential market. This year, it aimed to strengthen online sales by partnering with Cameleon Software. The enhancements helped customers perfect their projects, while understanding their budgets at the same time. In an effort to meet female shoppers' tastes, it also reclassified its product categories according to different sensory attributes. Equally important, this brand has a large selection of tutorials that can be shared in the online community and in the store, ultimately helping to increase customers' loyalty and interaction with the brand. Additionally, Leroy Merlin was ranked as the "2011 Best Workplace in France" thanks to a culture of employee engagement. The brand continues to expand in Brazil, China, Spain, Greece, Italy, Poland, Portugal, Russia, and this year, the Ukraine.

04

Sephora
1,549 $m ▲18%

Sephora is known for its unique retail concept, which is rooted in its three characteristics: distinctive store design, helpful advice from sales specialists, and a broad range of product categories and innovative products. This year, Sephora performed well, even in a down market. The brand's private label and new exclusive brands have seen great success in stores. Additionally, a strengthened digital and social media strategy has helped increase its presence and loyalty among customers. Equally important, Sephora was called out as having the best customer service in France in 2011 in its category. Internationally too, Sephora finds innovative ways of growing its awareness in new markets. Nevertheless, it needs to make more efforts to support its brand heritage as it moves into 2012.

05

L'Occitane
1,475 $m ▲10%

L'Occitane significantly strengthened its online presence this year, as demonstrated by the increase in its e-commerce sales — especially commendable given the tough economic climate. Customers love the brand for its wide range of constantly renewed products. What's more, its strong presence of physical stores and special attention to interior design has resulted in customers associating the brand with French Provence and Mediterranean culture. Although sales in Europe continued to be challenged, there was tangible and sustainable growth in the U.S. and in emerging markets, such as Asia. The future looks good for L'Occitane, on account of its remarkable performance this year and the authenticity of the brand positioning.

06

Conforama
1,087 $m ▼-1%

PPR officially announced the sale of Conforama to Steinhoff in early 2011. The South African group has an ambition to make Conforama the #2 leading international furniture and electronics retailer. Conforama took over some of the shops of its competitors and expanded its sales channels. Equally important, this brand tried to improve the efficiency of its supply chain and continued to develop Confo Déco to target younger customers. The retailer's objective is to reinforce the image of discount and proximity through new intensive communication campaigns. This year, Conforama also made efforts in social media to rebuild a positive image.

07

Decathlon

908 $m ▲13%

Decathlon, which just launched its first shop in Slovakia, continues to build on its reputation for innovative products and excellent customer service. The retailer develops 3,500 new products every year and holds the highest budget for R&D out of all the French retailers on our ranking. This year, the group presented new sports products on its Decathlon campus and had direct feedback from customers. Furthermore, Decathlon is devoted to creating a fans community and sports culture through social media and the creation of Twin Village in Lille. Additionally, its work to organize sports activities for the young helps to promote brand awareness and customer loyalty. And yet, the brand could focus even more on its brand in the year ahead.

08

Darty

892 $m ▲1%

Darty has a strong online presence. Its website has a clear and modern layout and offers free delivery. This, combined with a strong presence of physical stores, backed with its high quality after-sales service, is a winning formula for people who are willing to pay a premium. This year the group confirmed and reinforced its multichannel sales strategy. Darty also updated its brand identity, adopting a new slogan that emphasizes its innovation. The brand's image was further refreshed with a new uniform (jeans and a red polo), packaging, and truck panel. Although the market has been challenging, Darty succeeded in increasing market share, its e-commerce business, and its margin.

Sephora's strengthened digital and social media strategy has helped increase its presence and customer loyalty.

09

Fnac

523 $m ▼-10%

Deteriorating sales and a tough economic situation prompted Fnac to unveil a new five-year strategy with an ambition to regain its position in France and abroad. With its new brand mantra "100 percent clients, 100 percent presence," it will open more stores in the suburbs and develop small local shops in medium-sized communities. New products and initiatives associated with the new brand positioning include "Kindle killer" Kobo, a space for children in its shops, a partnership with SFR, and complimentary equipment installation for clients. At the same time, it appears to have slowed international development. This year, it saw its brand value drop due to increased competition in high tech, price pressure from e-commerce brands, inventory and promotional management issues, and lack of a multichannel approach for its full product range.

10

Casino

467 $m ▼-5%

Casino has a range of store formats that emphasize convenience and discounted price, but efforts to offer a modern shopping experience that focuses not only on price or quality but also on the extra services in city centers has helped differentiate it from its competitors. Services it has focused on include free Wi-Fi and free online pick up in brick and mortar stores. Additionally this year, Casino and SAP partnered to build a mobile shopping platform. Its 2011 Heritage Days was also positively received, with more than 5,000 people visiting the headquarters of the Casino Group to view the exhibition "Casino, 110 years of innovation — the story of a brand," created to commemorate the brand's anniversary. And yet, even with these strong performance indicators the brand needs to reinforce its social media strategy.

From Selling Products to Selling Experiences

by Nadine Hohlfeld

Customer expectations no longer have to be fulfilled — they must be exceeded. Shoppers no longer look exclusively for the lowest price, the greatest offer, or the best accessibility. They are looking for unique and inspiring shopping experiences now, which satisfy customer needs and differentiate retailers from their competitors.

The German retail market is characterized by its high market concentration. Almost 40 percent of overall retail turnover is generated by the top five retail companies: Aldi, Metro, Edeka, Rewe, and the Schwarz Group. Considering that competition becomes tougher in an increasingly saturated market, retailers have to find new ways to win customers. More service, more information, and above all, more interaction and dialogue with the consumer are the orders of the day.

Innovations in addressing the customer journey and strategic use of new technologies and media play an important role in differentiating retailers from their competition. Retailers can gain a competitive edge by engaging customers in social media and involving them in the product development processes. Full-range retailers such as Rewe and Edeka, in particular, score high in this regard.

With innovative shop and payment concepts, a reinforcement of their sustainability and CSR activities, and a judicious management of their product and service portfolios, they are able to significantly close the gap to discounters and react to a society more focused on convenience. Customers understand that they do not need to go to a discounter at the city outskirts anymore to get a good price and more value for their money.

A retailer's brand has become an increasingly important driver of customer demand in 2011 as well. Retailers in almost all industries have been investing incrementally in their brand. As of now, they not only sell well-known brands as part of their assortment, but have also expanded their private label strategy to see their brand integrated into more and more products. High investments in targeted, group-oriented communication and sponsoring activities also contribute to building the retail brand.

The main exception to this trend is the electronics industry. Due to an ongoing price war, the role of the retail brand in this sector has been decreasing. Consumers are increasingly blurring electronic retail brands when it comes to differentiation.

The investment in a relevant and consistent brand experience pays off in the long run, as customer satisfaction studies show. However, customer-centricity and brand engagement should not be just catchphrases, but an integral part of the retailers' corporate identity and brand management. Customers want to be seduced by attractive brands and service worlds that are inspiring and offer a clear benefit. "Let me entertain you!" has become a wide brand promise and every retailer has to interpret it individually to differentiate from the competition.

In any case, customer experience is no one-off action, but a continuous process. Once in motion, a targeted management of customer experiences can help retailers strengthen their brands and achieve long-term customer loyalty. Discounters, especially, should take this to heart, so not to lose further ground to their full-range competitors.

The Most Valuable German Retail Brands 2012

01
Aldi
3,152 $m

02
Edeka
1,433 $m

03
Lidl
1,414 $m

04
Media Markt
1,340 $m

05
Kaufland
538 $m

06
Rewe
439 $m

07
dm
409 $m

08
Schlecker
320 $m

09
OBI
278 $m

10
Netto
276 $m

01

Aldi

3,152 $m ▼-11%

While the chain is comprised of two separate groups, Aldi Nord and Aldi Süd, which operate independently from each other within specific market boundaries, the Aldi brand still enjoys awareness of 99 percent — the highest of all German retailers. Once again the company took first place in customer satisfaction studies for 2011. Aldi is also responding to the organic food trend by extending its product range. However, this year innovation has been fairly staid, with only one new concept store. Additionally, while competitors are increasing their social media engagement and involving customers through contests or raffles on Facebook, Aldi is not present in these spaces. Furthermore, Aldi has not announced plans to open an online store. While Aldi continues to have one of the highest brand strengths in the ranking, its main competitor, Lidl, was able to narrow the gap.

02

Edeka

1,433 $m ▲8%

In 2011, Edeka invested in its brand and, as a result, improved its performance. It is expanding its network with 200 stores opened or re-designed in 2011. The company also concentrates on quickly responding to demographic changes. For example, Edeka increased its engagement in corporate citizenship activities, installing a charging station for customers' e-cars and e-bikes in the carpark of one store. In support of its "We love food" slogan, the company offers a broad range of information about nutrition on its website. While Edeka ranks higher in terms of popularity and customer reach than its competitor Rewe, its social media engagement lags significantly in comparison. Still, in 2011 Edeka's ongoing investments in its brand, new shop and service offer launches, and partnership with companies such as Sparkasse helped boost its brand strength.

03

Lidl

1,414 $m ▲20%

Lidl gained slightly in brand value in 2011 and is catching up with competitor Aldi. The retailer continues to rank among the top 100 employers in Germany in the "Trendence Graduate Barometer." Additionally, it passed competitor Aldi Nord in customer satisfaction in the "Kundenmonitor" (customer monitor) ranking of discounters for the first time since it was evaluated in the study, though Aldi Süd still finishes in first place. Lidl was also named retailer of the year in the food sector by Q&A Research & Consultancy and received the best grades among all private labels by "Stiftung Warentest." Among those in its category, Lidl excels at engaging consumers through social media, organizing daily or weekly contests. Lidl's online store is also easily accessible and intuitive. In the year ahead, expect the rollout of new concepts, including store layouts and media strategies.

04

Media Markt

1,340 $m ■0%

Despite reducing its advertising expenditures in early 2011, Media Markt came back strong with a new campaign in the third quarter of the year and continues to have the highest expenditures of all retailers. The chain has a vast geographical spread with more than 615 stores in total around the world. This year, it further expanded its network, opening additional stores in China. Media Markt also announced plans to launch an online shop in January 2012, which will include the reorganization of its entire pricing system. The vending machines it introduced in 2010 were a great success and Media Markt is considering expanding the concept. Media Markt's owner Metro Group is among the top employees in Germany.

05

Kaufland

538 $m ▲3%

Kaufland continues to win customers with its broad range of products and high-quality service. The company has the largest assortment of products, with a range of 30,000-60,000. The chain garnered several awards in 2011, including best food retailer by DISQ; and YouGov rated Kaufland as one of the most popular food brands. This year, Kaufland expanded stores geographically, took a more proactive social media strategy, and continued to focus on the integration and re-branding of its Handelshof stores. The company wins high marks with employees as well. However, there remains a gap between Kaufland's performance and its brand perception: Kaufland could communicate its positive efforts and results even more to the public.

06

Rewe

439 $m ▲12%

Rewe continues to rank high in terms of trust and popularity. This year, the company focused on stretching its store portfolio, opening a new convenience store geared to the city center of Cologne, named "Rewe to go." Rewe also opened an online shop and is testing delivery service in Frankfurt. The company remains focused on corporate citizenship and hired former German foreign minister Joschka Fischer as a sustainability consultant this year. The brand continues to engage in sports sponsorships, including football club 1.FC Köln of the German top league and the German women's national football team. Although Rewe was involved in a hacking scandal in 2011, the company's appropriate response to the incident mitigated the damage to the brand.

With an increased focus on corporate citizenship, Edeka is experimenting with charging stations for e-cars and e-bikes.

07

dm

409 $m ▲14%

dm is Germany's fastest growing drugstore chain. It runs 2,500 stores throughout Europe, with more than 1,250 in Germany. In 2011, dm's revenue reached above €6 billion, which proves that it is gaining ground on market leader Schlecker. dm is also popular with customers; it is rated number one in customer satisfaction in the "Kundenmonitor" drugstore ranking. dm's commitment to initiatives in areas such as environment and social issues has also helped improve its reputation among customers. The company's efforts to engage through social media have resulted in 450,000 Facebook followers and dm has followed in this success by creating a separate Facebook account for its popular private label Alverde.

08

Schlecker

320 $m ▼-17%

Awareness of the German drugstore brand remains very high (96 percent), but halts to its expansion strategy and problematic employee management rumors made 2011 a difficult year. A significant number of stores were closed down and news spread about payment difficulties. Despite Schlecker being committed to improving its image and focusing on upgrading existing stores (with the "Fit for Future" program), in terms of brand experience the brand still lags behind its competitors. Even though Meike and Lars Schlecker overtook management and have made efforts to improve the overall brand strategy, the retail brand remains affected by negative buzz, about external communication practices and internal employer behavior. Overall, in 2011 the brand lost further ground to it's competitors.*

09

OBI

278 $m ▼-1%

In the year following the 40th anniversary of the company, OBI continued to invest significantly in its brand. Extensive advertising and engagement, involving mainly TV and the web, has improved customer recognition, with a current awareness of 97 percent in Germany. OBI continues to lead the German do-it-yourself construction and hobby stores category and is increasing its market share. OBI's clear goal in the year ahead is to gain market leadership in all of its 13 markets. OBI also aims to further expand its network, with an eye on Central and Eastern Europe.

10

Netto

276 $m ▼-9%

In 2010, Netto's integration of its Plus stores benefitted the brand. Unfortunately, despite increases in its store network, it did not see the same success in 2011. Additionally, the company continued to be plagued by news of bad employee management. However, it made efforts to improve its image, including a new arrangement with a lawyer as an independent point of contact for employees — though the move's success is yet to be seen. Additionally, the company continues to miss out on the opportunity to regain customer trust and improve its reputation via social media.

*The brand value was calculated using available information up to December 31, 2011. After this date, Schlecker announced their filing for insolvency, which is likely to affect its valuation from this point forward.

Success in the Midst of Economic Instability

by Bosco Torres

Despite the economic crisis Spain currently faces, its retail brands have benefitted from the trend toward greater consumption of goods and services, as demonstrated by the 2 percent decrease in the savings rate of the average Spanish family in 2011, in comparison to 2010.

And yet, despite these increases in consumption, retail brands are investing more moderately in communications and advertising. Overall, investments in traditional media have decreased, with the unique exception being greater emphasis placed by fashion retail brands on advertising spend — 11.3 percent higher than their spend last year, with a focus on digital. This is likely due to the dramatic online retail increases seen in the Spanish market in 2011. During the Christmas holiday season, for example, online retail increased by 20 percent, a trend likely fueled by initiatives such as free delivery for online purchases, discounted prices for web purchases, and exclusive previews on selected merchandise. Still, just as these promotions have boosted sales, they've also negatively impacted many retail brands' images for the long-term.

Beyond the online shopping trend, retail brands in the food and perishable category that communicated a clear quality/price value proposition (for example, Dia and Mercadona) are experiencing great success. Similarly, exclusive, luxury goods and premium retail have enjoyed a positive year. For example, consumer response to Abercrombie & Fitch, which recently launched in Spain, has been enthusiastic.

Despite economic instability, retail brands, both Spanish and foreign, have had an opportunity to succeed. In particular large retailers are poised to benefit from a new legal jurisdiction that allows retail establishments to open their doors for business, 24 hours a day, 7 days a week. And yet, while the new law is good for big businesses, smaller establishments may have trouble competing under such conditions.

In any event, the Spanish brands that excelled in 2011 have three strategies in common:

1. A firm commitment to internationalization

Inditex Group brands (Zara, Bershka, and Massimo Dutti take the lead here), and other major players such as Mango and Desigual are making significant, unstoppable strides and growing beyond the Spanish market.

2. Effective management of brand image

Mango leveraged its brand image to guarantee a distinct and differentiated customer experience in key future markets such as China. Similarly, DIA's serious commitment to re-branding in the promising French market is a clear example of opportune strategic brand management.

3. The creation and deployment of customer-relevant innovations

Zara is an example of a Spanish retail brand that excels at meeting and anticipating customer needs. It continually adapts and delivers on the demands of customers in specific markets. Though it never compromises its unwavering standards of efficiency in terms of costs, timing, and distribution, it always fulfills the demands of local customers.

The Most Valuable Spanish Retail Brands 2012

01
Zara
8,065 $m

02
El Corte Inglés
1,827 $m

03
Mango
1,199 $m

04
Bershka
873 $m

05
Mercadona
844 $m

Zara continues to expand and manage its online presence and now boasts more than 11 million Facebook fans.

01

Zara

8,065 $m ▲8%

Zara continues to bring excitement and constant freshness to fashion on the high street. This year, it showed a characteristic rally of expansion, increasing sales through a clear, consistent, and differentiated value proposition. Currently, Zara has 1,600 stores in 77 countries. It continues to leverage its logistics system to complete stock rotation every 15 days. In 2011, Zara proceeded with its successful entry into the digital world. It continues to expand and manage its online presence with more than 11 million Facebook fans. In 2011 the brand faced a double challenge: expanding online sales in key international markets like the U.S. in the face of H&M's online arrival scheduled for 2012, and strengthening its presence in Asia, North America, and in Australia and South Africa, where the brand arrived last year.

02

El Corte Inglés

1,827 $m ▼-23%

Despite more than 70 years of history and a status as an iconic brand in its home market, El Corte Inglés has had trouble recapturing its past reputation. Its financial results have been marred by Spain's economic crisis and its burdensome structure of expenditures, including managing more than 75 stores across Spain, a high investment in television advertising, and a brand strategy that has not yet captured a well-defined brand image in the contemporary market. Most importantly: it doesn't connect with a new generation of consumers, who are more style and trend-sensitive. The company needs a more proactive brand-building strategy, especially in terms of leadership and relevant innovations for the customer. However, its recent focus on the online space and targeting of the important premium shopper should position it better in the future.

03

Mango

1,199 $m ▲12%

Mango continues to create value through a strong brand personality, supported by celebrities such as Scarlett Johansson and Kate Moss. A new, more sober and elegant logo is a cue of the brand's growing maturity and understanding of its specific customer targets. Mango has focused on greater internationalization over the past two years, with a special concentration on countries like Russia and China. Mango intends for China to be one of its main markets in the next five years, with more than 3,000 shops. Mango is also increasing its presence in the U.S., thanks to an agreement with JCPenney. In terms of e-tail, Mango has distinguished itself in recent years pioneering in the exploration of online sales channels. It excels at communicating with its audience via social media and boasts more than two million followers on Facebook.

04

Bershka

873 $m NEW

This brand of the Inditex Group enters the ranking of Most Valuable Spanish Retail Brands due to spectacular growth in recent years. Its profile may be less notable than other brands of the Inditex Group, but its revenue represents more than 10 percent of total Inditex earnings. Its expansion continues in countries like China and Japan — where it is one of only two Spanish brands with a presence (the other is Zara). Bershka taps the fashion market with a clear and distinctive proposition that connects with its target audience: girls between 14 and 20 who are looking for a trendy, urban fashion that helps them feel part of a larger social group. Bershka has built on this emotional connection to the brand. Its stores are characterized by their music, the design, use of color, and sense of fashion.

05

Mercadona

844 $m ▲ 22%

Mercadona continues to demonstrate what its president, Juan Roig, never tires of saying: "In times of crisis, consumption behavior must adapt to new situations and must promote significant savings." Mercadona increased its brand value because it fulfills its brand promise in a tangible manner, not only to its customers, but also suppliers and employees. Its success demonstrates that its messages of "always low prices" and "total quality" are both relevant and attractive to higher-income targets as much as lower-income targets. Indeed, customers, regardless of class, are willing to purchase Mercadona's private label products without hesitation. The brand is Spain's most mentioned, recommended, and preferred. It has a presence in 4.3 million households and attains an estimated 23 percent share of the domestic market.

The Importance of Value

Contributors
Asia: Stuart Green
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Asia

Asian retailers faced a daunting 2011, and the forecast for 2012 is just as uncertain.

Inflation and higher costs of living are putting pressure on retailers to offer more value, either in the form of lower prices or improved customer experiences. Natural disasters in Japan and Australia have only served to extend the impact of the global economic crisis. In countries like China, Japan and Australia, strong local currencies are encouraging Asian consumers to look overseas for value opportunities, particularly when it comes to luxury goods.

As a result, Asian shoppers are becoming increasingly savvy. While price is important, value has become the real driver. Quality, choice, personalization, after-sales service, and customer experience increasingly matter as retailers look to differentiate themselves from aggressive competition.

Meanwhile, though international retailers continue to see the enormous potential of consumers in developing economies like China and India who are enjoying greater personal wealth (and are eager to show it), this is only one part of the story. The income gap between urban and rural areas is also widening and retail environments are becoming increasingly fragmented. Additionally, the growing popularity of e-commerce means that devising a winning retail strategy has grown enormously complex for retailers.

Generally, Asian retail brands remain behind their Western peers. In fact, there is no truly Asian retailer yet. Rather, the strongest brands are market-specific and only a handful are beginning to stretch beyond their home borders. After all, being a global brand means participating in a global marketplace. For now, this is still a dream for most Asian retailers.

Australia:

2011 was a year many Australian retailers would rather forget. Whatever could go wrong, did. Increased living costs, new taxes, global economic uncertainty, not to mention the natural disasters that set the backdrop for some of the most challenging conditions Australian retailers have ever seen. The strong Australian dollar pushed increased amounts of consumer spending offshore to attractive, foreign online retailers, which only aggravated the situation. Meanwhile, consumer sentiment experienced its longest sustained decline since the global financial crisis.

However, despite these trying conditions, Australia retains four of the top five retail brands in the Asia Pacific region for 2011. The sustainability and strength of these retailers is a testament to their continued commitment and investment in their brands — in other words, a constant effort to allow consumers to shop when they want and, crucially, how they want.

China:

2011 proved to be an exciting year for retail brands in China. Driven by favorable government policies, domestic consumption grew and is expected to continue growing in 2012.

Apparel retailers benefited from this and 2011 saw global brands taking off. Uniqlo, Zara, and H&M not only performed well in their core markets (Shanghai, Beijing and Guangzhou), but also expanded rapidly in second and third-tier cities. Chinese shoppers, like shoppers the world over, have whole-heartedly embraced fast fashion. This places pressure on local apparel brands such as Meters/bowne, which tried to capitalize on this trend with a sub-brand, Me & City, with limited success.

Home appliance and electronics retailers also benefited from the consumption expansion. Sunning, the local appliance and electronics retail giant, continues to gain momentum and is expanding rapidly nationwide. Meanwhile, Best Buy suffered a setback. It finally ended its attempt to duplicate the U.S. model in China, closing its stores in Shanghai. It is believed that Best Buy will return to the market with a new business model tailored to China.

Korea:

In 2011, the pricing structure of major Korean large-scale discount store brands such as E-mart and Lotte Mart was negatively impacted by rising costs of raw materials and abnormal weather. Korean discount stores also shifted their strategy in 2011. Rather than trying to increase their sales by expanding their supermarket business and launching private label brand products — which brought much public scrutiny for its threat to small independent retailers — discount stores jumped into product categories dominated by major global corporations, such as TVs and coffee beans.

In the apparel industry, foreign brands such as Uniqlo and H&M have been vigorously expanding their business in the Korean market. Instead of opening stores in conventional retailers, such as department stores, these brands are opening independent stores where the brand experience can be better controlled. This, in turn, has invigorated the overall retail market.
In the digital space, the Korean retail market has seen explosive growth in social commerce. Along with Groupon, which launched in Korea in early 2011, four major social commerce brands are contributing to the skyrocketing market growth by attracting a young generation of tech-savvy consumers. Total sales are expected to be roughly US $1 billion this year — 20 times larger than the previous year.

Southeast Asia:

Consumers in Southeast Asia — particularly Singapore, Malaysia, and Hong Kong — have grown more discerning about their choices. A growing, influential middle class population with access to better information sources and education is making more informed choices, be it environmentally friendly ones, or brand conscious ones.

Foreign brands are still preferred over local options, and garner the most attention. They offer a consistent and convenient brand experience through their retail storefronts, which appeals to consumers. Many international labels are taking advantage of the market climate, making their presence felt in Southeast Asia. For example, H&M and Abercrombie & Fitch have recently set up their flagship stores in Singapore. Similarly, Aéropostale plans to open about 25 stores in Singapore, Malaysia, and Indonesia over the next five years. Many international luxury brands also view these major markets as huge growth opportunities.

The retail environment is generally very diverse: upscale luxury stores, mega malls, local wet markets, small family-owned local stores, and online shopping. In Southeast Asia, online retailers continue to see growth rates increase, especially in developing markets such as Vietnam. Smaller, independent retailers are also using social media channels to spread the word about their brands in an effort to increase their customer bases, with many small retail start-ups going first to Facebook to create an online presence, rather than setting up a conventional website.

Continued

Uniqlo partnered with Condé Nast Japan to create t-shirts featuring messages of encouragement from artists like Karl Lagerfeld, Blake Lively, and Nicole Kidman. Proceeds benefit "Save Japan."

Japan:

2011 was overshadowed by the tragic events surrounding March's tsunami. Looking beyond the terrible human cost, the triple disaster had a global financial impact, disrupting supply chains and company earnings. In terms of retail, the short-term negative impact the disaster had on global luxury brands such as Coach and Tiffany & Co., which see nearly 20 percent of their sales from the country, made one thing clear: despite over a decade of deflation, Japan remains a major luxury market.

Domestically, the events highlighted the incredible infrastructure that modern retailers operate and their critical role in local communities. Convenience store chains such as Lawson were fast to react to events — perhaps faster than the government — utilizing their supply chains to provide basic necessities to those in need, and later developing mobile stores capable of reaching areas where people had difficulty traveling to stores.

Meanwhile as the Japanese entrants on this year's list show, those brands that offer exceptional value propositions continue to win in a depressed market. That the top three Japanese brands on the list are all effectively private labels shows how much the retail world has changed and suggests an interesting juxtaposition as consumers accommodate both high luxury and private brands into their repertoire. With talks of potential hikes in consumption tax on the horizon, the market for retail continues to look unforgiving. However, at the same time, lean world-class operations like Uniqlo have emerged from this environment and there has also been a slow move towards consolidation in the fragmented grocery market.

Further disruption can only be expected as the internet continues to change shopper behavior. While physical retail in Japan may be fragmented, online retail is dominated by a few powerhouses, Amazon.com, Rakuten, and price comparison site Kakaku.com.

The Most Valuable Asia Pacific Retail Brands 2012

Rank	Brand	Value
01	Woolworths	4,203 $m
02	Uniqlo	2,949 $m
03	Harvey Norman	873 $m
04	Myer	599 $m
05	David Jones	562 $m
06	Suning	493 $m
07	Muji	355 $m
08	Belle	310 $m
09	Nitori	275 $m
10	Yamada Denki	265 $m
11	Esprit	258 $m
12	Ito Yokado	242 $m
13	Aeon	238 $m
14	ABC Mart	208 $m
15	Meters/bonwe	202 $m

Woolworths demonstrated responsiveness as it strayed from its traditional positioning to address aggressive competitive pricing activity.

01

Woolworths

4,203 $m ▲5%

Australia's largest supermarket chain has been ranked as Asia Pacific's Most Valuable Retail Brand two years in a row. With over 86 years of heritage in the supermarket category and locations in nearly every metropolitan and regional center across Australia, the brand is far more than a household name — it is a retail icon. Despite dour retail conditions in 2011, Woolworths continued to demonstrate resilience and longevity, even as it strayed from its traditional "Fresh Food People" positioning, and responded to aggressive competitive pricing activity. The brand is poised for continued strength in the future as it builds on the sustainability of its business model, strong supply chain relationships, expansion of its private label offer, and a greater emphasis on diversifying into a multichannel consumer experience.

02

Uniqlo

2,949 $m ▲13%

With recent high-profile store openings in New York, including a global flagship on Fifth Avenue, Uniqlo is raising the profile of simple, tasteful, and affordable fashion on the global stage. Tadashi Yanai, the CEO, is determined to build "a modern Japanese company that inspires the world to dress casual." The brand has strong international ambitions, with a target of 200 to 300 new stores a year. In its home market, it has announced plans for two massive flagship stores in Tokyo and experimented with pop-up stores in subway stations. Following the tragic events of March, the brand used its leadership position for good. Mr. Yanai personally donated ¥1 billion to the tsunami relief efforts. The company followed his lead with large donations and worked with "Save Japan" and ten internationally acclaimed artists on a line of charity t-shirts.

03

Harvey Norman

873 $m ▼-3%

After 20 years, Harvey Norman is still one of Australia's most recognized electronics and homeware retailers. The brand has countered a declining retail sector and the continued threat of online sales growth by focusing on its core competencies, including its franchise and property system, which has generated sustainable, long-term growth. In addition, Harvey Norman launched its e-commerce site and acquired several local franchises. However, to maintain its position as a leading brand destination, the retailer needs to develop a stronger, more unique brand positioning in 2012, while translating the equity of its physical presence further in the competitive online space.

04

Myer

599 $m ▲13%

As Australia's largest department store group, Myer has always strived to be "an international class retail business providing inspiration to everyone." The brand's key strength is the breadth and scope of its offer, which extends from home, electrical and everyday needs, to high-end fashion and style. The brand has become synonymous with accessibility, with its "Myer is My Store" promotions and communications. It also recently revamped its e-commerce platform to enhance its future growth potential (and survival), diversifying its offering online. Myer's ability to solidify its leading position will require continual investment in the Myer brand in 2012, together with continued expansion of its exclusive label lines and ongoing investment in its highly successful customer loyalty program.

05

David Jones

562 $m ▼-8%

With over 100 years of history, David Jones is one of Australia's oldest and most iconic retail brands. This year, however, the brand value slid behind key competitor Myer, despite the launch of a new campaign and tagline, and continued investment in the online retail space. Following the departure of its CEO in 2010, the company focused heavily on employee engagement, embarking on initiatives such as extended trading hours and better management training for its staff. It also re-shuffled its brand portfolio, which ultimately exposed a potential weakness in its in-store experience by noticeably obscuring and diluting the David Jones brand. In 2012, a renewed focus and investment in the master brand will be required to secure its position as a truly unique retail offering.

06

Suning

493 $m ▲1%

Suning remains the leading household appliance retail chain in China. This year, it focused on meeting consumer needs. Initiatives included the launch of the first training center in the industry to improve after-sales service in an effective and sustainable way, making good on its brand mission to "Bring happiness to your home." Suning also further strengthened its e-commerce platform with more sophisticated operations and the development of new apps for Apple users. Laox, a sub-brand acquired by Suning, will open its first store in China in the near future.

07

Muji

355 $m NEW

Muji, which literally means "no brand," began as a private-label brand within Japan's Seiyu supermarket chain in 1980. Since its humble beginnings, Muji has grown into a powerful brand in its own right and its goods are widely distributed throughout Japan's extensive convenience store network. The brand continues to expand far beyond its core to cover cafes, flower shops, campsites and housing although the bulk of the business remains retail. Recently, the company has also experimented with small format stores and beauty-focused stores. While its promise of high quality at a low-price matches the current economic climate, its original positioning 30 years ago is now the standard in Japan. As such, it faces stiff competition from younger rivals such as Uniqlo.

08

Belle

310 $m NEW

Belle has grown to be one of the largest women's footwear retailers in Mainland China. The retailer has seen success through its strategy to cover all market segments through a multi-brand architecture. Its portfolio includes several private label brands, each with its own distinctive brand image and personality. Meanwhile, 30 years of persistent expansion has paid off for Belle's retail channel, which has successfully penetrated rural areas and tier 4 cities. Belle also established its own e-commerce platform this year. The new sales channel has a clear positioning around quality and fashion, and has performed well to date. These factors taken together have built high awareness for the brand and positive perceptions among Chinese consumers, propelling the Belle brand forward.

09

Nitori

275 $m NEW

In 1972, Mr. Nitori returned from a trip to the U.S. determined to provide Japanese home furnishings consumers with a Western level of affluence and a range of coordinated interiors at an affordable price. Since then the company has seen years of continuous growth. The company tends to maintain internal control of planning, production, and logistics rather than outsourcing, allowing a focus on quality as well as price. As an importer, it is one Japanese company that actually benefits from the current yen strength. Prior to the re-arrival of IKEA in Japan, there were few competitors in the space, and with Nitori's dedication to delivering consumer value, the brand has continued to perform well despite global players entering the market.

10

Yamada Denki

265 $m ▲10%

As the leading electronics retailer in Japan, Yamada Denki has impacted the industry significantly. In a move that symbolizes both consumers' changing needs and the challenges facing domestic electronics manufacturers, the company recently announced plans to sell more foreign products. This will further open the Japanese market to makers like LG, Samsung, and Haier, and increase the pressure on rival retailers to follow suit. Meanwhile, based on experience gained in China, the company upgraded its e-commerce site to support live chats. The feature allows consumers to negotiate on price if they find the same product offered for a cheaper price on a competitor's site.

11

Esprit

258 $m NEW

A pioneer of the fashion industry, Esprit has lost its way in recent years as it struggled to compete with fast-fashion leaders like Zara and H&M. However, management is well-aware of the need for action, commenting in the fall of 2011 that the brand had gradually "lost its soul." The company is now focused on a brand revival, with significant investment planned for marketing and the retail experience, as well as plans to exit some European markets and sell off the U.S. business. However, while the brand enjoys strong familiarity in Germany and has plans to grow aggressively in China, the company has seen its share price plunge in 2011 and many challenges lie ahead.

12

Ito Yokado

242 $m ▲20%

As a member of Seven & I Holdings, Asia's largest retail group, Ito Yokado has considerable resources to draw on. The group's Seven Premium private label, which launched in 2007, now boasts over 1,000 SKUs and ¥380 billion in sales. The group has also been seeking synergy across its various point cards and its "nanaco" electronic money card, as well as running joint group promotions such as its recently announced Wi-Fi access available in limited group stores and restaurants. However, with multiple customer-facing brands in the market, there are still many opportunities to optimize the portfolio and build brand value.

Consumers can use the live chat feature on Yamada Denki's website to negotiate price if they find a better deal elsewhere.

13

Aeon

238 $m NEW

The Aeon Group claims roots that reach back to 1758 and as the second largest retail group in Asia, it has capabilities on par with many top retail brands. Aeon has consistently taken the lead in its sector, launching its Topvalu private brand in 2004 and acting quickly to respond to consumer fears of food contamination. In 2001, following a nationwide health scare, the group began labeling beef to allow traceability to individual cows. Following the 2011 disaster in Japan, the group announced radiation testing on produce, which earned praise from Greenpeace. While the company has been consolidating its businesses under the Aeon brand, there are still considerable opportunities to simplify the portfolio.

14

ABC Mart

208 $m NEW

ABC Mart, one of Japan's leading footwear retailers, has seen fast growth over the last decade expanding from 20 stores in 2000 to 574 stores in 2011. The brand has successfully adapted store formats to match regional differences and executes a data-driven approach to its sales strategy. Alongside national brands, the retailer offers private brands, and owns the open trademarks for VANS and Hawkins in Japan. Although the company performs well, it needs to better differentiate itself from competitors and expand on the story behind the brand to create a deeper emotional connection with consumers. Additionally, its presence remains limited overseas with stores in just Korea and Taiwan.

15

Meters/bonwe

202 $m ▼-50%

Fashion retailer Meters/bonwe earns a great deal of attention in China for its heavy investment in advertising, but it faces many challenges. With so many sub-brands, it is unclear if consumers understand what Meters/bonwe stands for. MTEE says "everyone loves MTEE," MJeans says "be you be cool," and yet another series is named "I am new made-in-China." With a lack of focus, the brand may not be connecting emotionally with consumers. Additionally, Me & City, its high-end sub-brand aimed at mature urbanites, is struggling to win hearts and minds largely because it cannot distinguish itself from Meters/bonwe's low-end image. And finally, the company foresees financial inefficiencies ahead as it aggressively expands store coverage and expects overstocking of inventories. Together, these are significant challenges for the brand in the near future.

Criteria for Inclusion

There are several criteria when valuing brands for the Best Retail Brands Rankings.

Using our database of retail brands, populated with critical information over the past several years of valuing retail brands specifically, and with over 30 years of consulting on retail brand experiences through Interbrand's retail arm, Interbrand Design Forum, we formed an initial consideration set of leading brands. All brands in the set were then subjected to the following criteria that narrowed the candidates:

1. There must be substantial publicly available financial data. If the company does not produce public data that enables us to identify the branded business, as is sometimes the case with privately held companies, it cannot be considered for the list.

2. Economic profit must be positive, showing a return above the operating costs, tax, and financing costs of capital requirements.

3. To be defined as a retailer, a brand must generate at least 50 percent of its revenues from sales through its branded retail stores and websites. For example, while Apple was considered, it failed to meet this requirement. In addition, we limit the list to those stores and e-commerce sites that sell goods. In order to focus on traditional retail, we have excluded restaurants, auto dealerships, service providers, and gas stations.

Methodology

Interbrand's method informs the ongoing management of the brand as a business asset.

This means that our method takes into account all of the many ways in which a brand touches and benefits its organization — from attracting and retaining talent to delivering on customer expectation. The final value can then be used to guide brand management, so businesses can make better, more informed decisions. There are three key aspects that contribute to the assessment: the financial performance of the branded products or services, the Role of Brand in the purchase decision process, and the Brand Strength.

Financial Performance

Financial performance measures an organization's overall financial return to its investors. For this reason, it is analyzed as economic profit, a concept akin to Economic Value Added (EVA). To determine economic profit, we remove taxes from net operating profit to get to net operating profit after tax (NOPAT). From NOPAT, a capital charge is subtracted to account for the capital used to generate the brand's revenues; this provides the economic profit for each analyzed year. For the purposes of the rankings, the capital charge rate is set by the industry weighted average cost of capital (WACC). Financial performance is analyzed for a three-year forecast and for a terminal value. The terminal value represents the brand's expected performance beyond the forecast period. The economic profit that is calculated is then multiplied against the Role of Brand to determine the branded earnings that contribute to the valuation total.

Role of Brand

Role of Brand measures the portion of the decision to purchase that is attributable to brand. Conceptually, Role of Brand reflects the portion of demand for a branded retailer that exceeds what the demand would be for the same offering if it were unbranded. It answers questions such as: "Are people shopping at Walgreens because the store is conveniently located or because of the brand?" The Role of Brand Index (RBI) quantifies this as a percentage that expresses to what extent choice is driven by the brand. 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 retail sales to determine the proportion of economic profit attributable to the brand and contributing to Brand Value.

Brand Strength

Brand Strength measures the ability of the brand to secure the delivery of expected future earnings. Brand Strength is scored on a 0 to 100 scale, where 100 is perfect, based on an evaluation across 10 dimensions of brand activation. Performance on these dimensions is judged relative to other brands in the industry, and in the case of exceptional brands, relative to other world-class brands. The Brand Strength inversely determines, through a proprietary formula, a brand-specific discount rate. That rate is used to discount branded earnings back to a present value based on the likelihood that the brand will be able to withstand challenges and deliver the expected earnings. (Read more about Interbrand's ten Brand Strength factors on pages 56-57.)

Operating Profits –
Taxes =

NOPAT –
Capital Charge =

Economic Profit

Economic Profit x
Role of Brand
Index =

Branded Earnings

Brand Earnings x
Brand-Specific
Discount Rate =

Brand Value

Brand Value Results:
The parts come together so that forecast financial performance projects economic profits that are multiplied by the Role of Brand to reveal branded earnings. These branded earnings are discounted back to a present value, based on the Brand Strength, and totaled to arrive at a Brand Value.

Brand Strength

A Look at Each Factor

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 competitive position. The stronger the brand's competitive position, the higher the probability that the brand will continue generating demand in the future. Overall, this is quite intuitive — brands with a strong competitive position are capable of reducing risk for the business.

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.

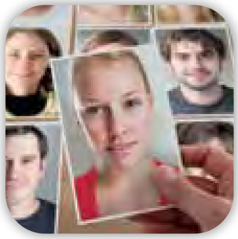
Responsiveness

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

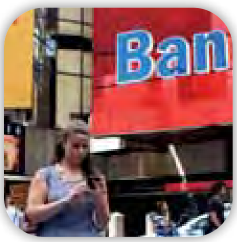
The fit with customer/consumer needs, desires, and decision criteria across all relevant demographics and geographies.

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).

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Interbrand Design Forum

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Top Risers

Amazon.com
▲ 32%
2012: 12,758 $m

Leroy Merlin
▲ 22%
2012: 1,930 $m

Mercadona
▲ 22%
2012: 844 $m

Ito Yokado
▲ 20%
2012: 242 $m

Lidl
▲ 20%
2012: 1,414 $m

Tractor Supply
▲ 18%
2012: 928 $m

Sephora
▲ 18%
2012: 1,549 $m