BEST RETAIL BRANDS 2011

Interbrand

Creating and managing brand value™

Interbrand

Interbrand began in 1974 when the world thought of brands as just another word for logo. We have changed the dialogue, defined the meaning of brand management, and continue to lead the debate on understanding brands as valuable business assets. We now have nearly 40 offices and are the world's largest brand consultancy. Our practice brings together a diverse range of insightful right- and left-brain thinkers making our business both rigorously analytical and highly creative. We create and manage brand value for clients by making the brand central to their strategic business goals.

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: brand strategy, shopper sciences, digital, retail design, 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.

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Signs of Recovery

In many ways, Interbrand's 2011 Best Retail Brands report — a survey of retail brands' performances in 2010 — can be read as a progress report on the gradual global economic recovery. While the already-immediate impact of Japan's tragic and devastating crises, the recent conflicts in the Middle East, and pressures from European debt, reveal just how fragile this climb back up is, our study shows true and measurable signs of optimism. The future may still present challenges, but consumer confidence has been returning, particularly in the U.S., where spending is up across categories. Indeed, just as the the U.S.'s retail market felt the impact of the recession most immediately in 2008, it is the first to feel the initial inklings of a turnaround — a good indicator that, even with new obstacles in front of us, the path to recovery is within reach.

In particular, the category of apparel is performing strongly, in large part due to aggressive internationalization. Spain may have been hit hard by the recession, but its retail stars, Zara and Mango, have fared unusually well due to expansion in Asia and the U.S. and a commitment to reinforcing their brands through digital touchpoints. Japanese brand UNIQLO has also continued to benefit from international expansion, particularly in Southeast Asia.

The other strong category performer is consumer electronics. Electronics stores comprise a number of new entrants on our lists (Conforama, Darty, Future Shop, Suning), while mainstays like FNAC and Best Buy continue to increase in value. Overall growth in this category underscores the ever-increasing role that technology plays in our everyday lives.

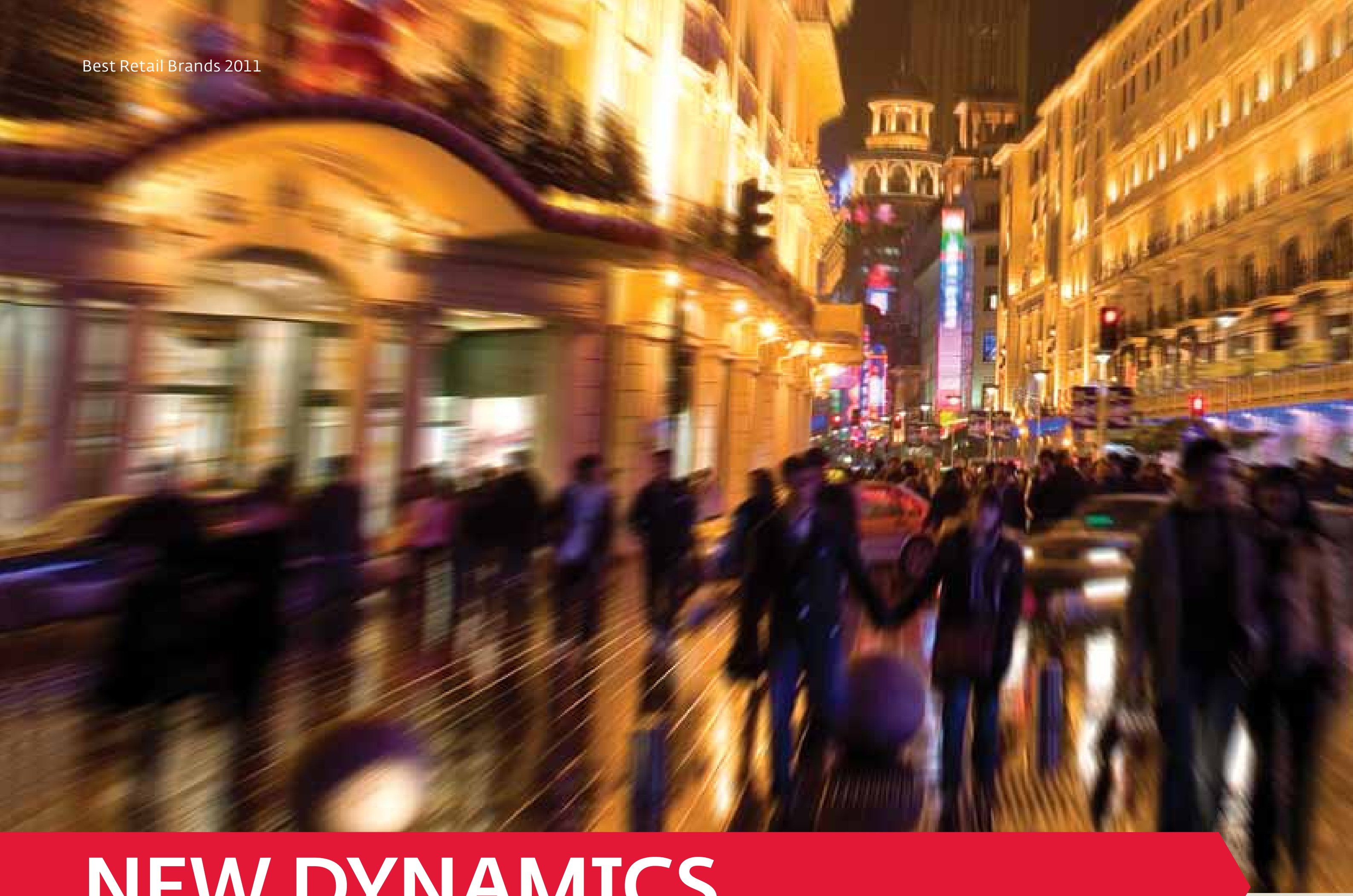
And yet, while apparel and electronics may be thriving, the category most challenged by the shifts in the marketplace this year were grocery retailers. Brands like Asda (part of the Walmart group) dropped significantly in brand value in the face of intense competition and failure to use thier brand to bring something new to the fray, something to sustain shoppers' positive perceptions of thier value. Meanwhile, the exceptions to the rule — Whole Foods, Woolworths, and Tesco — all saw significant increases in brand value in 2011, due to their ability to understand customers and reinvent what a grocery retailer can offer, expressing the brand idea through many small but meaningful actions that unlock value creation and lead to big impact.

As stated in our 2010 Best Global Brands Report in September, we are at a pivotal moment when it comes to commerce. The relationship between brands and customers is in a state of flux. For retailers, this means the pressure is on to find the best way to exercise their brands — whether it is global expansion, more engaging brand experiences, or more compelling use of digital touchpoints. The financial and behavioral cycles of yesterday are fading and brands can no longer rely on the same strategies that worked in the past. To truly connect with skeptical and savvier customers, retailers need to focus on crafting a true point of view. This means ensuring that each and every touchpoint — whether it is brick and mortar, digital, mobile, or internal — is infused and operating with the same unique brand story.

Sound challenging? That's because it is. But those retailers that get it right will find themselves unlocking new and exciting opportunities to connect with their customers.

Regards,

Jez Frampton
Global Chief Executive
Interbrand



NEW DYNAMICS

The future of the retail brand experience is multichannel, authentic, and global.

This year, three emerging trends are sending a clear message to retailers: the demand for a more seamless retail experience, the need for a more human touch in all interactions, and an increasingly global retail market. All three hinge on the remarkable growth and innovation happening in the digital world.

Digital and the demand for a seamless retail experience

While certainly not a new story, digital's continued rapid growth is forcing smart retailers to stay on their toes, constantly adapting their brand to new mediums, and exploring new opportunities for growth. Just some areas where we are beginning to see impressive innovation include: e-commerce, m-commerce, and social media.

While our report shows that certain regions have been slower to adopt these innovations, others are well in the lead, like the U.S. and Korea. However, what is evident is that, across the board, the use of these channels is growing. The shopping journey now begins online,

MAPPING THE SHOPPER JOURNEY

For many retailers, the immediacy and multiplicity of digital has turned the path to purchase into a seeming labyrinth. Untethered from TV, radio and newspapers, and floating in a cloud of always-on technology, brands are left wondering where to connect and how. With so many touchpoints at customers' fingertips, how can retailers decide where to invest time and money?

Before retailers invest in the increasingly crowded and complex landscape of digital, it's imperative they listen carefully to what their customers want. For brand-led companies, this means not just looking to digital tools, but how these tools unite with their overall foundational brand strategy. It also means using a digital approach steeped in analytics, so the retailer can build platforms that intercept shoppers at crucial points along the path to purchase, and guide their decision-making.

The channels that retailers use to reach customers may be changing, but the same time-tested rules of branding still apply: Listen to what customers want and deliver this clearly and simply through your brand.

where shoppers spend more than half their shopping time on research. Today's consumers prefer email receipts, airline kiosks, GPS systems, and e-books over paper. They are comfortable shopping anytime anywhere, and demand instant answers and , customized service, whether through live online chat or real-time, Twitter feedback. Perhaps most importantly of all, consumers want their retail experience to be as seamless as possible.

Unfortunately, most retailers have been slow to recognize and enable the inter-dependency of all channels. Many are struggling with the question of where to put capital investments to best accommodate the way shoppers want to shop. Should it be in the physical store environment? Or should all available resources be poured into technology to take advantage of the mobile channel with its high screen resolution, dynamic content, bar-code recognition and real-time, location-specific data?

Although it might seem that brick and mortar is in danger of devolving into a distribution center, forced to take second place to the seductive mobile channel, the opposite, in fact, is true. The store has a newly important role now that shopping has become decentralized. Indeed, the shop of the last century — a counter, a cash register, and merchandise on a shelf — is destined to become a quaint relic of the past. In its place will be an atmosphere infused by brand values, graphic design, interactive elements, unique architecture, and exciting, relevant merchandising. The brick and mortar store of the future will offer shoppers insight and perspective while conceding control to them. *(Read more about the store of the future at www.interbrand.com.)*

The shopping experience: retail must learn to become more human

Today's merchants are well aware they can't afford to be perceived as a simple box of stuff sold by promotions, price cuts, and coupons. Value is everywhere and the market is saturated with commodities. Consumers are shopping again, but in a different way. The dizzying choice between similar items offered through copycat promotions and like loyalty programs has diluted retail's options for competitive advantage.

The recent roller-coaster years of boom-and-bust recovery have caused people to stop and think about their consumption habits — not only in terms of smarter ways to spend and save, but also on a larger and more profound level. While we're certainly concerned about our material needs, we are more concerned about how we want to live and the effects of our choices on the planet.

In many cases, how we want to live directly affects how we want to shop. Although the recession slowed the trend, consumers continue to put emphasis on the brand experience, expecting that a favorite retail brand will act as a filter for their choices. This brings us to another decisive retail trend for 2011: consumers' increased demand for transparency and humanity from their corporate behemoths.

The trend toward large, pervasive, and impersonal retail spaces is beginning to reverse. As retailers become more aware

THE CALL FOR CORPORATE RESPONSIBILITY

While sustainability efforts may not immediately impact a retailer's bottom line, the long-term benefits for brands are huge. Here are just a few reasons why retailers need to work on crafting a corporate citizenship strategy that is aligned with their brand:

Corporate citizenship enhances brand loyalty
Interbrand's studies on corporate citizenship show that brand loyalty is enhanced by a company's ethical practices. Retailers should not underestimate the importance of this, as brand loyalty is becoming increasingly difficult to achieve in the current marketplace.

Corporate citizenship is becoming a table stake
Our research shows that in countries with more of a corporate citizenship legacy (Japan, Germany, and the U.K.), corporate citizenship levels off over time as a differentiating factor in decision-making and comes to function more as a table stake. This means that over time, as corporate citizenship practices become more common, the brands that don't begin charting and actively engaging in a corporate citizenship strategy are setting themselves up for failure in the future.

Corporate citizenship is necessary to draw a loyal workforce
Good corporate citizenship practices are a huge draw for an organization's future workforce, with 64 percent of Millenials reporting that employer corporate citizenship activities increase their loyalty, 90 percent of employees are more likely to choose an employer perceived as more socially responsible, and 50 percent of consumers viewing employee treatment as central to corporate citizenship. Statistics such as this suggest that a corporate citizenship strategy is necessary to retain a happy and fruitful retail workforce.

Regulations and resources
Regulatory pressures, a limit on resources, and cost concerns are all realities. Brands need to address these concerns now as these pressures will only increase over time.

As the above points demonstrate, there is no question that corporate citizenship efforts are necessary for long-term retail survival. Overall the question for retailers shouldn't be whether or not to engage in a corporate citizenship practice, but how to create the best corporate citizenship strategy for their brands. *(Read more on how to craft an engaging corporate citizenship strategy and top retailers' efforts on www.interbrand.com.*

of themselves as brands, they've made efforts to revamp their businesses to be more mission-driven and focused on customers' specific demands. For example, Carrefour strategically selects from its multiple store formats — Carrefour, Market, Express, City, and Contact — each designed to suit a different type of market and location. Similarly, Walmart struggles to make its store experience convey its emotive new slogan, "Save Money. Live Better."

More than ever, shopping is about how it makes you feel, and the shift in consumer expectations is compelling retailers to look at aspects of "who" as opposed to "what" they want to be. In today's retail landscape, brands with genuine character, definitive core values, and concern for community are likely to profit the most. The competition is now for share of life, as opposed to share of wallet.

Indeed, around the world, stores already have more emotion, creativity, and community, or are at least trying. Some examples include:

Mango (Spain), connects with an international shopper base through its blog and the highly engaging "What Should I Wear by Mango" video mini-series campaign. This creative approach supports its plan to continue to expand globally to offset soft domestic sales.

Woolworths (Australia), which has improved customer experience by investing in new store concepts that focus on fresh products, such as fish markets, in-store bakeries, and expanded fruit and vegetable sections.

lululemon athletica (Canada), which has seen international success because it resonates with consumers as a true lifestyle brand and goes above and beyond to connect through its mission towards healthier, happier living.

Sainsbury's (U.K.), which has focused on the emotional benefits of shopping, emphasizing price without compromising quality like a number of its competitors.

UNIQLO (Japan), which has devoted time to product innovation rather than fashion trends based on customer feedback, and seen strong sales of its HEATTECH heat-generating clothing line.

This shift toward emotion is in large part due to advancements in technology and digital, which have provided retailers with more tools to connect on a deeper level with customers. Rather than create a barrier between brands and customers as initially anticipated, technology has provided brands with powerful analytic tools to read and meet customers' needs and offer the empathy and insight missing from yesterday's retail.

As more brands begin to take advantage of these analytic tools, expect to see deeper insights emerge regarding customer behavior. Still, retailers will need to be cautious about how they use these insights, avoiding a big brother approach. Instead, they would be best advised to focus on bringing these insights to life through an enthused and engaged staff and improvements to the retail environment.

NEW DYNAMICS OF THE WIRELESS WORLD

The web was never intended for commercialism. Its purpose was to improve communications among scientists by connecting them together. Now the wireless world belongs to consumers who have given it a whole new set of dynamics. Understanding those dynamics can help retail brands earn their place in this new world through the exchange of ideas and shared experiences.

Dynamic 1: Access and awareness
The internet has enabled consumers to have the power to access what seems like an infinite amount of information that can educate them about choices, and help them make better decisions, whether it's something as stressful as medical treatments, as serious as child safety, or as frivolous as fashion and entertainment.

Dynamic 2: Advocacy
While word of mouth, be it good or bad, is nothing new to retailers, social media allows it to be immediate and far-reaching. A dissatisfied customer can air complaints to her social circle in an instant — and when used for the positive, word of mouth is a powerful generator of goodwill and brand advocacy.

Dynamic 3: Connections
People love sharing and "friending." Becoming friends online means we're curious about one another and willing to pay attention. Platforms like Facebook and LinkedIn make it so much easier to find like-minded people than in times past, when we relied on traditional school, church, and civic groups. Be aware of the cardinal rule: It's rude to try and sell something to a new friend.

Dynamic 4: Community
Unbound by time or space, the internet provides people with a virtual meeting space where they can share data, common interests, and passions. By listening and responding thoughtfully, retailers can earn their place in this community. Meaningful relationships develop based on shared values, a truth that applies to the brand/consumer relationships just as it does to the interpersonal kind.

These new abilities, behaviors, and expectations mean that retail brands will succeed only if they deal openhandedly with consumers, providing transparency in everything from social responsibility to owning up to mistakes. The dynamics of the wireless world have brought etiquette back to selling. Rather than shout their wares, brands must seek permission to speak and then only along the channels allowed by the consumer. Retailers must be demand-worthy.

Today's retail is global, intangible, and intensely linked

The world has always been a physical melting pot, but as our 2011 study reveals, it's now virtual. The internet and smartphones have created a high-speed global trade route where millions of people are mixing cultures and making transactions.

All that connectivity and consumer power — including a growing global middle class with a desire for material goods and a better life — has multinational retailers ready to globe trot. Despite India's cultural diversity and complicated infrastructure, it is a top destination for the likes of Walmart, Tesco, Marks & Spencer, Mango, Carrefour, and Metro. And while no retailer can be truly "global" until the world has commonly recognized standards, terms, and IT protocols to enable and facilitate value exchange, digital is certainly facilitating increased connectivity.

The "virtual trade route" has amplified retail brands and their market presence the world over — something that will only continue to intensify in the coming years. Indeed, apparel brands have been particularly adept at internationalization. Gap, Zara, UNIQLO, and Topshop are becoming international icons. Meanwhile, other retailers, like J.Crew are establishing an international presence prior to brick and mortar, through shopping sites like Net-a-Porter.com.

That means, of course, that retail brands must view their competition as both local and global. The store no longer offers a "non-compete zone." Now competitors can connect with shoppers at any store shelf, using tools like Amazon.com's mobile app, to make live comparisons and price checks.

In the future, big retailers will routinely operate multiple formats and concepts, targeted to specific segments, in local markets, for precise consumer needs and occasions. Brands will combine global market savvy and sourcing with local market delivery and know-how. They will invest in resources with which to interact with individual consumers, either online or in-store. Overall, multichannel initiatives will be critical in developing segmented markets. For many big retailers, the next growth phase will be about segmentation and localization.

As retailing grows more complex, brand thinking becomes even more essential for survival. New shopping patterns and dynamics will emerge, waiting for smart retailers to take advantage of them. Companies must look to their brands to guide them through the coming changes and complications.

Brand-led companies tend to be more flexible than rigid — more resilient in the face of change and more likely to see ROI. In this age of global influences and rapid social and economic change, a clear brand strategy will allow companies to adapt without getting derailed. An emphasis on customer-centricity will help a company focus on the specific market and match for its products and strengths, guiding it in gathering data on its core market's expectations. A clear brand strategy that focuses on the customer also helps a company design and manage all aspects of its brand experience seamlessly — which in turn clears the way to achieving its business goals. As one wise retailer put it, "You can only reduce prices so much, but there is no ceiling on over-delivering on the brand experience."

BIG CITY, SMALL WORLD

The biggest macro-trend of the moment, urban migration, is already having an impact on retail formats. Over half the world's population now lives in cities, according to the United Nations, and the move from rural to urban continues at a high pace. In addition to the challenges climate change presents, cadres of city planners, design engineers, and architects are grappling with waste and inefficiency, faced with the need to transform tomorrow's cities into lean, clean, people-friendly places. As such, the pressure is on for retailers to ensure that their stores adapt to the new city model.

Urban retail sites with their slim land parcels require a slightly adjusted brand focus to make stores more relevant to a city population. It's here that big-box retailers in particular may find themselves in the zoning crosshairs, subject to bans, or at least building limitations that prevent them from executing their traditional strategies and sizes. Indeed, it is already forcing many retailers to explore alternative formats to overcome these restrictions. The likes of Carrefour, REWE, and J.Crew have been experimenting with new formats. *(Read more about these specific efforts at www.interbrand.com.)*

THE ASIAN RETAIL MARKET: THE TALE OF TWO MARKETS

In contrast to the rest of the globe, Asian retailing in the recession was a tale of two markets. Retailers in developed markets like Japan, Korea, and Australia felt the recession deeply, prompting major realignments, mergers, and outright closures. The pace of expansion in these countries slowed dramatically, with consumers shifting toward value. Well-known luxury shopping landmarks like the Ginza district in Tokyo saw an influx of fast fashion brands, and coupons and promotions increased in popularity in all three countries.

Meanwhile, high-growth developing markets like China and Southeast Asia, where consumers were already value conscious, experienced minimal impact from the global recession. In these markets, retail expansion accelerated as global brands arrived seeking new sources of income growth. Many markets, especially Singapore, saw significant retail expansion through the opening of new casino complexes and new mega shopping malls. Additionally, there were reports of Southeast Asians travelling to the U.S., Europe, and the U.K. in greater numbers to take advantage of the favorable exchange rates and shopping deals present during the high months of the recession.

For developing markets, continued growth has meant progress in terms of the shopping experience. To cater to a more sophisticated and wealthier shopper, many brands are improving their in-store experiences. There has also been progress when it comes to e-commerce. For example, in China, famous Chinese online retailers now include Taobao (an eBay comparable), Dangdang (an Amazon.com comparable), and Ctrip (an Expedia comparable). Group purchase, much hyped of late, is another example of how online is changing shopping behavior.

In contrast, Japan, Korea, and Australia are seeing shoppers use the same type of online price comparison that is evident in all other recession-impacted markets. However, perhaps even more than in other regions, online shopping is still largely the choice of the youth market, so traditional retailers have been slower to move beyond a classic brick and mortar model.


SAMSUNG
SHERWOOD
NOVOTEL
Coca-Cola
Corona Light
WELCOME
JAMJAM
tkts
2H92

The Most Valuable U.S. Retail Brands 2011

By: Bruce Dybvad

U.S. brands prove resilient

Our retail rankings show how resilient brand-led companies can be in an environment characterized by rapid change. For the past two years, we've watched store expansion slow while retailers focused on what mattered most to their customers. They responded rapidly to the downturn while taking advantage of its opportunities. By leveraging their brands' strengths, the top 50 U.S. retailers generally improved performance in the face of reduced growth.

This year, the total value of the top 50 brands is up 5.45 percent, or US $20 billion. Strong brands got stronger while those weakened by the downturn regained lost value. The shopper is back, lifting the overall financial performance of the list. This is especially noticeable in the apparel and home improvement categories. The not-so-good news is shoppers are spreading their spending across more brands than before, in keeping with the trend toward less brand loyalty. So while the recovery is strengthening, the dust hasn't settled around emergent changes.

Broadly speaking, the Great Recession offered a rare chance for brands to steal share on purchase decisions that were not normally up for grabs. And steal they did, with the value category and supermarkets being most aggressive. Consequently, the biggest loser appears to be Walmart. Walmart, a brand that defines nearly every market, dropped 8 percent in value (although it remains America's most valuable retail brand by a huge margin). Both Walmart and Target missed major earnings expectations last year, attributable to the fierce competition for the discount and grocery dollar which shows no sign of abating.

We saw online spending continue to grow throughout 2010 to 6.4 percent of all retail spending. That's 6.4 percent of $249 billion, an increase of 18 percent over 2009. While much of the spending bolstered the brick-and-mortar sales figures of the companies on the Most Valuable U.S. Retail Brands list, much of it was siphoned off by specialty online retailers, as e-commerce and now m-commerce channels trickle down to even the smallest e-retailers. We can expect that competition to increase.

After recovery, of course, comes the search for growth. Although shoppers are making more discretionary purchases, they are also expecting deals, keeping pressure on margins. While many businesses on the list are expanding abroad to offset weakened domestic spending, smart retailers have an opportunity to find ways to fatten margins through innovation. This is what brand does best.

While a company's brand offers a clarifying perspective on how to get the most out of the existing store base, edit assortments, evaluate categories, trim fleets, and maximize the return on advertising, it also informs a company's creativity, imagination, and innovation — the kinds of things that give shoppers more reason to attach to a brand and increase their perception of its value. A brand with high emotional value is better able to defend its margins. Recovery is great to see, but the nature of retail demands creative momentum. It's time to put innovation plans back on the table.

Most Valuable U.S. Retail Brands 2011

1
Walmart
142,030 $m

2
Target
23,301 $m

3
The Home Depot
20,315 $m

4
Best Buy
18,823 $m

5
CVS/pharmacy
16,561 $m

6
Walgreens
14,443 $m

7
Sam's Club
12,400 $m

8
Coach
11,588 $m

9
Amazon.com
9,665 $m

10
Dell
8,880 $m

11
Nordstrom
8,604 $m

12
eBay
8,453 $m

13
Lowe's
8,396 $m

14
Publix
8,247 $m

15
Staples
6,372 $m

16
Dollar General
5,973 $m

17
Avon
5,706 $m

18
Kohl's
5,617 $m

19
Costco
5,522 $m

20
Victoria's Secret
4,954 $m

21
AutoZone
4,721 $m

22
Tiffany & Co.
4,643 $m

23
GameStop
4,083 $m

24
Gap
$3,961 $m

25
Bed Bath & Beyond
3,141 $m

26
Polo Ralph Lauren
3,093 $m

27
Old Navy
2,548 $m

28
Sherwin-Williams
$2,386 $m

29
Michaels
2,048 $m

30
Ross Dress for Less
1,873 $m

31
PetSmart
1,635 $m

32
J. Crew
1,564 $m

33
Banana Republic
1,521 $m

34
Marshalls
1,489 $m

35
T.J. Maxx
1,464 $m

36
RadioShack
1,413 $m

37
Aéropostale
1,291 $m

38
American Eagle Outfitters
1,275 $m

39
Toys "R" Us
1,248 $m

40
Urban Outfitters
1,157 $m

41
Bath & Body Works
1,138 $m

42
Dick's Sporting Goods
1,093 $m

43
Dollar Tree
1,089 $m

44
Whole Foods
1,067 $m

45
Big Lots
993 $m

46
Family Dollar
794 $m

47
Tractor Supply
789 $m

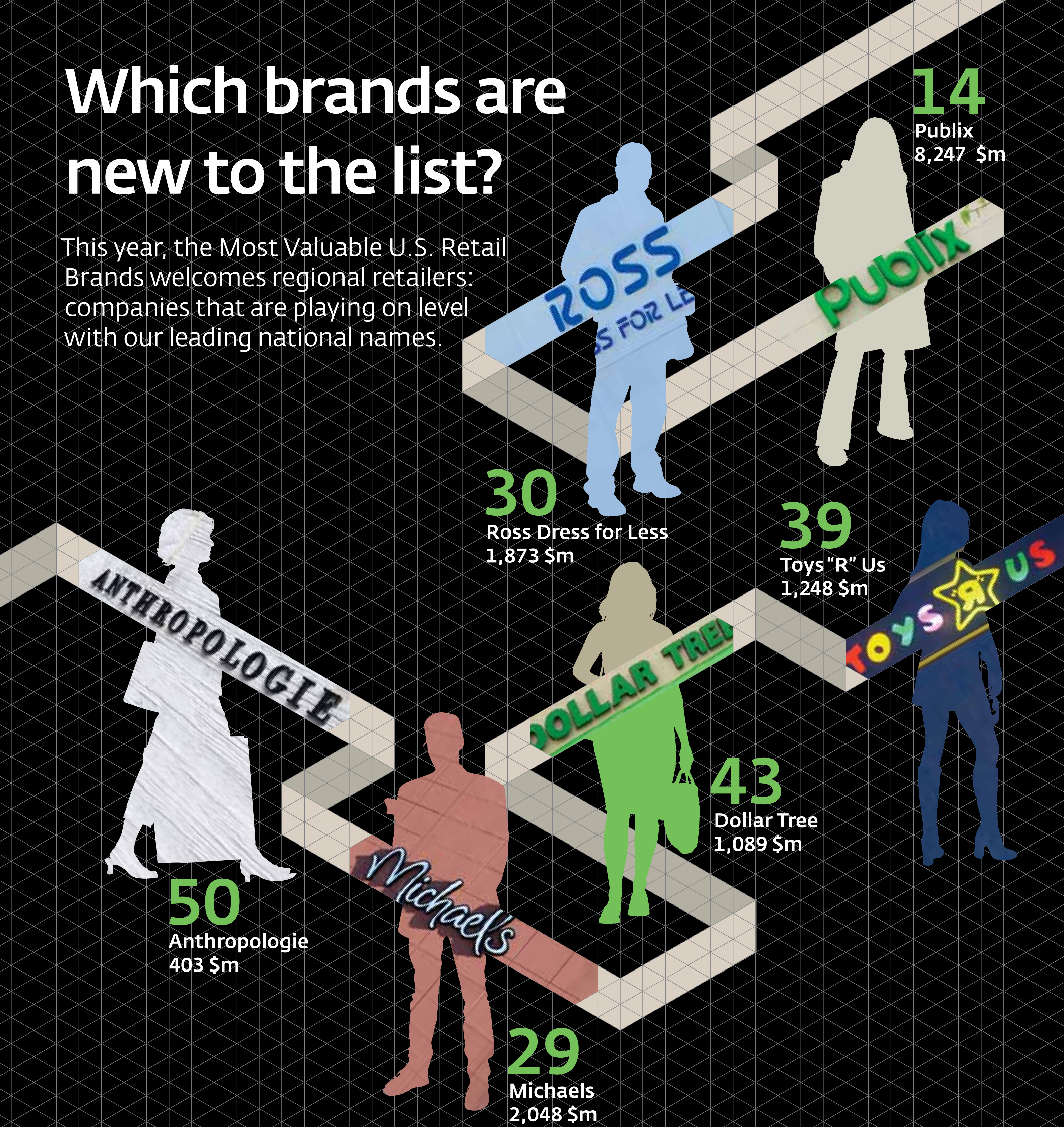
48
Macy's
736 $m

49
American Girl
668 $m

50
Anthropologie
403 $m

Which brands are new to the list?

This year, the Most Valuable U.S. Retail Brands welcomes regional retailers: companies that are playing on level with our leading national names.



Publix is making the traditional supermarket format mean something beyond the rattle of carts through endless aisles. The brand continues to make gains year over year by providing programs beyond food that build relationships with customers, such as in-house health clinics, and in some cases free antibiotics.

Thanks to the recession, off-price retailer **Ross Dress for Less** has a greater pull on the value hunting shopper. **Dollar Tree** continues to invest in customer research to refine its offering for newly frugal consumers. Arts and crafts giant, **Michaels** is in the process of changing its stores from cluttered distribution points into places with an atmosphere of inspiration where people can come and share their creativity.

Returning to the list after a year off is lifestyle apparel brand **Anthropologie,** notable for never waivering from its brand promise; maintaining the all-important emotional connection with its shoppers.

Toys "R" Us, the only national specialty toy retailer, has been making small but significant gains through holiday pop-up stores, international e-commerce and its ongoing effort to combine its toy and baby supply stores.

Which dropped off?

While these brands didn't make the list this year, they continue to excel in certain areas. **JCPenney** is still a leading choice for middle-income families. Its e-commerce remains strong, its in-store Sephora boutiques continue to deliver, and now MNG by Mango and some fresh art direction in its marketing communications are breathing new life into the brand. Additionally, a new logo is helping the brand with its aspiration to project a store for younger shoppers, while also preserving its older customer base.

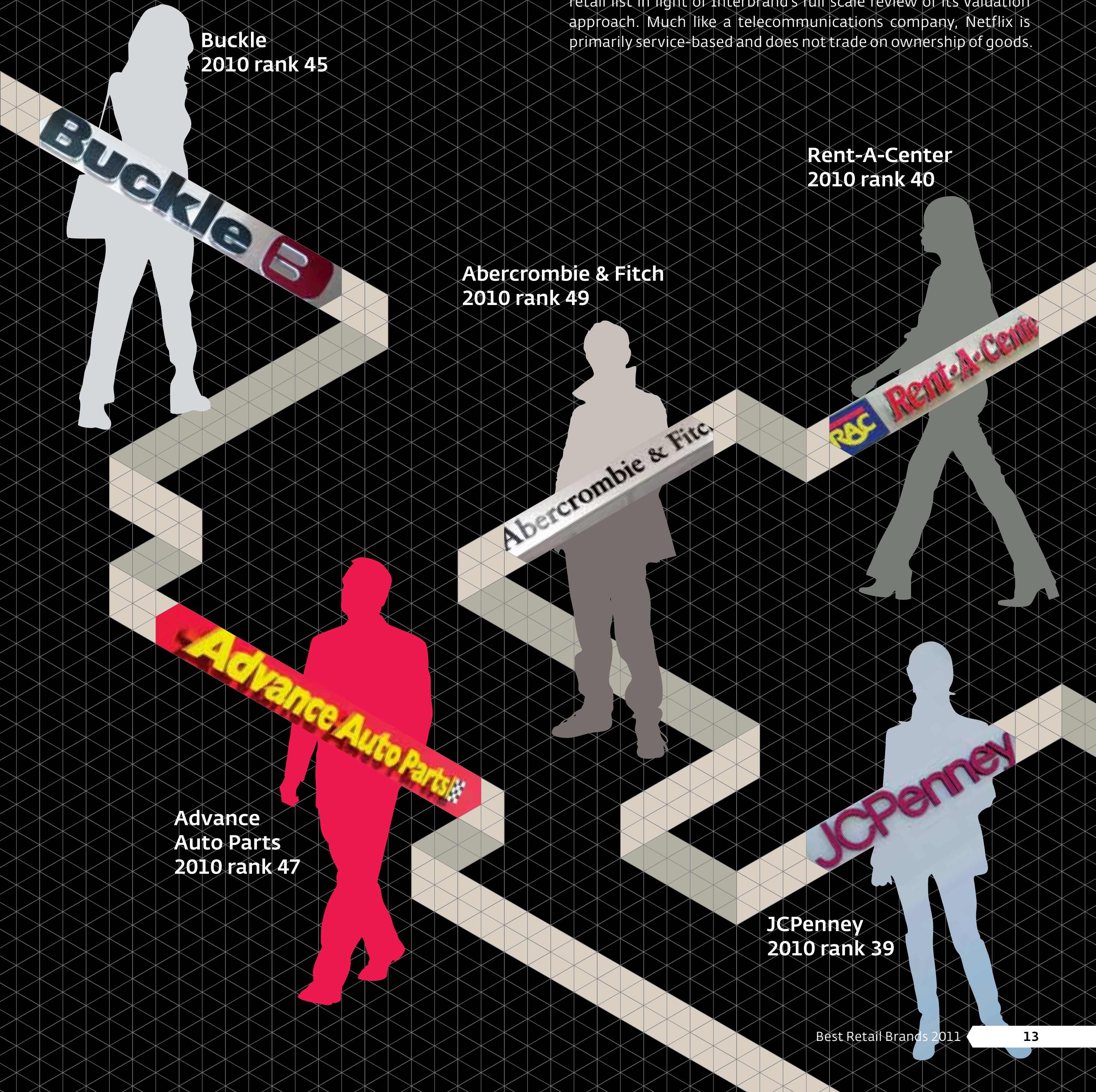
Rent-A-Center is still a leader in the rent-to-own category, which has become an increasingly relevant and viable option for low-income consumers.

Buckle continues to stay on top of the hot labels in fashion apparel and focus on a feel-good shopping experience, even though its offering of $100 jeans can lead to value questions. With its shoppers slowly returning and its risqué magazine back in print,

Abercrombie & Fitch, a favorite for American prep fashions, is regaining some lost brand power, but not enough to secure a spot on the list.

Similarly, **Advance Auto Parts** is beginning to be perceived as more responsive to customer needs and receives high marks for a very consistent deployment of brand.

Netflix, while it increased in value, no longer qualifies for the retail list in light of Interbrand's full scale review of its valuation approach. Much like a telecommunications company, Netflix is primarily service-based and does not trade on ownership of goods.



1

WALMART

▼ -8% 142,030 $m

While it doesn't specifically target any one segment of the population, Walmart claims 180 million shoppers annually with over 80 percent of U.S. households shopping its stores. It serves as an indicator of U.S. spending habits, preferences, and attitudes. The brand has nearly 9,000 retail units in 15 countries (500 of those were added globally just in fiscal 2010). Walmart has true clarity of purpose and proposition and can deliver against its lofty goals to guarantee the lowest prices, given its supply chain mastery. U.S. same-store sales have suffered a slight decrease, an indication that customers are spreading their spending to other stores as the economy recovers. While the brand's recent identity refresh indicated a focus on brand, the stores have seen some backsliding away from the clean aisles initiative it launched before the recession to a more cluttered shopping environment.

2

TARGET

▼ -9% 23,301 $m

While its profits dropped during the downturn, sales continued to increase, if only slightly. Shoppers are returning to Target and the impulse purchases prompted by its engaging experience and fashionable design ethos. It continued to update its private label brands, expand groceries to more than 1,700+ of its stores, and introduce a new loyalty program — REDcard — to drive more sales. In September, Target announced plans to open 11 smaller urban formats in the coming years. There is still some confusion about the price parity of Target versus Walmart in the consumer realm, with consumers assuming Target is slightly more expensive despite all the work Target has done to promote price matching.

3

THE HOME DEPOT

▲ 19% 20,315 $m

The Home Depot's ability to respond to market changes, challenges, and opportunities serving DIYers, general home-owners, and contractors has made it the category leader with over 2,200 stores and growing. Visually, The Home Depot orange is very recognizable. Over the last few years with the housing market's decline, it has increased its "how-to" clinics as more people fix instead of move. The brand appears to have opportunity to distinguish itself from other major home improvement retailers to a greater degree, as well as a stronger internal commitment to brand engagement. The Home Depot website is a key point in building business and the company continues to invest in the online experience.

Knowing its website is key to growth, The Home Depot continues to invest in its online experience.

4

BEST BUY

▲ 6% 18,823 $m

While the recession has taken a toll on retailers in this category, the technology superstore, home of Geek Squad and Best Buy Mobile, continues to be strong, innovative, and highly responsive to the marketplace. It continues to offer new products, even collaborating with manufacturers as it did with Toshiba to introduce the Satellite L635 Kids' PC. Last year, the company rolled out health and fitness products in 600 stores just in time for New Year's resolutions. The company uses an assortment of social media to engage shoppers, including a rich mobile shopping app. Consumers are projected to be less conservative in their consumer electronics purchases in the future as discretionary spending on digital is perceived as necessary.

5

CVS/PHARMACY

▲ 17% 16,561 $m

CVS/pharmacy gained significantly in pharmacy and retail sales thanks to a focus on affordable healthcare. More customers are visiting the in-store MinuteClinics, which lead to greater front-of-store sales. To make it even more accessible beyond its 7,000 locations, CVS/pharmacy introduced a mobile application to help customers manage prescriptions, giving them access to health information, the store's flu shot scheduler, and its sales circular. Although CVS' leaders have a clear vision of their mission, values, and social responsibility, the brand suffers from a perception of poor service. Beyond its high utility, little about the store experience makes CVS stand out from its competitors.

6

WALGREENS

▲ 1% 14,443 $m

Walgreens does well battling fierce competition for prescription dollars from non-drug stores, online pharmacies, and Walmart's recent move to offer the cheapest prescription drug plan in the U.S. Anticipating less traffic for its pharmacy, Walgreens announced its intention to evolve from a retail drugstore to a retail health and daily living store. The brand has 7,563 drugstores and operates worksite health centers, home care facilities, and specialty, institutional, and mail service pharmacies. The company recently pulled off something of a retail coup when it acquired Duane Reade, the New York City drugstore chain, making Walgreens the dominant player in that market.

7

SAM'S CLUB

▲ 18% 12,400 $m

Increasing competition among warehouse clubs has inspired Sam's to improve its experience and product selection. Although the club fee may keep Sam's members locked in, rival Costco has an identical offer and online deals for non-club members. Sam's has deployed new technology that connects to consumers' eValues discounts. These discounts are tailored to an individual based on their previous spending habits. The systems are available in the store, on the website, and on mobile devices. Sam's smartphone app provides access to product reviews. The club's messages are clear and consistent: it is about helping families and small businesses save money.

8

COACH

▲ 30% 11,588 $m

The Coach "C" is recognized by fashion followers everywhere. With over 600 retail and factory stores plus a presence in select department stores and boutiques around the world, Coach continues to concentrate on expansion overseas. Its youthful, entry-priced Poppy line, and its first men's only factory stores helped the brand's resurgence last year. Coach also benefited from deeper pockets for discretionary spending during the holiday season. Its advertising, stores, websites, and social media convey the same elegant and classic Coach experience, with all touchpoints aligning nicely. The competition continues to challenge Coach at both ends of the price spectrum and the brand is in constant threat of cheaper knock-offs.

9

AMAZON.COM

▲ 23% 9,665 $m

In 2007, Amazon.com launched the Kindle device for ebooks, supporting ebook publication and sales from its position as the dominant online bookseller. In the second quarter of 2010, it reported sales of ebooks exceeded those of hardbacks for the first time. Focused on the customer since its inception, relevance is at the core of the brand and its execution. The retailer continues to penetrate into new categories and B2B services that support other retailers, where its business is more transactional and less brand driven than the company's traditional market. As Amazon.com is often still associated with its early identity in books, it will be interesting to see if the addition of business services will blur the brand's identity.

10

DELL

▼ -14% 8,880 $m

The price of electronics continues to fall, which places greater importance on products and how manufacturers can differentiate beyond price. This has been true of Dell. Known for revolutionizing computer customization, you would be hard pressed to find someone who didn't recognize the brand. After becoming a little complacent in recent years, Dell has picked up the slack in an attempt to become relevant again. Its website provides top-notch innovative products. By controlling the outlets in which its product is sold, Dell's brand experience remains consistent. Time will tell if its new look and refreshed fleet of products can bring the brand back to the top, or if it will continue to struggle.

11  NORDSTROM

▲ 27% 8,604 $m

In August, Nordstrom connected its online and in-store inventory. This change, plus the economic recovery, led to an increase in same store sales by an average of eight percent. The high-end department store's employee handbook with its one-rule of customer service (use good judgment) is legendary. Its relatively slow expansion across the U.S. indicates prudent decision making and a commitment to doing it right. The brand has evolved slowly but steadily and maintains a devotion to its brand experience via personnel, store design, and its website (except for its Nordstrom Rack stores which are technically off brand). The Seattle-based retailer also plans to pilot a philanthropic-based store in New York, which will donate its profits to charity.

12  EBAY

▲ 15% 8,453 $m

eBay realized it was losing ground to other online marketplaces and made some adjustments to its business to address this. It de-emphasized the auction portion of its marketplace business to focus more on buy-it-now and fixed-price sales. It strengthened its PayPal offering to make it even easier for buyers and sellers to transact. Outwardly, eBay's remarkably high level of awareness, clearly defined brand promise, and personality continue to provide a solid foundation for the company as well as for the many sellers that use its services. The brand has a very successful mobile app, (one of the most downloaded for iPhone and iPad), and it saw sales grow to over US $2 billion in 2010.

13  LOWE'S

▲ 19% 8,396 $m

Lowe's is the second largest U.S. home appliance retailer after Sears and the second largest home improvement retailer behind The Home Depot. The company can deliver against expectations for all types of merchandise, and it distinguishes itself in appliance selection. Online, the brand fills its website with inspiration, and smart recommendations, effectively using before and after images to engage the shopper's imagination. Its "shop, click, pick up" program continues to improve. After three tough years, Lowe's continues to drive operating efficiencies, as well as international growth.

14  PUBLIX

NEW 8,247 $m

This regional supermarket, with 1,032 stores in five states, is determined to engage its customers beyond delivering consumer goods. Publix is consistently recognized as the largest employee-owned supermarket and a top place to work. The store offers certain antibiotics for free to customers regardless of insurance coverage or ability to pay and provides an in-house health clinic in some locations that is owned and operated by Publix ("The Little Clinic"), which can be used like an urgent care facility. Sales continue to grow year over year. Newer stores are experiential and inviting, receiving rave reviews from customers.

15  STAPLES

▲ 10% 6,372 $m

The brand's hassle-free message via its "That was easy" advertising campaign has become part of popular culture, with over a million "Easy" buttons sold worldwide. Staples has appointed a dedicated brand manager and a design team who bring the brand to life in stores. It offers small to mid-sized businesses a wide range of products, printing and computer services, and free advice on how to make business more productive. The company maintains a healthy following in social media and responds immediately to customer issues. The retailer has a loyal clientele, and with its online B2B order and delivery service, Staples Advantage, it also has international scope.

16  DOLLAR GENERAL

▲ 28% 5,973 $m

Operating over 9,200 stores in 35 states, the brand speaks to value and convenience, recently updating its visual guidelines for a friendlier and more welcoming vibe. Dollar General remains committed to remodeling 500 stores and rolling out 625 in its new format. Employee training has reduced turnover. The in-store experience, mailings, and social media touchpoints all connect with the new and improved Dollar General brand, and the number of private label goods has doubled. Dollar General has a very strong contingent of fans, but confusion still exists as to what makes it different from its competitors. It will be interesting to see if Dollar General can stay relevant as we creep out of the recession.

17

AVON
▲ 16% 5,706 $m

To help rebuild after getting hard hit by the recession, the direct-selling personal-care-products giant doubled its recruitment efforts around the world to help offset declining U.S. sales. Its four-point growth plan — attract new representatives with the most massive recruiting campaign in Avon's history, attract new consumers with smart value, take aggressive cost actions to counter negative currency headwinds, and stay the course — has repositioned the company for profitable growth. Recently, Avon increased its product line in the US $5 price range for the "Beauty on a Budget" initiative and continues to introduce new lines and celebrity endorsers.

18

KOHL'S
▲ 23% 5,617 $m

Kohl's reputation for carrying national brands at value prices is a good match for shoppers' needs right now. The brand is doing well and growing. However, the territory the store covers — the middle ground between department stores and discounters — is rapidly becoming blurred. Discounters are upgrading and department stores are relying on promotions. Kohl's focus on family needs, its exclusive and private label brands, and its highly publicized no-hassle return policy connects well with the real-life challenges families face. Its off-mall location allows it to be perceived as less of a hassle than mall stores.

Staples tasks a dedicated brand manager and design team to bring the brand to life in its stores.

19

COSTCO
▲ 1% 5,522 $m

Support for Costco, which makes a limited marketing effort to gain new members, happens primarily in the store, where members continue to be enticed by product demonstrations, the experience, and the mix of low-price but quality merchandise. The annual membership renewal rate for the store is around 80 percent, the highest in the industry, and its Kirkland Signature private label continues to be highly regarded. Costco, operating 582 warehouses in the U.S. and abroad, is still the largest wholesale retailer, outpacing Sam's Club. However, price competition from non-membership mass retailers is fierce as Costco's savings are comparable to stores without annual membership fees.

20

VICTORIA'S SECRET
▲ 24% 4,954 $m

Victoria's Secret continues to demonstrate a best-in-class execution of clarity in terms of its brand values. It caters to college-age and mature women under the umbrella of "sexy and glamorous." Its famous runway show is in its 15th year and continues to be a primary vehicle for awareness. About 1,040 stores blanket the U.S. Touchpoints are consistent, from the shopping bag, to the TV commercials to the iPad apps. Victoria's Secret is number three on Facebook's top five brands and is known for its excellent ability to interact with its 11.6 million fans and 66,000 followers. The brand plans to expand internationally, and is exploring opportunities to stretch. For example, Halloween costumes in 2010.

21 

AUTOZONE
▲ 16% 4,721 $m

Despite competition from O'Reilly's and Advance Auto Parts, this retailer is making strides in its goal to be customer-friendly. An internal brand engagement policy encourages employees to drop everything to assist shoppers within 30 seconds of their walking into a store. This is earning AutoZone credit for being more helpful than its competition. So are its rewards card, loan-a-tool program, free part testing, and diagnostic services. AutoZone makes little or no use of social media. Additionally, its online channel is off-brand. A slow economic recovery means that consumers are likely to continue to repair their own cars, making AutoZone even more of a player.

22 

TIFFANY & CO.
▲ 16% 4,643 $m

The iconic brand in the blue box remains both desirable and fashionable by bringing new designs and collections to its high end offerings, including fine leather goods. Its application for the iPhone allows potential customers to design their ideal engagement ring, learn about diamonds, and set up an appointment at their local store for a consultation. With the expansion into handbags and eyewear, Tiffany & Co. is continuing its trend of opening up its brand to the masses, thereby diluting the brand's premium status further. Last year, the company refused to discount, instead lowering the price point of its fashion jewelry while raising the price point for its bridal jewelry.

23 

GAMESTOP
▼ -14% 4,083 $m

GameStop's sales are advancing, but slowly while the brand continues to invest in service technology and e-commerce programs. GameStop has earned a massive audience of players around each store, called "GameStop Nation." The brand stays connected through multiple touchpoints. GameStop has only been in the market for about 12 years. In that time, numerous acquisitions have grown it into a global retailer with over 6,500 stores in 17 countries. GameStop is a little behind the industry in offering apps for mobile shopping. The brand also has an opportunity to optimize and align its web and store experiences.

24 

GAP
▲ 1% 3,961 $m

While Gap has become a worldwide symbol for denim and continues to expand around the world, the highly recognizable brand needs to continue to focus on distinctiveness to gain customer loyalty, or "re-loyalty." It is largely considered a consistent "fall back" option. Gap recently embarked on a consumer research project, which resulted in the creation of the successful 1969 premium denim line. In order to create a sense of urgency, Gap has experimented with the pop-up store format and guest designers. But its efforts have been perceived by many as an attempt to copy their cooler competitors. A failed attempt at creating a new identity brought the brand a good bit of negative media attention as well.

To create a sense of urgency, Gap is experimenting with pop-up stores and limited guest designer lines.

25 

BED BATH & BEYOND
▲ 3% 3,141 $m

Bed Bath & Beyond continues to do what it does, consistently and efficiently. Its relevance remains solid and without surprises, especially in its offering for newlyweds and dorm-living college students. Its leadership continues to come from scale. Bed Bath & Beyond has over 1,000 stores, in the U.S. and Canada. Minimal attempts at format reinvention (beyond the expanded health and beauty offering in some stores), experience diversification, and new marketing initiatives beyond the familiar postcard mailer appear to be forthcoming. The same products are sold at a variety of different competitors and channels; however, it seems consumers prefer to shop for home goods in a specialty environment.

26 POLO RALPH LAUREN

0% 3,093 $m

The Polo Ralph Lauren brand works hard to maintain its position as one of the world's most recognized names. Last year it strengthened its presence with its 4-D Fashion Show. The variety of its in-store shopping experiences and the excitement it has brought to digital has led to wider geographies and demographics. Additionally, Polo Ralph Lauren continues to add fresh looks to the mix. It also excels when it comes to mobile, with highly rated iPhone applications. Polo's Facebook page engages consumers through videos and event invitations and its website pulls shoppers into the brand world, with celebrity interviews on RL TV, fashion advice, articles of interest, and a tour of the home line.

27 OLD NAVY

▲ 29% 2,548 $m

Old Navy has seen slow, but consistent growth throughout the recession as shoppers perceive it as a good option for value. Its "Supermodelquinns" campaign brought the quirky, groovy fun back to the brand. Each week a product is highlighted in its newspaper circular and social media outlets. This creates buzz around the brand and delivers sales numbers that reflect the renewed attention. In an effort to eliminate wait lines, Old Navy has been testing a new mobile checkout system in-store that works through an iPod touch. Operating just over 1,000 stores, the retailer has relevancy and a solid brand based on its core attributes.

28 SHERWIN-WILLIAMS

▲ 24% 2,386 $m

The challenge for Sherwin-Williams, the largest paint manufacturer in the U.S., is to set itself apart as superior in quality while not jacking up prices. The quality message is clearly understood, yet consumers don't always see its added value. In response, the brand created an app that received a great deal of positive "buzz" in social media circles. "ColorSnap" aids the user in matching an available color to real world colors. The 145-year-old company operates more than 3,350 stores, the sole outlets for its paint. The stores provide the brand with ongoing customer feedback, which contributes to further innovation and refinement of products and services, such as indoor air quality certified products.

29 MICHAELS

NEW 2,048 $m

The largest arts and crafts retailer, with more than 1,000 stores in 49 states and Canada, has plans to enter markets such as Manhattan and Chicago with smaller, non-traditional formats. In the meantime, its new branding program "where creativity happens," intends to differentiate Michaels from its competitors, but has yet to be rolled out to the majority of the fleet. A new loyalty program is in the works for its most fanatic followers. The retailer is also using its online and Facebook presence effectively, interacting with customers online using inspiring demonstrations, project ideas, supply lists, and tips.

30 ROSS DRESS FOR LESS

NEW 1,873 $m

The off-price retailer sells brand-name, high-quality goods in a hit-or-miss treasure hunt shopping experience. The business model (more so than the brand) has been driving tremendous growth. Ross is the second largest off-price retailer in the U.S. after The TJX Companies, with 988 stores in 27 states; it would like to increase that count to over 2,000. According to its social media buzz, the store's most popular items are its home décor finds. Targeting a more affluent customer, Ross has placed an emphasis on keeping merchandise fresh. It has significantly cut down inventory and introduced a micro-merchandising system to more accurately plan, buy, and allocate.

31 PETSMART

▲ 24% 1,635 $m

The retail mecca for pets and pet parents did not try anything substantially new last year, yet has enjoyed extremely consistent growth. PetSmart is as much a destination as a store, where families enjoy full service care — food, toys, training, wellness, grooming, daycare, and boarding. Events like "Howl-o-ween" and Santa pictures encourage long stays in the store. The retailer won awards for its fun Christmas web campaign that allowed shoppers to create e-holiday cards and pet adornments. PetSmart is the largest funder of animal welfare efforts in North America with US $109 million in grants.

32 J. CREW

▲ 28% 1,564 $m

J. Crew has been able to successfully refresh its brand without losing its core values or its very loyal following. Diversification with crewcuts, Madewell, and bridal and men's stores has not diluted or complicated its brand or strategy. It continues to push new store formats and niches so its shoppers enjoy creative and different store spaces. The catalog, stores, and particularly the website are of a highly distinctive aesthetic. The company has been prudent through the economic downturn by slowing the pace of store expansion. Dynamic CEO Mickey Drexler remains visible and outspoken about the brand's values and his vision for success for the organization.

33 BANANA REPUBLIC

▼ -10% 1,521 $m

While Banana Republic continues to reposition or close under-performing stores, the sophisticated shopping experience for high-income over-25 professionals has a consistent design aesthetic and a five-year vision to engage its target customers on a more emotional level. Its complimentary Style by Appointment service is in 34 of its 500-plus stores. Edition by Banana Republic, which opened in San Francisco in 2009 as a test, is still a one-store women's accessories concept. There are 120 BR Factory stores for outlet shoppers. The brand is focusing on store design for the coming years around a new way to shop, including "boulevards" and "public plazas" along with store-within-a-store boutiques.

Michaels uses online demonstrations, project ideas, supply lists and tips to inspire its shoppers.

34 MARSHALLS

▲ 26% 1,489 $m

Shoppers' reasons for choosing Marshalls (value for name brands, a treasure hunt shopping experience) are driven more by category than brand. The retailer uses Twitter and Facebook to promote deals and encourage customer sharing; however, its website lacks brand personality and utility. Its "shoppertunisitic" message seems to have been abandoned in favor of "Get Fabulous." Although the store merchandises its specialty shop, The Cube, for teens and offers a larger selection of footwear than competitors, shoppers perceive little difference between Marshalls and T.J. Maxx. A top company priority is to grow consumer's understanding of its offerings as being in season and in style. Marshalls operates over 800 stores in the U.S. and continues to grow.

35

T.J. MAXX
▲ 27% 1,464 $m

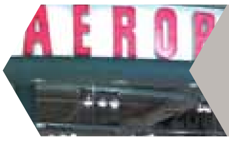
Like its sister off-price retailer Marshalls, T.J. Maxx targets a more affluent audience, but is getting more credit for investing in marketing and the customer shopping experience. T.J. Maxx has successfully aligned itself with the high fashion runway as opposed to fast teen trends. Its online aesthetic feels more upscale, and the brand asks followers to share through social media. "Maxxinistas" are encouraged to post photographs of their fabulous finds, thus perpetuating the treasure hunt fun, especially in jewelry and accessories. Although T.J. Maxx and Marshalls have a slightly different product mix, stores are very similar and are not significantly differentiated.

36

RADIOSHACK
▼ -2% 1,413 $m

Although the brand works hard to stay relevant, it's unclear if customers are giving it credit. The distinguishing feature of the RadioShack experience is its knowledgeable associates, its small easy to shop footprint, and its convenient locations. However, The Shack can't compete against the assortment and pricing of big box and mass stores, leaving it quite vulnerable. Its strength lies in its penetration. With nearly 5,000 stores in the chain, the company continues to refine its real estate strategy and optimize square footage. In the near future, expect some locations to change over to its test concept store, Point Mobl, selling portable devices (laptops, MP3 players, smart phones, and GPS systems) in more depth in an upscale décor.

37



AÉROPOSTALE
▲ 25% 1,291 $m

Aéropostale gives teens what they want and can afford, while leading the competition with a unit-driven model, flexible pricing, and well-managed inventory. The cut-throat price competition and an overreliance on basics broke Aéropostale's multi-year winning streak; it faltered in the second half of the year, with web sales outpacing store sales. Frugal fatigue may have teens looking for a new fashion direction at higher prices. Nevertheless, the company continues to expand, announcing plans to add another 50 stores to its 950 nationwide. Named favorite retailer by consumers age 11 and older in a MarketWatch survey, Aéropostale scored highest in customer service.

38

AMERICAN EAGLE OUTFITTERS
▲ 25% 1,275 $m

The retailer offers high quality "American prep meets current fashion" for three audiences: men and women ages 15-25, Aerie for women and girls, and 77kids by American Eagle for newborns through age 14. With 929 stores in the U.S. and Canada, the company has had a tough two years, losing pricing power in the recession. It has been a leader in connecting emotionally with its audience through social media, and in 2010 it put every digital tactic to use to broadcast daily price promotions: SMS, Facebook, Foursquare check-ins, mobile gift cards, QR codes, and Shopkick. The retailer even gave free smartphones to shoppers just for trying on jeans, which ate into margins. Social media buzz indicates it may be gaining favor again as teens' ideas of value move beyond price.

39

TOYS "R" US
NEW 1,248 $m

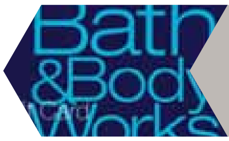
The "last man standing" in the specialty toy category, Toys "R" Us has strong brand recognition, a loyal shopping base, and a new generation of parents to market to in the large Millennial segment. The retailer wins on breadth of selection, price, and quality, but its big box experience is difficult to shop and gets low marks from consumers, exposing its need to invest in stores. Discounters like Walmart, Target, and Amazon.com present an ongoing threat, as even the store's most loyal shoppers go to other channels for comparisons. More Toys "R" Us locations are combining Babies "R" Us, which has performed well through the downturn. The "TRU and BRU" superstore concept is looking to be a success, as are its seasonal pop-up stores.

40

URBAN OUTFITTERS
▲ 24% 1,157 $m

Attempts to describe the Urban Outfitters shopping experience to those who don't get it often include words like "hip," "kitschy," and "ironic." The brand is not for everyone, yet Urban Outfitters delivers extremely well to a very narrow target with compelling lifestyle statements that connect with customers, without advertising. Its latest logo redesign mystified the general public with its homeliness. Only about 155 stores in North America and Europe serve educated, individuals age 18-30, and are typically found in renovated buildings in urban settings. Every store is unique. The website, catalog, music, and social media channels all align with the UO attitude. The ongoing challenge for Urban Outfitters is to continue to find the designs that will satisfy its cool-hunting customers.

41 BATH & BODY WORKS



▲ 35% 1,138 $m

With over 1,627 total stores in the U.S. and Canada, this upscale personal care and fragrance retailer is not only a mall staple, but is notably engaging outside the store. The brand's recessionary moves to streamline assortment and optimize the supply chain while refusing to compromise the brand or customer service continues to pay off in increasing share. The shopper-friendly online experience is thoughtfully customizable, and the company is highly conversant with its customers via social media. While Bath & Body Works is competing better, customers have questioned its marketing claims around "natural." However, the discussion has not impacted shopping behavior.

42 DICK'S SPORTING GOODS

▲ 26% 1,093 $m

Dick's stays consistently brand and customer focused, and subsequently remains successful in a slow economy. To deliver its extensive selection of sporting goods in a specialty environment, the 437 stores typically contain five smaller shops, each with a specific look and design style, which is kept consistent across all locations. It claims the highest share of market among the top six sporting goods retailers. In tough economic times Dick's has managed to increase sales across the board by responding to customers with new product offerings, private label merchandise, online sales, pop-up store events, and an active social media presence.

43 DOLLAR TREE

NEW 1,089 $m

With over 4,000 locations, Dollar Tree is the largest chain in the U.S. to sell products for US $1 or less. The brand does have some equitable assets and potential for growth, but execution is lacking when it comes to communicating the brand's attributes. Over the past year, Dollar Tree has invested some time and money into becoming smarter about what its customers are buying and is using that knowledge to make smarter inventory choices. It will be interesting to see how much Dollar Tree chooses to invest in brand going forward. The company's move from traditional mall formats to larger strip-centers and free standing stores has allowed it to accommodate a broader arrangement of products, including frozen foods.

44 WHOLE FOODS MARKET

▲ 15% 1,067 $m

Since its inception 30 years ago, the Whole Foods brand has communicated a healthy body and earth message. With about 300 stores in North America and the United Kingdom, it is still the number one natural foods chain by far — at little risk of losing share to direct competitors. The price sensitive customers that shied away from the brand during the downturn have returned. Spending is on the rise and new customers are discovering the brand. Whole Foods was one of the first retailers to offer an iPhone app and most stores have active Facebook fan pages customized to the local community. The company recently announced plans to open 52 more stores through 2014.

45 BIG LOTS

▲ 13% 933 $m

Big Lots is coming into its own as a brand working from a clear vision, committed to driving merchandise assortment, store layout, and buying programs. Its 2010 "Year of the Store" initiative has made many of its 1,400 stores neater, easier to shop, and customer friendly. The nation's largest close-out merchant seeks opportunities to fortify its leadership position by penetrating into evolving markets, and now accepts American Express cards to signal its readiness for new upscale customers. Big Lots is giving food and consumables an increased share of the merchandise mix as well as strategic positioning in the store layout to encourage more frequent shopping and to effectively compete with dollar stores and discounters.

46 FAMILY DOLLAR

▲ 28% 794 $m

Family Dollar earned its impressive 2010 key metrics in part by forcing Walmart and Target to follow suit when it worked with manufacturers to create new pack sizes for cash-strapped shoppers who can't always afford the family size. But the brand's recent success can be largely attributed to the rising tide — the increased shopper base brought to the value category by the recession. The company's brand has had a marginal impact and could do more to distinguish itself. That realization has led Family Dollar to sign with its first advertising agency of record to help implement a media presence and differentiate itself enough to keep new shoppers as the economy recovers. It has over 6,800 locations in the U.S.

47 TRACTOR SUPPLY

▲ 25% 789 $m

Tractor Supply clearly understands its core customer, and the brand is successfully connecting with those who enjoy the "Out Here" rural lifestyle. During the recession, the retailer saw an opportunity to evolve as a business and capitalize on mistakes from key competitors. To set itself apart from the larger home improvement stores, it hired employees with merchandise knowledge and a passion for rural life. Tractor Supply invested heavily in the implementation of a new CRM program and an e-commerce site. It also eliminated television advertising in favor of direct mail campaigns, all of which helped increase transactions. Tractor Supply has 1,001 stores in 44 states with plans to grow to 1,800.

Dollar Tree has invested in customer research and is using the data to make smarter inventory choices.

48 MACY'S

▲ 56% 736 $m

It was a good year for Macy's. Same store sales were up through the year. With about 810 stores in 45 states, a large footprint, and an iconic status in U.S. culture, Macy's feels omnipresent, with the clarity and power of a national brand. Thanks to its product choices and celebrity affiliations, consumers find the brand easy to relate to and regard it positively. Advertisements using the "Magic of Macy's" timeline aid awareness and differentiation. It does a great job branding every customer touchpoint; its mobile presence aligns with the full website. The retailer continues to drive its initiative to tailor local assortments and shopping experiences through "My Macy's," although shoppers don't yet fully understand the efforts that have been made on their behalf.

49 AMERICAN GIRL

▲ 25% 668 $m

Despite a tough economy, American Girl has remained a strong competitor in the toy industry. Sales have remained stable since 2008 and are projected to increase in the coming years. The brand has responded to the changing demands of its customer base by making its experience more interactive and technology based, integrating dolls and social media. It continues to create new ways for girls to maintain the relationship with their dolls for a longer time, through online activities, updated accessories, and a variety of services offered at the stores. The level of internal brand engagement and the breadth and depth of the American Girl experience is world class.

50 ANTHROPOLOGIE

NEW 403 $m

Anthropologie continues to weave together compelling stories around apparel, home, and accessories for the 25- to 40-year-old wealthier woman, a position that makes it largely immune to downturns. It was only edged off the list last year by the overall shopper flight to value. A devotion to the brand keeps the individualistic stores, catalog, and online experience fresh, authentic, and worldly. It would be very difficult for a competitor to imitate. This year saw improved integration of the online and in-store experiences. The CEO of both Anthropologie and sister company Urban Outfitters won "Retail Innovator of the Year" from the National Retail Federation. The brand represents best-in-class merchandising and design, emotionally connecting with customers. Anthropologie stores are located in large cities with upscale markets.

The Most Valuable Canadian Retail Brands 2011

By: Alfred DuPuy and Stephen Weir

The threat of U.S. brands

As we survey the Canadian retail landscape in 2011 and beyond, one thing appears certain: the Americans are coming — again.

Nearly 15 years ago, Canada experienced a deluge of American big-box influence, with Walmart and The Home Depot among the first to cross the border. Brands such as Lowe's, Best Buy, and Costco soon followed. Together, this laid the groundwork for what is to come.

A combination of solid financial performance allied with favorable current market conditions has led a number of early U.S. entrants to Canada to announce expansion plans. Walmart alone is committing US $500 million over the next few years to open another 40 stores.

While expansion of existing brands is nothing new, two other recent announcements also involving organizations south of the border are expected to transform the Canadian retail landscape over the next few years. Each has its own implications for the Canadian market.

Iconic Canadian department store, Hudson's Bay Co., the oldest commercial corporation in North America with a heritage dating back to the 1600s, recently announced that it will be selling the lease holds on 220 of its Zellers brand stores to Target. In turn, Target will invest over US $1 billion dollars to convert 100 to 150 of these stores to its bullseye logo, and lease the remainder, potentially to a non-competing U.S. chain looking to make similar in roads.

The striking difference between this new wave of American retail expansionism with that of the past is that this one is not based solely on another American retailer entering the Canadian market and competing for dollars. This time, an American retailer is replacing a Canadian retailer: Target is in; Zellers is out.

Strong brands with stellar execution such as lululemon athletica suggest there is no issue with complacency. There is simply an increase in competition as more American retailers view Canada as a viable and lucrative expansion option. As Canadian consumers are provided more choice, Canadian retailers will need to offer a compelling reason for customers to remain brand-loyal.

Another significant announcement comes via a 50-50 partnership between Canadian real estate investment trust RioCan and U.S. mall operator Tanger Outlet Centers. Under this agreement, Canadians can expect to see 15 American-style outlet malls scattered across the nation by the end of 2012. These sprawling, American outlets typically host smaller spaces for retailers such as Saks (Off 5th), Nieman Marcus (Last Call), and Barneys New York, and it would surprise nobody if Tangers recruited them all for the ride up north.

Due to its relatively stable economy and geographical proximity, Canada offers U.S. retailers an opportunity to pursue international expansion without much of the risk typically associated with going global — and the time to expand may be now. U.S. retailers with cross-border locations are seeing an uptick in business from Canadian consumers as the Loonie reaches parity with the Greenback. This presents these retailers with an opportunity to learn more about the distinct needs of the Canadian consumer. Marshalls, J. Crew, Express, Dollar Tree, Dick's Sporting Goods, Golf Galaxy, Hot Topic, Bed, Bath & Beyond, and several others have all expressed intent to enter Canada, with development already underway for some.

Much of the retail dialogue in this country revolves around the integration of mobile technologies (barcode scanning and geolocation couponing) and the international expansion of Canadian brands (lululemon, lingerie chain La Senza, and recently the Loblaw-owned Joe Fresh). But as the economic outlook improves, that dialogue may quickly shift to "American Invasion 2.0." We will keep a keen eye on those retailers with a deep and prevalent Canadian heritage to see how they respond, especially as opportunity may lie in capitalizing on this new dichotomy. Canadian icon Zellers has fallen, but for Canadian Tire, Shoppers Drug Mart, and others, perhaps now is the time to dial up the Canadian theme and test if it is a true driver of business. These national companies must examine their brands and analyze what drives preference among Canadians — and deliver to that end.

The Americans are indeed coming, and how Canadian brands choose to respond may have significant implications on this nation's retail landscape for years to come.

1 Shoppers Drug Mart 2,613 $m

2 Canadian Tire 1,806 $m

3 lululemon athletica 943 $m

4 Future Shop 598 $m

5 Winners 327 $m

1 SHOPPERS DRUG MART

▼ -17% 2,613 $m

New generic drug regulations, the abrupt departure of its CEO, reduced capital expenditures, and increased competition from more retailers such as Loblaw and Walmart means that Shoppers will need to stay nimble with its strategy in the year ahead. Shoppers Drug Mart is much more than the top of mind pharmacy brand in Canada. Its ability to deliver choice, convenience, a broad range of trusted names, and private label and beauty products in communities across the country has also made it a model for U.S. drug retailers. Additionally, over 9.5 million Canadians actively use its Optimum card. New, larger store formats, its expansion into food, electronics, and the recent Men's Zone have all succeeded in enhancing the customer experience. Shoppers is also using social media to improve the customer experience through help and dialogue. Similarly, it is leveraging mobile marketing, with a new mobile app that was recently named "App of the Week" on iTunes.

2 CANADIAN TIRE

▲ 3% 1,806 $m

This Canadian icon of community retailing is resetting the course for its future. Canadian Tire is refocusing on its core male target audience and its traditional sporting goods, hardware, and auto products as it continues to compete against large retailers such as Walmart and The Home Depot. But it is also looking ahead with its new "smart" stores and small market stores, which focus on greater effectiveness and efficiencies. It is working to reduce its gaps in customer service and is redeveloping its famous Canadian Tire money. Importantly, this heritage brand is demonstrating a willingness to embrace the changing Canadian marketplace as it starts to create a social media presence with Facebook promos, and mobile apps.

Shoppers Drug Mart is using social media to improve the customer experience through help and dialogue.

3 LULULEMON ATHLETICA

▲ 24% 943 $m

lululemon athletica continues to shine. This highly original retailer has stayed true to its yoga-friendly roots but also expanded to bring its brand philosophy and products to a broader audience. lululemon now offers its proprietary, well-designed products and unique retail personality in more than 130 stores in Canada, the U.S., Australia, and Hong Kong, as well as online. Despite a few growing pains in staffing and store selection in the U.S., the brand has established and maintains a special niche within the sports apparel market.

4

FUTURE SHOP
NEW 598 $m

With more than 140 strongly visually branded stores in cities and towns across Canada, Future Shop dominates the home electronics market. The brand continues to thrive as a separate division despite its buy-out in 2001 by Best Buy. For many Canadians, Future Shop is still the destination for "exciting stuff" such as TVs, computers, software, audio equipment, cameras, small and major home appliances, and gaming products. Its brick and mortar locations are supplemented by online retailing and its ConnectPro home installation services. The brand's online Tech Yeah communities and expert advisors offer dialogue, help, and advice on a variety of topics and products.

5

WINNERS
NEW 327 $m

Winners has developed a unique and winning formula for success in the Canadian retail landscape. It provides the latest in brand name and designer fashions to women, men, and children for up to 60 percent less. It also offers on-trend home fashions through both its Winners and Home Sense locations. Winners' "Find Fabulous for Less" merchandise resonates with savvy, style-conscious shoppers across Canada, creating a strong core of loyal shoppers and advocates. But Winners needs to stay alert as new direct competitors such as Marshalls and Kohl's prepare to enter Canada.

Winners needs to stay alert as new direct competitors such as Marshalls and Kohl's prepare to enter Canada.

The Most Valuable U.K. Retail Brands 2011

By: Graham Hales

Where value meets brand

2010 was predicted to be a year when U.K. consumers reined in their spending. However, new technologies and consumers' continued desire to shop, meant that the retail sector actually grew, albeit modestly. The companies that took the lead in 2010 invested in their brands, successfully differentiated themselves from the competition, and convinced customers of their relevance.

One of the key challenges in 2010 was value. The brands that got it wrong offered less, for less, by slashing prices and failing to invest or innovate. The brands that did well managed to focus on price without compromising on experience or product quality. Waitrose, for example, stayed relevant by developing its own-brand products, Waitrose Essentials, which cater to the consumers' demand for value.

In addition to focusing on value, rather than slashing prices, this year's leading U.K. retail brands continued to expand their offers in 2010 by using the strength and understanding of their offer to stretch into new sectors and stay relevant to consumers' needs. Following Tesco's lead, both Asda and Sainsbury's expanded their service offers with a variety of telecom, new banking services, energy, and insurance propositions.

However, staying relevant in the retail industry is not solely about the product or service offer — brand also plays a big part. Brands such as Next successfully operate through multichannel platforms where the physical stores, online shop, and catalogues are all a part of the sales model. Next increased its presence in 2010 by engaging in the social media space, and building relationships with bloggers to promote its apparel range. Waitrose's use of YouTube shined a spotlight on its tie-ups with celebrity chefs, bringing these relationships and their products to life for a new audience of web savvy foodies.

While U.K. retailers experienced a turbulent year, a number not only survived, they even prospered. As we approach yet another year of rapid changes in demand, it will be important to take their lessons to heart.

1 **Tesco** 10,102 $m

2 **Marks & Spencer** 6,074 $m

3 **Boots** 2,480 $m

4 **ASDA** 1,395 $m

5 **Next** 1,314 $m

6 **Argos** 912 $m

7 **Sainsbury's** 849 $m

8 **Morrisons** 429 $m

9 **Waitrose** 338 $m

10 **Debenhams** 284 $m

1

TESCO

▲ 22% 10,102 $m

Sir Terry Leahy moves on from Tesco in March 2011 and leaves the brand in a vastly improved position since taking over as CEO in 1997. Its number one position in the U.K. market has been cemented by a focus on service and price, which has given the brand great potential stretch into new sectors such as telecoms and banking. Recent domestic successes with Clubcard double points, online offerings, and innovative mobile apps have also demonstrated a flexible and responsive position. In 2010, this was supported by the heaviest investment in brand marketing of any of the U.K. supermarkets. The Tesco brand continues to grow abroad, especially in the East, with 33 percent of group retail space now in Asian markets.

2

MARKS & SPENCER

▼ -4% 6,074 $m

Wisely, Marks & Spencer resisted the urge to focus on a short-term, price-only strategy which will help preserve its margins now that shoppers show signs of returning. To the brand's credit, it remains genuinely popular in spite of slow sales. Its 125-year anniversary bolstered its credentials as a U.K. national treasure. Still, the brand's recent investments and strategic initiatives towards becoming more relevant have yet to pay off. M&S continues to forge ahead with plans to become the world's most sustainable retailer by 2015, which should position it well for the long term. It is also working to successfully localize its format for international markets.

3

BOOTS

▼ -16% 2,480 $m

Boots is the U.K.'s leading pharmacy chain, with outlets in most high streets throughout the country. In addition to a presence in the U.K., the company is developing country-specific branded trading formats to meet local needs, such as the Boots apotek in Norway. Dating back to the 1800s, the company is a trusted brand known for good service and a knowledgeable staff. The retailer also develops its own private labels, such as the renowned No 7 cosmetics and makeup line. Nevertheless, accelerating product commoditization in key lines, lower cost alternatives on branded goods and adverse economic conditions weigh down the valuation. To fight back, Boots is continually developing its proposition. For example, upgraded outlets now offer in-store medical check-ups. Boots reviews 25,000 customer surveys each week to gain an understanding of customer needs from which to improve preference and loyalty.

4

ASDA

▼ -27% 1,395 $m

Asda, a Walmart subsidiary, sells food, clothing, toys, and general merchandise. Its offer also contains a mobile telephone network and insurance company. The supermarket chain is one of U.K.'s big four, but was unseated from its position by Sainsbury's in 2010. Their under performance in 2010 is most likely the result of a higher level of promotions in the sector, which clouded its "every day low price" proposition. Asda, which focuses its marketing promotions solely on price, has had trouble keeping up with competitors who have cut prices due to the recession. However, a five-year marketing strategy that involves increasing its smaller supermarkets and opening 125 new Asda Living general merchandise stores within the next five years should help it resume growth.

5

NEXT

NEW 1,314 $m

Next is a clothing retailer offering affordable lifestyle and fashion goods for families and the home. There are over 500 stores worldwide and, as Europe's biggest fashion e-tailer with a global online presence through Next Direct, the brand is also at the forefront of online shopping. Next became a multichannel retailer in 1988, with the launch of Next Directory. Next stays relevant through its unique use of social media and the digital world. In January 2011, it hosted a competition for top fashion bloggers to style an outfit based around four key pieces from its Spring 2011 collection. It also makes frequent use of its own YouTube channel, Facebook page, and Twitter. Like Topshop, Next picked one of the most competitive spaces in the market — the premium-value segment. Similar to its peers, Next must be creative, innovative and aware to stay and grow in the space.

6

ARGOS

▼ -9% 912 $m

Argos is unique in that its primary means of displaying goods to customers is through its well-known catalog concept. Argos is the second largest online retailer in the U.K. and is known for its multichannel offer as well as for choice, value, and convenience. It sells general merchandise and products for the home from over 700 stores throughout the U.K. and Republic of Ireland. In 2010 the company initiated a visual rebrand and has committed substantial sums to its new identity. It has a clear strategy centered on continuing to expand choice, offer great value, and provide leading convenience. The challenge for the brand is to justify and move beyond its vulnerable placement between manufacturer and consumer in a world where the internet is replacing its catalogue model.

Next hosted a fashion blog competition and makes frequent use of YouTube.

7

SAINSBURY'S

▲ 4% 849 $m

Sainsbury's emphasis on price without compromising on quality and a strong private label brand that responds to consumers' needs helped the supermarket chain gain market share. The brand rests comfortably between more up-market grocers like Waitrose and M&S and players such as Tesco and Asda. While the position might be perceived as risky, it has proved a wise choice. The concept behind its success is a focus on the emotional benefits of shopping. Sainsbury's operates 872 hypermarkets, supermarkets, and convenience stores. It also operates Sainsbury's Bank, which sells financial services. Sainsbury's secures a high presence through a long-term sponsorship of the British charity organization Comic Relief and the popular Red Nose Day. It also benefits from collaboration with world famous chef Jamie Oliver.

8

MORRISONS

NEW 429 $m

Morrisons has expanded in the U.K. over the past few years both organically and by acquisition, enlarging its geographic footprint and customer spread. In addition to these achievements the brand remains true to its roots. Its vertical integration, focus on in-store food preparation, and the Market Street concept are powerful hallmarks of the brand's authenticity and provenance in a market characterized by titanic scale and aggressive marketing initiatives. However, Morrisons plays on the main stage. CEO Dalton Philips hopes to grow Morrisons' brand value in 2011 by developing an online grocery offering to match its rivals. Morrisons' challenge will be to continue to win the fight without true scale or customers yet willing to pay more for own brand goods.

9

WAITROSE

NEW 338 $m

Waitrose, which is part of the John Lewis Partnership, is known for the quality and freshness of its food. Its working structure is unique. Profits are shared out among the staff and it is not unusual for employees, or partners as they call them, to have been at the company for over 20 years. This has helped in complementing the quality and freshness offer with great service that is not always found in a local grocery store. Although Waitrose dates back to the early 1900s, it has certainly kept up with the times. Through an online delivery offering, partnerships with the famed chefs Delia Smith and Heston Blumenthal, an online magazine, and a price commitment for everyday products, the retailer stays relevant and appealing to a broad audience.

10

DEBENHAMS

NEW 284 $m

Debenhams has continued its 17-year-old "Designers at Debenhams" line with the introduction of the H! by Henry Holland Collection to cater to fashion conscious women, age 16-24. Debenhams dedication to its own brands has paid off with 80.2 percent of its sales from this category. It has seen a 10.7 percent rise in its revenue. Debenhams increased its global franchise with 11 new stores in 10 different countries. Recent acquisitions include the failing Magasin du Nord, a Danish department store the company has decided not to rebrand, but which currently stocks Debenhams' own line. Its decision to steer away from TV advertising in 2010 means the brand is less top of mind with customers. It is relying more on consumers' word-of-mouth, which is driven by a real commitment to experiential differentiation and leading product design.

The Most Valuable French Retail Brands 2011

By: Nicolas Chomette

What about the customer?

The immense and continually growing impact of e-commerce has forced brick and mortar retail to reinvent itself. The industry has undergone a revolution — it is no longer about selling a product; it is about selling a lifestyle.

It has, in fact, taken only a few decades for the retail industry to shift from a purely functional model driven by share-of-basket, promotions, discounts, and engaging packaging to an experience-based model that demonstrates the brand's values in a way that appeals to the shopper's need for self-expression and belonging.

Luxury and premium brands in particular have recognized people's desire for an emotionally fulfilling shopping experience, which has led to a reliance on design and architecture for the creation of stores that delight, inspire, and engage people. Great store design and immersive brand experiences have the ability to surprise and amaze their audiences and differentiate the brand from its competitors. Thus, we have witnessed a mushrooming of flagship stores and an increase in the square meters of shopping spaces in our cities.

Stunning spaces that glorify the brand are a mecca for shoppers. For example, Niketown in London, the Rem Koolhaas designed Prada boutique in Soho, the Fifth Avenue Apple store, Louis Vuitton on the Champs Elysées, and the very latest H&M store designed by Jean Nouvel in Paris. The list goes on. And yet, while flagships do make a convincing case for the eloquent and forceful expression of the brand image, one is not entirely convinced when it comes to profitability: first, because real estate is vastly expensive on the Champs Elysées and second, because the customer does not routinely shop at such spaces.

In a race to grab the spotlight, French retail brands are often forgetting that the customer needs to be listened to, advised, and guided. In essence, to increase the value of every customer, brands need to develop long-lasting relationships with them, something that the big, enthralling destination stores cannot always accomplish. For example, while Carrefour is famous for its hypermarkets, these supercenters are quickly losing relevance. In contrast, its alternative formats like Carrefour City, are connecting much better with consumers and prospering. Similarly, beauty retailer L'Occitane is discovering that beyond just the store, an online presence and mobile app can go long way in engaging consumers.

The tide is certainly changing with brands attempting to break away from the convention of the big destination stores that have defined retail for over 50 years. Today's retail brands need to demonstrate something other than power. Although they have always aspired to surprise their customers, this does not necessarily require a larger-than-life experience. Geographical proximity, excellent customer relationships, and multichannel engagement, would go a long way to fulfill this aspiration. Smaller, closer, and more intimate stores make the customer feel important.

1 Carrefour 13,345 $m

2 Auchan 2,856 $m

3 Leroy Merlin 1,579 $m

4 L'Occitane 1,341 $m

5 Sephora 1,313 $m

6 Conforama 1,101 $m

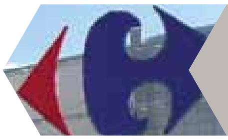
7 Darty 880 $m

8 Decathon 806 $m

9 FNAC 581 $m

10 Casino 490 $m

1



CARREFOUR

▲ 1% 13,345 $m

Mass grocery brand Carrefour, with over 15,000 retail outlets in 34 countries, is slowly winning the battle to grow sales in its home market. Western Europeans are choosing to buy fewer durable goods, and rising gas prices are making them hesitant to drive to the distant hypermarkets. Instead they prefer to get their groceries closer to home or head to department and specialty stores. Therefore, Carrefour's ongoing brand work and efforts to segment its offer through the various formats and locations are on track to create a more positive future for the organization. In July, the company announced plans to pull out from some countries in Southeast Asia and is facing difficulties in Brazil due to ongoing operational challenges. But this year, Carrefour has invested in effectively communicating its "smiling people" brand messaging and making its hypermarket offering more relevant.

2

AUCHAN

▲ 6% 2,856 $m

Expansion into emerging countries boosted profits for the French retail giant, despite weak domestic sales. The brand continues to show resilience in the face of dampened consumer spending and price deflation, but weak domestic sales and the consumer trend toward smaller stores have prompted Auchan to develop new store formats. Hypermarkets form the core of Auchan's operation (over 1,200 retail oulets in 12 countries throughout Western, Central, and Eastern Europe and Asia). The company has a revitalization strategy in progress to drive customer demand. Although deployment is slow, it is looking into convenience store options, preparing a format in central Paris under the "A 2 pas" banner, and going head to head with Carrefour City and other convenience operators.

3

LEROY MERLIN

NEW 1,579 $m

The worldwide home improvement and gardening retailer has over 100 locations in France and over 200 internationally, in Brazil, China, Poland, Turkey, Portugal, France, Spain, and Russia. In France it is the self-stated market leader for the DIY/hardware segment. Leroy Merlin has a culture of employee engagement through local decision making and profit sharing. The growing retailer could profit from more of an international footprint. There is also an opportunity to improve its inconsistent and decentralized communications. However, the French website does deliver in one area: conveying the brand message, "Your desires come alive." It activates this message through high functionality that includes intuitive searches, green products, and online forums for discussion and idea-sharing, all to engage shoppers and keep them returning.

4

L'OCCITANE

NEW 1,341 $m

L'Occitane's continued growth and impressive profits come from frequent product releases. While other skin care and cosmetics makers launch new products twice a year, L'Occitane replaces 30 percent of its line every three to four weeks. New products are also offered for a limited time to create a sense of urgency and sales floors are reset often to maintain excitement. To enhance its brand image, the company limits the number of its boutiques to prime locations in big cities and high traffic areas such as airports. It connects with customers online, through social media and mobile apps. The retailer carries its offerings in 1,500 retail locations worldwide, with boutiques in nearly 90 countries. All products and boutiques reflect the company's core values of authenticity, simplicity, sensory pleasure, and respect for people and the planet.

5

SEPHORA

▲ 22% 1,313 $m

With more than 1,000 stores within 24 countries in Europe and 60 locations in China, Sephora continues to profit from the increased demand for beauty products. In 2010, the beauty chain brand recorded like-for-like store growth across all regions. The opening of flagship stores in 2010 also significantly increased the chain's presence in Asia and Europe. In the last few years, it has generated growth by strengthening its private label offerings for exclusivity, but going forward it will be important to differentiate on service as well. With increased competition at its heels, Sephora also needs to address a lack of a comprehensive digital and social media strategy and the variation in the quality of its stores from country to country.

6

CONFORAMA

NEW 1,101 $m

Conforama had been losing market share to IKEA and Habitat in the last 10 years, but in the first quarter of 2010, the company's market rose for the first time in seven years widened its operating margin. The push by PPR to rationalize and improve the model in order to sell it paid off and a deal was signed with South African group Steinhoff at the end of year. Sales are also growing in Switzerland, Spain, and Portugal. The furniture, appliance, and consumer electronics retailer operates over 200 retail outlets in seven countries around Europe, but the bulk of its business comes from the French market. The company hopes to capitalize on its brand promise of "Comfort at home at affordable prices," and has been working to regain relevance by redesigning 30 outlets, and acquiring an online furniture retailer, La Maison de Valérie (which was already part of PPR/Redcats group).

7

DARTY

NEW 880 $m

Darty is the market leader for "electrodomestics" in France; that is, appliances, consumer electronics, and telecommunications services. It continues to enjoy steady expansion. Last year, the brand opened two new stores and remodeled 10. Darty saw revenue and operating margin increases in 2010 thanks to its relevant offering and its house rule of customer satisfaction. With its "contract of trust" Darty has gained the confidence of French consumers, who give it high marks in accessibility, service, and expertise. Additionally, the brand offers delivery, post-sales service, and repair. The company has worked to reinforce its brand through differentiated and targeted communications that strongly bring to life its strengths. It has announced plans to open five more stores in 2011.

8

DECATHLON

NEW 806 $m

Decathlon is the leading sporting goods retailer in Europe, with over 470 stores across 14 countries, including 10 new stores in China. Decathlon continues to roll out its 10,000 square-foot small format stores as well as its 30,000–50,000 square-foot megastores. Expecting that the 2012 Olympics in London will help Decathlon's U.K. business, the company has aggressive expansion plans in the works. Although Decathlon exited the U.S. in 2006, its recent purchase of California real estate has analysts speculating a return. Gear for just about every sport at any price level can be found at its retail stores, including its own exclusive "passion brands" for devoted athletes. It has been named one of the 10 Great Places to Work by *Le Figaro Economie* and happy employees mean that enthusiasts travel out of their way to visit the store because of its sports expertise and excellent service.

9

FNAC

▲ 9% 581 $m

FNAC operates in eight countries with over 143 locations and continues its strategy of closely segmenting its market, creating tailored offers and store experiences for each. Last year, sales in France were unchanged for the entertainment and consumer electronics retailer, and international sales were up. FNAC has since announced plans to generate more sales outside of France through continuing international growth. It also entered into an agreement to sell its educational games business, FNAC Eveil et Jeux. The transaction will allow FNAC to focus on the development of its core brand through expansion and the internet, rather than stretching itself thin. The retailer started delivering the "FnacBook" e-book reader last fall and offering an online marketplace for secondhand merchandise; at this time, its online channel currently accounts for 11 percent of its business and has delivered double-digit growth.

10

CASINO

NEW 490 $m

Global grocery giant Casino owns and operates almost 10,000 locations in Europe, North America, Latin America, and Asia. Last year saw a continuation of its price competitiveness. It also expanded through international acquisition and grew its multiple formats, which include Géant Casino, Hyper Casino, Casino Supermarché, and convenience store Petit Casino. As with Carrefour and Auchan, its hypermarket performance declined. Meanwhile, its French supermarkets delivered satisfactory performances and small format stores made significant gains. Internationally, Casino experienced strong profitable growth across the board. While the brand does little to engage customers through social media, it wins high marks from its employees for its efforts to employ the disabled.

The Most Valuable German Retail Brands 2011

By: Nadine Hohlfeld

A retail experience beyond just discount

The German retail market is dominated by no-frills discounters, including Aldi, Lidl, and Netto Marken-Discount. Even retailers in specific retail sectors, such as home electronics, are led by brands with a discount positioning, for example MediaMarkt.

The leading brands have shaped customer behavior to a degree, which now poses an issue for the industry as a whole. The German customer, bombarded with messages like "Geiz ist geil" (stinginess is cool) over the years, has grown accustomed to communications and brands that focus on low price. But the margins of retailers are particularly thin in Germany, and a further push on price seems unsustainable. Evidence enough is discounters' lack of profit from the financial crisis.

In the years ahead, German retailers need to start looking beyond price slashes and discounts. They need to realize that consumers are beginning to look more closely at where they buy their food and its origins and they need to meet new demand with trusted and known private labels with the best quality-price ratio. Indeed, if full-range retailers intensify their private label brand strategy, they are likely to win key market shares from discounters.

German retailers also need to start reevaluating their shop concepts. Supermarkets, for example, can profit from different store formats based on product assortment and accessibility, due to rising trends like customer demand to buy close to home and the desire for "one-stop-shops."

Although German retailers have, on the whole, decreased advertising spend due to decline in sales, CSR activities are still proving to be an effective and vital way to strengthen their brands. Similarly, social media has become imperative for managing brand perception and awareness.

While almost every retailer is present on various social media platforms, there is still a substantial need for better-crafted social media strategies that actively involve consumers in a continuous dialogue.

1
Aldi
3,525 $m

2
MediaMarkt
1,343 $m

3
Edeka
1,321 $m

4
Lidl
1,176 $m

5
Kaufland
524 $m

6
REWE
393 $m

7
Schlecker
384 $m

8
dm
358 $m

9
Netto Marken-Discount
303 $m

10
OBI
281 $m

Aldi was elected the most trusted retail brand in Germany and voted best retailer by customers.

1 ALDI

▼ -14% 3,525 $m

In 2010, the no-frills grocery chain and deepest discounter in food retailing lost out in revenue and market share against its main competitor Lidl. But since simplicity is an ongoing and key part of the success of both Aldi North and Aldi South, the company's brand strength is still comparatively high. Aldi was elected the most trusted retail brand in Germany and voted the best retailer by customers. Further customer satisfaction studies show that Aldi receives top grades compared to other discounters. It also has the highest customer reach of all grocery retailers in Germany, where brand awareness is about 99 percent. Moreover, Aldi was awarded position 29 by the 2010 Trendence Top 100 Employers ranking.

2 MEDIAMARKT

▼ -4% 1,343 $m

The Media-Saturn Company has two consumer electronic retail brands: its superstore MediaMarkt and its smaller, trendier urban concept, Saturn. In 2010, Europe's largest retailer of consumer electronics expanded internationally, with a new flagship store in Shanghai and the introduction of Saturn to the Russian market. Furthermore, Media-Saturn has launched two private label brands and plans to introduce two more in 2011, which should help it compete with Aldi and Lidl's new discount electronics. MediaMarkt continues to excel when it comes to innovation. It created Germany's first video-on-demand portal and it is also testing branded vending machines at airports and train stations. Although MediaMarkt still invests in extensive advertising expenditures in comparison to other retailers, it reduced spending by 23.6 percent in 2010. Nevertheless, the brand has a high presence in relevant communication channels including social media. Its marketing campaigns are widely acknowledged and its brand awareness is 95 percent.

3 EDEKA

▲ 6% 1,321 $m

There are no significant and obvious changes in Edeka's way of managing its brand. It continues to expand, and remains free of the misleading label and tainted product scandals that have plagued it in the past. In terms of revenue, Edeka is still Germany's largest supermarket retailer, opening 200 new stores in 2010. Edeka is one of the 10 companies with the highest advertising spending in Germany, with only Aldi and Lidl spending more in the category. Although Edeka ranks higher regarding customer satisfaction and customer reach than its competitor REWE, Edeka has an opportunity to improve its private label offering, which continues to garner low scores from consumers.

4 LIDL

▼ -6% 1,176 $m

Lidl still lags behind its direct competitors on a price-quality ratio as well as popularity, but it is seeing gains in its revenue and market share. Furthermore, Lidl is actively fighting for a guaranteed minimum wage, which has been covered positively by the press. The brand has a new private label, "Ein gutes Stück Heimat," and its fair trade product line, "Fairglobe," has been honored as a Top 10 sustainable brand. Moreover, Lidl is actively involved in corporate social responsibility initiatives and connects with customers via social media. Like other brands in its category, Lidl reduced its commercial spending last year and its long-running TV campaign, "The little things," while a success, is now feeling a little stale.

5

KAUFLAND

▼ -4% 524 $m

In 2010, Kaufland suffered from two recalls and a drop in profits. However, in accordance with its service-oriented brand positioning, Kaufland continues to receive high scores in customer satisfaction from its loyal customers. Its hypermarket private label, K-Classic, is so popular that shoppers come to Kaufland for that reason alone. By intensifying its private label strategy, the company is winning market share from discounters. However, it has invested little in image communication and social media. Still, its rebrand of the recently acquired Handelshof Cash & Carry shops as well as five Schlecker stores should help boost the brand. Internationally, Kaufland continues to expand its network into Eastern Europe.

6

REWE

▼ -1% 393 $m

The second largest supermarket chain in Germany continues to catch up to market leader Edeka through takeovers and expansions in 15 European countries, although some uncertainty over Central and Eastern European markets remains. REWE operates over 10,000 multi-format stores in Germany alone and its investments in image and advertising, along with endorsements from celebrities like German football star, Lukas Podolski, have increased brand awareness. Moreover, the company increasingly invests in popular event sponsorships. With its differentiating and comprehensive shop concept, REWE meets consumers' needs. For example, its private label "Ja" has the strongest awareness among private labels. The retailer has won two sustainability awards and with it increased credibility around its brand promise: "a little better every day."

7

SCHLECKER

NEW 384 $m

Schlecker leads Germany's drugstore category, with some 10,000 outlets in Germany. Overall, its brand awareness is very high and it commands 76 percent of the market. However, its expansion strategy seems to have stalled. It exited Hungary, and closed stores in Belgium and Germany. As Schlecker continues to lose revenue, its direct competitor, dm, is close at its heels. Last year, Schlecker reduced its advertising by 46 percent, even as it suffered from negative headlines due to data leaks and the hiring of low-wage part-time workers. In addition to downsizing, Schlecker is planning a complete brand relaunch. It is working on a fresh store concept with a stronger local and regional component to its product offering, in line with its "Fit for the Future" program. Schlecker has also announced management changes. The children of the company's founder are taking over the business, in an additional attempt to rejuvenate the brand's image.

8

DM

NEW 358 $m

dm recently announced its intention to become the leader of the German drugstore segment and is certainly the fastest growing based on floor space and shop openings. At the moment it is the second biggest player in the market, and making significant gains in revenue, increasing market share by over 15 percent. It runs 2,300 stores in Europe, with 1,185 in Germany, and plans to open 100 more. The company has been voted favorite national drugstore chain in the "Kundenmonitor 2010" customer satisfaction study for the tenth time in a row, and was voted "Drugstore Retailer of the Year" by its peers. Its private label "Alverde" is among the three "most sustainable brands in Germany." Sustainability is an integral part of dm's corporate identity and it remains committed to several initiatives. It received the Utopia Award for the most sustainable retailer in Germany.

9

NETTO MARKEN-DISCOUNT

NEW 303 $m

Since its takeover of the Plus supermarket chain, Netto Marken-Discount has been increasing its brand awareness. In 2010 alone the Edeka Group invested US $1.77 billion in the modernization of the Netto network. In contrast to most other discounters, Netto has developed radio advertisements, as well as online marketing measures. Furthermore, Netto developed a private label called "für den kleinen Einkauf" in response to the increasing amount of single households. However, Netto has been massively criticized in the media for employee exploitation regarding low wages, long working hours, and difficult working conditions. These negative headlines have damaged Netto's brand image and popularity.

10

OBI

▲ 1% 281 $m

OBI has announced its intent to lead the home improvement/DIY market as an innovator in assortment, store formats, and shopping experience. With more than 330 locations in Germany and over 200 in 13 Central and Eastern European countries, OBI is continuously expanding and increasing its market share, aiming to grow its foreign sales share from 30 percent to over 50 percent. Within the organization, the OBI brand is recognized as a strong asset. This is reflected in its communications and image cultivation, internally and externally. In 2010, OBI invested significantly in a multimedia image campaign celebrating its 40th anniversary. This may be why brand awareness is at 98 percent in Germany. In the year ahead, OBI plans to aggressively expand in Russia, Poland, Italy, the Czech Republic, Hungary, and the Balkans.

The Most Valuable Spanish Retail Brands 2011

By: Bosco Torres and Gonzalo Brujó

Spanish brands did their homework

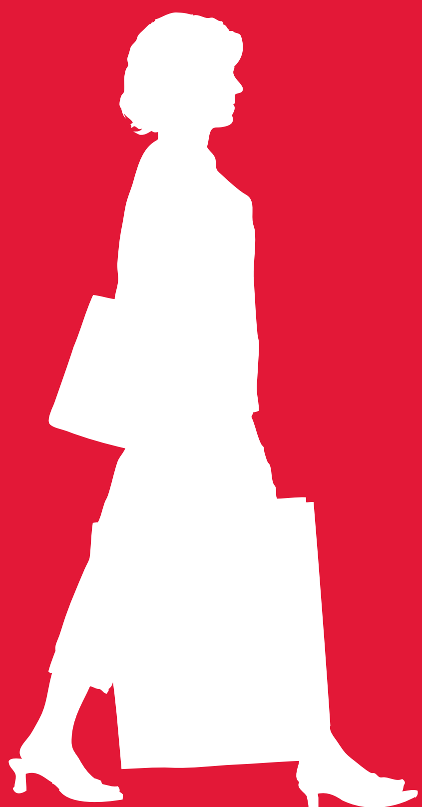
Spain was one of the European countries most impacted by the 2008 worldwide financial and economic crisis. The past two years saw a decline in productivity, an increase in the unemployment rate (20 percent of the population), decreased business investment, and a drop in housing purchases. But as our 2011 table suggests, the Spanish retail sector is finally beginning to show evidence of recovery. Spending in the food and beverage sector is up US $ 51.14 billion, and textile exports are up six percent. It seems that Spanish brands have done their homework, investing time and money in all the right places.

Fashion brands such as Zara and Mango, accompanied by Desigual, women'secret, and Massimo Dutti, are growing and leading the sector, due to international expansion, excellent local adaptation, and the constant update of their collections based on runway fashion and urban trends (despite the controversy this generates among luxury firms and users). But the challenge isn't over yet, as these brands face substantial competition from brands like H&M, Primark, and Topshop, which are big players in the Spanish market. Similarly, the arrival of UNIQLO, Gap, and Abercrombie + Fitch pose a new threat. Spain's top retail brands will have to stay on their toes, expanding their digital and mobile touchpoints and finding new ways to differentiate.

Traditionally, Spanish retail brands have been slow to embrace digital. Recently, however, Zara has seen success with its online store. Zara has also excelled at managing and developing its presence on social networks like Facebook. And while its mobile app was criticized for being "pointless" by a number of blogs, it has also made an effort to move into m-commerce.

Similarly, Mango has seen success in encouraging the participation of users and fostering deeper consumer attachments to its brand through blogs like "What Should I Wear by Mango."

On the other side of the coin are Spain's food and beverage brands, a segment that has traditionally been led by large French or German groups such as Carrefour, Auchan, Lidl, and Aldi. In the past few years, Spain has seen the homegrown supermarket DIA emerge as a leader. Due to its success with private label brands, DIA has increased sales by as much as 5.8 percent. Overall, private label brands have increased their total weight in the basket by two percent, putting pressure on hypermarkets such as Carrefour, Alcampo, and Hipercor, which lost an average of five percent in sales.




1
Zara
7,468 $m
2
El Corte
Inglés
2,368 $m
3
Mango
1,071 $m
4
Mercadona
693 $m
5
DIA
599 $m

1

ZARA

▲ 10% 7,468 $m

Zara continues to expand, increasing its sales through a clear, consistent, and differentiated value proposition: 1,600 stores in 77 countries, affordable prices, and a quick turnover of trends from runway fashion shows, thanks to a logistics system that allows the production of more than 15,000 new products each year, and complete stock rotation every 15 days. Certainly the greatest recent success of the brand has been its expanding online presence, with more than seven million Facebook fans and online sales of the collection beginning September 2010 in countries like Spain, France, U.K., Portugal, and Italy. 2011 brings with it a double challenge for the brand: expanding online sales in key countries like the U.S. (where competitor H&M currently has a brick and mortar presence, but will lack an online presence until 2012), and strengthening its presence in Asia and America, as well as Australia and South Africa, where the brand will arrive this year.

2

EL CORTE INGLÉS

▲ 7% 2,368 $m

Prada is poised to launch in El Corte Inglés, Spain's largest department store chain, with the rollout of a 645-square-foot shop-in-shop in the store on Barcelona's high-end shopping district, Avenida Diagonal. Thanks to 70 years of experience, 75 locations in Spain, and a wide range of products, services, and international and prestigious brands, El Corte Inglés is one of Spain's most iconic retail brands. ECI is increasing investment in its online sales channel, and is offering new high-value-added services to justify its premium price. It has also committed to getting a product in store within 24-hours if it is unavailable, and has started offering new and exclusive brands such as The Kooples and AllSaints Spitalfields, which are aimed at a young urban audience. The brand's high investment in communication (nearly US $ 136 million spent on TV campaigns and promotions last year) seems to be paying off in terms of leadership and brand rejuvenation.

3

MANGO

▼ -4% 1,071 $m

Mango is putting a brave face on the global recession with plans for expansion in spite of weak sales growth last year. Mango has a strong value proposition and is focused on differentiating further from its main competitors through its own fashion collections for men (HE by Mango) and women. It also closely follows street trends in order to connect with a young and urban target. This strategy is supported by significant investments in communication and the use of top models and celebrities like Scarlett Johansson and Penélope Cruz. With over 1,700 stores in 102 countries, the brand continues its ambitious process of internationalization, with the objective of more than one store per day opening in 2011 in key markets: Russia, China, and the U.S. (with boutiques in JCPenney). In China alone, the brand is expected to reach 3,000 stores in five years. Mango has pioneered the exploration of online sales channels and the use of the internet as a way to communicate with consumers and collect trends, as evidenced by its almost two million Facebook fans, the success of its blog, and its "What Should I Wear by Mango" campaign.

4

MERCADONA

▼ -7% 693 $m

Mercadona, which was recently ranked as Spain's cheapest supermarket, was hoping to expand abroad in 2010 or 2011 but had to freeze those plans amid slumping sales in the domestic market. Mercadona's business model is a Spanish and European retail benchmark, thanks to a strict commitment to its brand promises "Always Low Prices" and "Total Quality." This model not only satisfies customers, (which Mercadona refers to as "bosses"), but also suppliers and employees, who benefit from training, promotion, and equality policies in each of its 1,264 supermarkets. The consumption crisis has encouraged Mercadona's bet on building its own private label brands (Hacendado, Deliplus, Bosque Verde, and Company) as a way to maintain profitability and stock rotation. Its private labels also ensure that it delivers on its promise of quality and price reduction (prices were 10 percent lower for 2010.) As a result the brand is the most mentioned, preferred, and recommended in more than 4.3 million homes, achieving a market share of 20 percent. Still, in comparison to competitors, Mercadona lags when it comes to social media and its online experience.

5

DIA

NEW 599 $m

With over 30 years of experience in the Spanish market, 6,475 stores, and an international presence in eight countries, the DIA brand proves that hard discount can coexist with the management and care of a brand. Recently, DIA carried out a major rebranding effort — without sacrificing its low prices — in an effort to connect with customers in a more emotional way. The rebrand included a new format and redesign of its stores (DIA Market and Maxi DIA), new visual elements (uniforms and brochures), and the strengthening of its own private label brand, which represents 50 percent of sales. The private label revamp included a new innovative product system (BIOPURE) and redesigned, eco-friendly packaging. However, what it did not include was an improved online presence. Customers' inability to purchase DIA's products online is likely to negatively impact the brand in the future, despite a large customer base and its widely used customer loyalty card.

The Most Valuable Asia Pacific Retail Brands 2011

Contributors: Asia: Stuart Green and Jonathan Chajet
Australia: Dominic Walsh
China: Eric Shao and Giulia Chiara Rocca
India: Viren Razdan Japan: Hidetomi Tanaka and Alex Murray
Korea: Hannah Shin SEA: Ryan Chanatry

The rise of value perception

Asia
Across developed Asian markets the story remains the same; shoppers are becoming smarter, savvier, and more demanding. However, it's not about absolute price, it's about value perception. Retail brands that deliver superior quality at reasonable prices are winning.

Meanwhile in developing Asian markets, the retail market expands as household incomes continue to rise. However, this top line expansion hides divergences between urban and rural areas and a fragmented retail reality.

One commonality across both developed and developing Asia is the power of the internet to transform the retail environment. The specifics may vary by country but the web is irreversibly shifting power to the shopper.

As the ranking shows, local retailers have a lot to learn from their global competitors in terms of branding. Despite the enormous potential of the region, retailers from Asia's developed markets are noticeable for their absence from the major league, and for their limited geographic focus. There are no truly powerful global Asian retail brands yet and while companies such as UNIQLO may harbor dreams of expansion, the reality is less than 30 percent of the brand's revenues come from overseas.

Australia
Consumer confidence in the Australian retail sector has not returned to the dizzying heights of the pre-global financial crisis era. The last year has seen the emergence of the "smart shopper" who looks for value rather than simply the best price. This has resulted in big name Australian retailers being well placed to offer consumers the reassurance of blue chip brands at competitive prices. The likes of Harvey Norman, Myer, Woolworths, and JB Hi-Fi have performed well in this climate. These chains have, however, received pressure from online retailers based offshore, due to a strong Australian dollar and the absence of a Goods and Services Tax on foreign purchases.

China
Despite an ongoing global economic recession, China remains one of the most lucrative and rapidly growing retail markets in the world. The catalyst behind such rapid growth is the steady rise in household income. However, there is still great disparity between urban and rural areas. This has led to fragmentation across China's vast markets both in terms of spending and in types of retailers available. The number of cross-provincial retailers is limited in part due to local market access barriers. Among the most successful market integrators in China are department stores and supermarkets, which are dominated by larger, foreign-invested enterprises such as Walmart and Carrefour. While the retail market in China is no longer considered an emerging sector, new developments and opportunities are arising in e-commerce.

India
India is the fifth largest retail market in the world, growing steadily at seven percent per annum. It has roughly six million retail outlets, dominated by the corner mom and pop stores. Although organized retail forms a miniscule five percent of the category, the last decade has seen a high rate of growth. Rapid urbanization, demographic shifts (a large population of a younger demographic), changing lifestyles, and growth in income levels are all cause for much optimism. Additionally, while online and teleshopping are still in their nascent stages, they are actively growing trends that are also likely to fuel retail in the market.

Japan
The theme running through the Japanese brands on the table this year is cost performance. This trend is being accelerated by the internet with electronic flyers, net shopping, and price comparison sites like Kakaku.com. The moment is so pivotal, it has even forced the president of Takashimaya, a department store with over 150 years of history, to admit that, "We are at an existential moment, where the very value of department stores is in question." As with Korea, the most successful Japanese retailers are trying to add value by creating an in-store experience, reflecting a trend that is not just limited to high-end retailers.

Korea
Price competition between large-scale discount stores continued with the two major players, E-Mart and Lotte Mart, fighting over the leadership position. In 2010, private label brands contributed a big role in the retail industry, representing over 20 percent of sales at the big three discount stores (E-Mart, Lotte Mart, and Home Plus). Large-scale discount stores expanded their business to smaller format stores which brought them into conflict with small private supermarkets in town. Meanwhile the concept of "smart shopping" emerged. Consumers check shopping information using Twitter or QR codes with their smartphones. In addition to keeping pace with rapid technology changes, retailers are trying to add value through the in-store experience.

Southeast Asia
With a population of over half a billion people spread over eleven countries, Southeast Asia provides retailers with significant opportunities, but also operational challenges. Southeast Asia's diverse retail environments, ranging from mixed use developments like Singapore's Marina Bay and enormous malls such as SM Group to themed shopping complexes and local "mom and pop" shops, means that brand strategies must be tailored for a huge array of consumer needs and habits. Additionally, changing consumer behavior, rising disposable incomes, increasingly status conscious shoppers, and online product availability all continue to impact the retail environment.

(Read more about the Asia Pacific retail markets at www.interbrand.com.)

1 **Woolworths**
4,015 $m

2 **Uniqlo**
2,606 $m

3 **Harvey Norman**
897 $m

4 **David Jones**
613 $m

5 **Myer**
529 $m

6 **Suning**
489 $m

7 **Meters/bonwe**
401 $m

8 **Yamada Denki**
240 $m

9 **Gome**
208 $m

10 **Ito Yokado**
202 $m

1

WOOLWORTHS
4,015 $m

Australia's largest supermarket chain has consistently communicated "The Fresh Food People" positioning. From 2008, rebranding has been rolled out across the chain, first in Australia and now into New Zealand (under the Countdown name). The retailer also continues to expand its exclusive line-up of stores with investment in niche brewery Gage Roads and the acquisition of Macro Wholefoods. Its focus on consistency and the brand has paid off so far, as Woolworths now ranks as the most valuable retailer in Asia. However, despite a great run, a new management team at arch rival Coles is making significant inroads. This, combined with a slowing retail period at the end of last year, resulted in Woolworths making its first profit warning in 20 years.

2

UNIQLO
2,606 $m

Japanese brand UNIQLO continues to go from strength to strength and is aggressively looking for expansion overseas. A focus on basic casual items and technology, as opposed to the latest fashion trends, has provided a recipe for continued growth. In 2010, product innovation resulted in strong sales of the HEATTECH clothing line. The year also saw the expansion of UNIQLO in Asia, with a store opening in Shanghai in May, and a first store in Malaysia in November. The company also has plans to expand into Vietnam, Thailand, Indonesia, and the Philippines.

3

HARVEY NORMAN
897 $m

Harvey Norman, founded by high-profile entrepreneur Gerry Harvey in 1982, is Australia's dominant consumer electronics and homewares retail brand. The chain's comprehensive product mix, strong customer value proposition, and aggressive marketing and communications support have consistently delivered superior brand performance across the wider market. However, the end of the year saw some controversy with Mr. Norman calling for the government to introduce a sales tax on overseas internet purchases. While the controversy itself may not have a lasting impact, the strength of the Aussie dollar and the growth of a tax-free, overseas internet may prove more of a threat.

4

DAVID JONES
613 $m

With a history dating back to 1839, David Jones is Australia's oldest department store. In 2006, the brand's iconic black and white visual identity was named one of the country's favorite trademarks by a government-sponsored panel. The department store consolidated its position in the premium market by successfully establishing exclusive supply agreements with prestige brands. However, 2010 has been a challenging year, due to the departure of a CEO over inappropriate behavior and the emerging threat from tax-free, overseas, internet purchases.

UNIQLO continues to go from strength to strength and is aggressively looking for expansion overseas.

5

MYER
529 $m

Myer is Australia's largest chain of department stores and David Jones' younger competitor in the "store wars." The chain has picked up momentum since separating from the Coles Group in 2006 and has aggressive plans to open 15 new stores over the next four years. In addition, the chain just announced the purchase of a 65 percent stake in the women's fashion brand "sass & bide," which was formerly a top David Jones brand. It remains to be seen if this investment pays off. As with other Australian retailers, tax-free offshore internet purchases are a key challenge going forward.

6

SUNING

489 $m

Suning, founded in 1990 and headquartered in Nanjing, is now one of the largest privately owned electrical appliance retailers in China. It is the leading 3Cs (China Compulsory Certification) home appliance retailer. Suning's success was built from retail sales of air conditioners. Suning has maintained investment in its main business, while expanding into other product offerings. The brand is continuously working to upgrade its retailing, logistics, service, and after-sales service. This focus on service has earned it a differentiated positioning in the home appliance industry.

7

METERS/BONWE

401 $m

Meters/bonwe is currently the leading casual wear apparel company in China. The first Meters/bonwe store opened its doors in 1995 in Wenzhou. In 2003, the star Jay Chou became the face of the brand and by 2004 Meters/bonwe was China's bestselling brand. By 2007 the company grew to around 1,800 stores across the country and had over 5,000 employees. The company targets 18- to 25-year-olds with the corporate slogan "Be different." Meters/bonwe insists on a philosophy of "creativity makes success" and allocates key resources to brand building, product design, and channel management. So far, the brand has relied on celebrity endorsements and it may need to develop a more sophisticated strategy to make its high-end brand "Me & City" a success.

8

YAMADA DENKI

240 $m

The largest electrical appliance retailer in Japan has been expanding from its traditional stronghold in the suburbs to claim key city center locations. As a sign of how radically the Japanese retail environment has changed, the company has been linking up with locations that previously housed department stores. In 2009, the company opened a 23,000 square meter flagship store in the former Mitsukoshi department store in Ikebukuro. Competitive pricing and the Japanese government's "eco point" incentive scheme have driven recent growth, with 2010 sales breaking the two trillion yen mark (US $19.446). However, the potential impact of a government incentive, which will end in March 2011, has been of concern. The company is actively looking to expand its offering, with 17 stores in and around Tokyo currently selling the Mitsubishi i-MiEV electric car, and a new 30,000-square-meter store in China.

9

GOME

208 $m

Gome's products retail for a high price compared to other price-competitive Chinese electronics retailers. Stores are found in first to third tier cities and the chain has a strong competitive advantage offering a wide range of products tailored to each region of the country. However, recent conflict within management circles has created problems for the development of the brand. While the retailer needs to maintain good relationships with its suppliers and consumers, Gome may need to refocus communications on its philosophy of "quality life" to increase positive perceptions.

10

ITO YOKADO

202 $m

Ito Yokado is part of the giant Seven & I Holdings Company formed by the merger of the convenience store chain Seven Eleven and the supermarket chain Ito Yokado in 2005. In 2007, following in the footsteps of competitors, the holding company launched a private label brand "Seven premium." By February 2010, the brand covered 1,035 SKUs and had achieved total sales of US $ 3.11 billion. Ito Yokado is also the leader in the online supermarket sector. While the store has ambitious plans and is extremely innovative, its category remains incredibly competitive.

Brand Strength

10 Principles of Strong Brands

Business is changing, but the principles of strong brands still hold true. Interbrand's Brand Strength Score is comprised of 10 components, all of which have an important and equal role in the brand's ability to generate value.

While Interbrand has always looked to these components through our years of valuing brands, they recently underwent an update to better reflect the factors that are reshaping the marketplace. These factors include proliferation of social media, corporate citizenship, audience fragmentation, the increasing role of product design, and increased pressure on ROI.

The 10 principles bring together all aspects of a brand — its people, products, positioning and partners — to create a more holistic and accurate way of understanding and evaluating the power of brands.

1 CLARITY

Clarity internally about what the brand stands for in terms of its value, positioning, and proposition. Clarity too about target audiences, customer insights, and drivers.

In this transparent day and age, it is essential for brands to ensure that employees as well as external audiences understand what the brand is about. Lidl's fight for a guaranteed minimum wage and its top 10 fair trade product line "Fairglobe" demonstrate its clear mission of quality and fairness.

Avon supports its agents by building the entrepreneur within. The iconic Avon lady is indoctrinated in and supported by a very precise set of values and a clear-cut brand proposition. The brand is also involved in many female-focused charities around the world.

5 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.

Marks & Spencer has resisted the urge to focus on a short-term, price-only strategy and instead opted to deliver on customer expectations through its legacy as a beloved U.K. brand. Recent communications, including the 125-year anniversary celebrations and celebrity-filled TV spots employing slogans such as "Your M&S," have played on the brand's perception as the U.K.'s national treasure.

Another brand that has stayed true to its roots, even in the face of global expansion, is Canadian brand lululemon athletica. It has maintained its yoga-friendly, healthy lifestyle core, even as it branches into new products and markets.

6 RELEVANCE

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

American Eagle Outfitters excels at using digital tactics to connect with its younger demographic. In 2010, it broadcast price promotions via SMS, Facebook, Foursquare checkins, mobile gift cards, QR codes, and Shopkick almost daily. As a result, it has stayed top of mind, gaining favor with teens as their idea of value moves beyond price.

French beauty brand, L'Occitane, has remained relevant by continuously updating products to create a sense of urgency and excitement. Frequently refreshed displays, and customer engagement through mobile apps keep the brand flourishing.

7 DIFFERENTIATION

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

When it comes time to shop for fashion apparel, there are many fine competing brands offering denim, runway knockoffs, prep, basics, or the latest trendy must-have. If you were dropped into the middle of any apparel store, would you even know where you were? In the case of Anthropologie, there would be no mistake. The store's romantic storybook cottage atmosphere and its bohemian fashion aesthetic are utterly unique. On the top of that, no two stores are alike. The brand is so distinct, it can claim something of a cult following.

2 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.

A retailer's brand is a powerful ally in the fight for share, but it requires full ongoing commitment from the boardroom to the sales floor. U.K.'s supermarket giant, Tesco, rises above commodity status to the point of transcending its category, thanks to corporate commitment to brand. Tesco's staff of 20,000 receives training in "every little help" skills, and the company continues to invest in internal education and incentives for its people to become brand advocates, and improve their ability to "live" the brand.

3 PROTECTION

Protection is a measure of how secure a brand is across the dimensions of legal protection, proprietary ingredients, design, scale, or geographic spread.

Consumers continue to perceive the retail landscape as "a sea of sameness." Stores across categories sell similar merchandise and imitate one another's promotions, leading to the challenge of blurred channels. Since there is no Coca-Cola-like secret formula and few design patents that retail brands can avail themselves of to protect the integrity of their brands, the best protection is real estate. Great scale and geographic spread protects the Walmart retail brand. The company has over 8,400 stores in 15 countries (500 of those were added globally just in fiscal 2010).

4 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.

Amazon.com is a world-class example of a responsive brand. Much has been written about the online giant's business history and how it continually shapes the business environment today through its innovation and leadership. The company owns several patents on key technological ideas and is always on the search for the next great thing. Amazon.com develops whole businesses where it sees the need (e-book publishing, auction house competition for eBay, cheaper print-on-demand publishing, website, and data hosting).

8 CONSISTENCY

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

Whole Foods Market's commitment to a healthy lifestyle is delivered at every touch point, from its feng shui-ed stores to its salad bar. Its friendly service, healthy products, and superior social media presence — which is customized in every community — ensure that the brand experience is always in line with its positioning.

9 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.

Brands are beginning to realize they are not in charge of their messages anymore. Their advertising campaigns are less powerful than word of mouth, which has achieved global scale thanks to the internet. This is a fact that Spanish retailer, Mango, has taken to heart, as it aggressively expands overseas. It closely follows street trends to connect with a young, urban market. The blog and ad campaign "What Should I Wear by Mango" have generated buzz in social media circles.

10 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).

There is little evidence that anyone in the U.S. doesn't understand what Victoria's Secret is all about. The lingerie retailer has legions of fans on Facebook and followers on Twitter. It continues to stay top of mind for consumers of intimate apparel and playful lounge wear. The racy campaigns with supermodels in thongs and wings have made the brand a cultural phenomenon.

In the same way, there is no confusion around the Polo Ralph Lauren brand. Its product placement in polo matches, tennis tournaments, and involvement in the Olympics makes the ethos and aesthetic of the brand globally comprehensible.

Criteria for Inclusion

There are several criteria when valuing brands for our retail ranking. Besides leading in market share, a leading brand must behave as a leader — setting trends, quality standards, authority, etc.

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:

▲ 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.

▲ Economic profit must be positive, showing a return above the operating and financing costs.

▲ To be defined as a retailer, a brand must generate at least 50 percent of its revenues from sales through its branded retail locations. For example, while Apple was considered, it failed to make this requirement. In addition, we limit the list to those traditional stores and e-commerce sites that sell goods; we have excluded restaurants and service-based sellers, such as financial services and auto dealerships.

(To find out more about Most Valuable Retail Brands, and all our studies, look online at www.interbrand.com.)

Methodology

Interbrand's method looks at the ongoing investment and 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 strength of the brand.

FINANCIAL PERFORMANCE

Financial performance measures an organization's raw financial return to the 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 purposes of the rankings, the capital charge rate is set by the industry weighted average cost of capital (WACC). The 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 as noted earlier.

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?"

Role of brand 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. The percentage for the role of brand is multiplied by the economic profit of the branded products or services to determine the amount of branded earnings that contribute to the valuation total.

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 in 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 algorithm, a 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 about brand strength and Interbrand's 10 brand strength components, pages 48-49.)*

Operating Profits –
Taxes =

NOPAT –
WACC =

ECONOMIC PROFIT →

Economic Profit x
Role of Brand =

BRANDED EARNINGS →

Branded Earnings x

Brand Strength
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, which, based on the brand strength, are discounted back to a present value, and totaled to arrive at a brand value.

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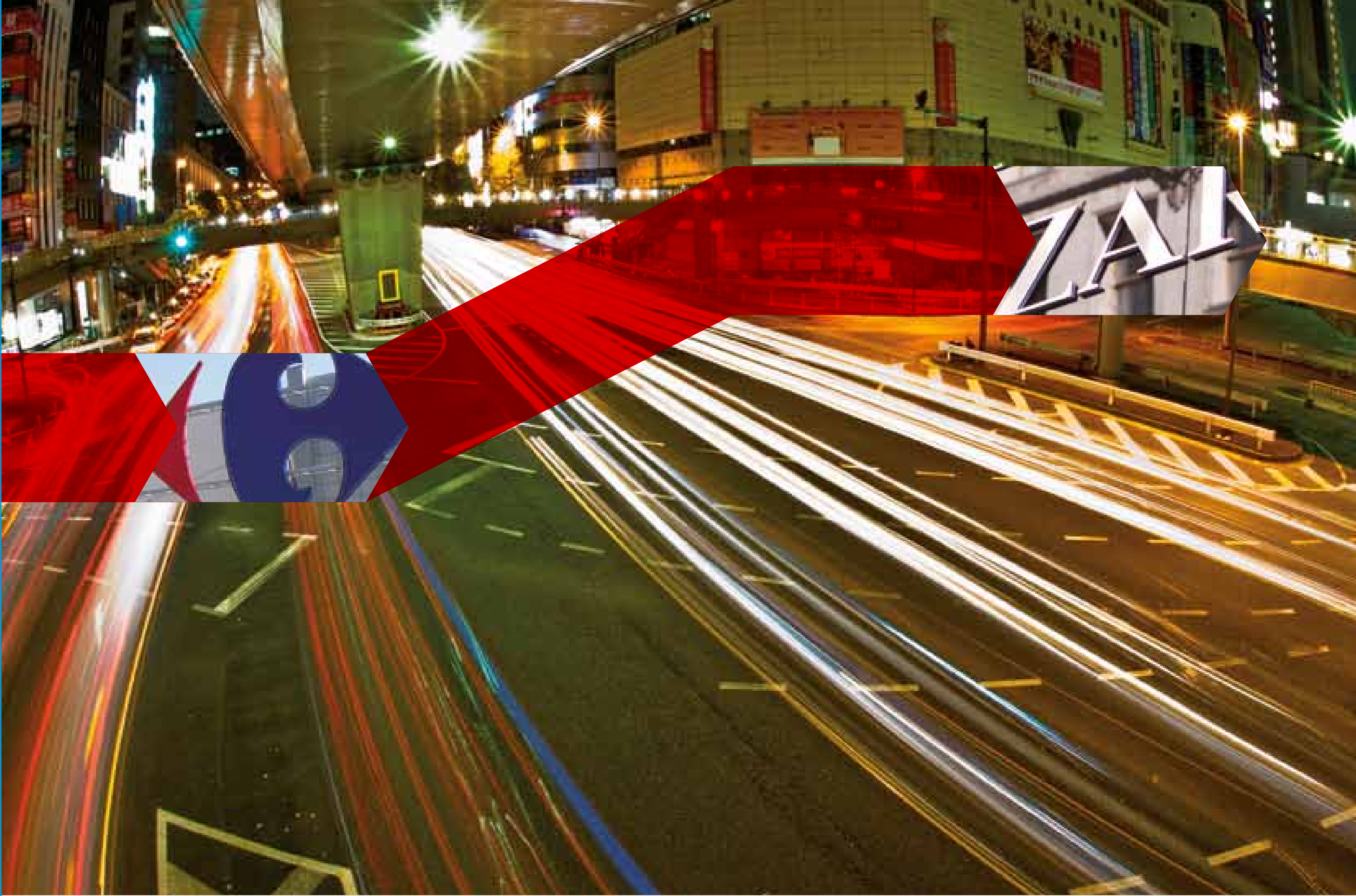
Special thanks to members of the analytics, valuation and design teams throughout the world. In particular, thanks to *Galia Amir, Alicia Andre, Jennifer Bassett, Melanie Bast, Anne Bertreau, Isabel Blasco, Debbie Bolton, Carla Caprile, Lesley Chapman, Amine Ben Cheikh, Emile Compin, Tom Custer, Jill Davis, Lorelei Derera, Rupert Faircliff, Yasmine le Guyader, David Herrera, Calin Hertioga, Lisa Kline, Katharina Kosak, Jacinta Lanz, Frederic Legrange, Beth Ling, Mazen Mallah, Rafael Medina, Maureen Millard, Todd Moncrief, Jeremy Mumpower, Fleur de Pasquier, Andy Payne, Michael Pietig, Alex Ponomerev, Viren Razden, Garrett Rice, Giula Chiara Rocca, Melanie Roosen, Samya Sankey, Sascha Sabapathy, Eric Shao, Hannah Shin, Hidetomi Tanaka, Bethann Thompson, Dominic Walsh, Tom Zara.*



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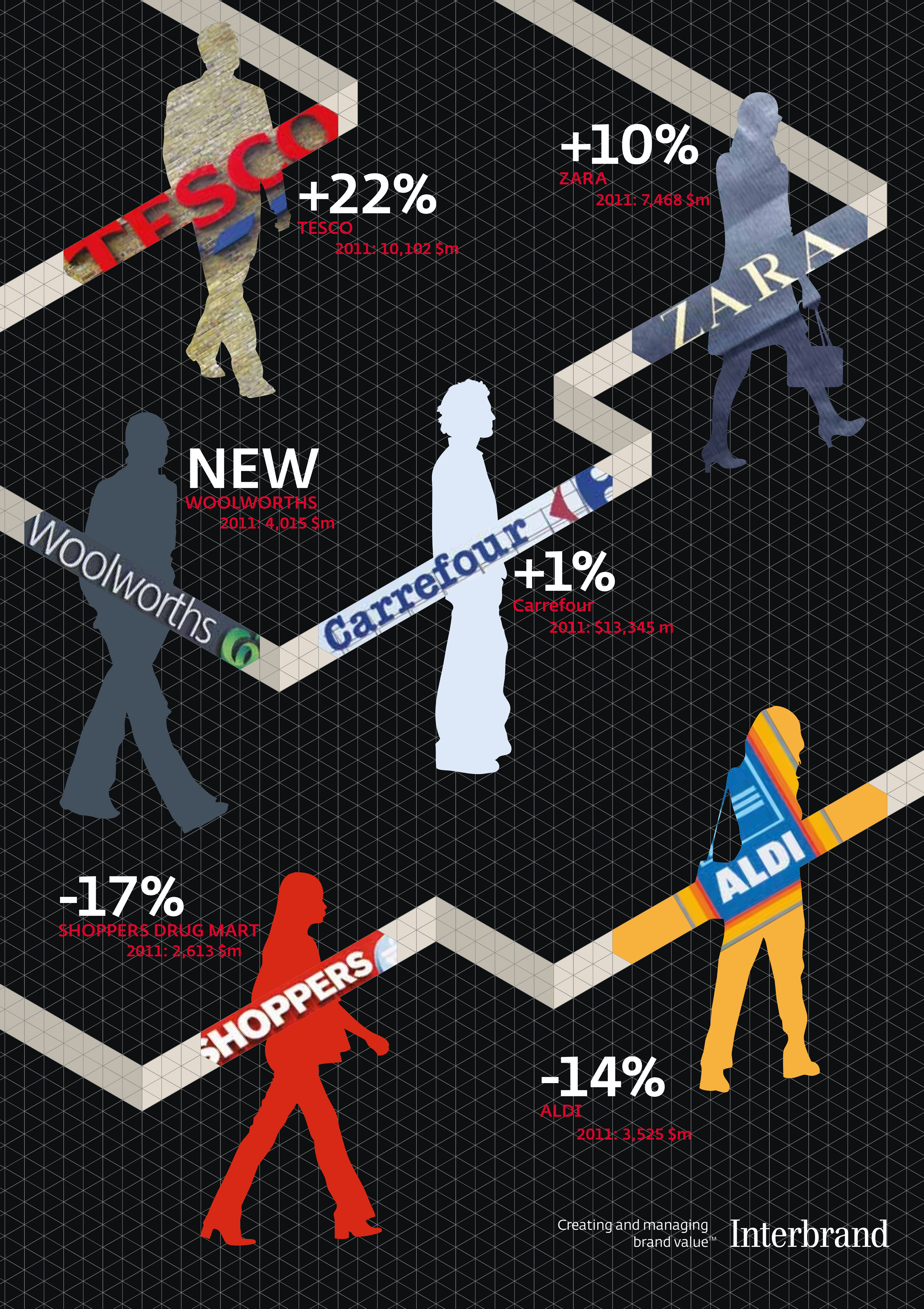
+22%
TESCO
2011: 10,102 $m
+10%
ZARA
2011: 7,468 $m
NEW
WOOLWORTHS
2011: 4,015 $m
+1%
Carrefour
2011: $13,345 m
-17%
SHOPPERS DRUG MART
2011: 2,613 $m
-14%
ALDI
2011: 3,525 $m
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