COMPETING IN THE GLOBAL BRAND ECONOMY

BEST CANADIAN BRANDS 2008

A RANKING BY BRAND VALUE
JUNE 2008

REPORT ON BUSINESS

Interbrand

BEST
CANADIAN
BRANDS 2008

A ranking by brand value

CONTENTS

All dollar amounts are in Canadian dollars unless otherwise stated.

BEST CANADIAN BRANDS 2008

Interbrand is pleased to present its second biennial ranking of the Best Canadian Brands by brand value, in cooperation with *The Globe and Mail*'s *Report on Business*.

This country-specific study for Canada uses the same methodology as our Best Global Brands ranking, which is published each year with *BusinessWeek* magazine. Over the past ten years, our global and regional rankings have become the barometer of successful brand management. The environments in which brands operate, and the challenges and opportunities they face, have changed dramatically during this time. Evidence is stronger each year that brands have the ability to create significant economic value for the businesses they serve, and we can successfully measure the value created.

Interbrand pioneered the technique of measuring brands as business assets twenty years ago and draws upon a wealth of valuation experience and branding expertise to produce this study, having conducted over 5,000 valuations for brands around the world.

The clearest output of this exercise is the asset value of the brand, but understanding what is driving this brand value is far more important to the business. The insights gained through brand analytics and measurement focus brand management on the elements that will effectively increase the brand's value among stakeholders – revealing how brand can drive revenue and profitability by influencing choice and sustaining margins.

We regard brand valuation as a proactive tool. The process of determining the earnings attributable to intangibles, assessing the role that brand plays in purchase decisions, and the relative competitive strength of the brand within its markets focuses attention on building brand value. It is now common knowledge that branding is fundamental to business success. Increasingly, we need to understand how brands deliver value, and use this information to better inform business decisions.

More and more, successful businesses are using brand as a compass for organizational alignment around the customer and other stakeholders. As brand management moves from a promise developed by the marketing department to an experience that must be delivered across all aspects or touchpoints of an organization's relationship with its constituents, brand has become a critical tool for integrating operational decisions so they will cumulatively build the business's desired reputation. Ultimate responsibility for delivering the brand to stakeholders rests with the whole company. HR, Finance, Operations, Marketing and Sales must all feel a sense of ownership of the brand so that it lives throughout the organization, and that's why the leaders of the organization must be the primary brand ambassadors. Great brand management sees the brand as a go-to-market strategy and an action driver, and realizes that each activity the company undertakes should holistically reinforce the brand's promise and experience.

The rewards are worth the effort. If brands are managed correctly they can move seamlessly across geographies, creating demand for their goods and services around the world.

In our second Best Canadian Brands study we have highlighted the need for Canadian brands to build their presence internationally. This will not only enhance growth, but will also help to defend against an onslaught of global players in our home market in an increasingly integrated and borderless world economy. The brand topping this year's ranking is the quintessential success story of a global Canadian brand. Overall, the results are very encouraging for brands in Canada, with an increase of $13.2 billion in value across the top 25 brands compared to our 2006 study.

We thank our partners at *Report on Business* for their support in sharing this study with the business community, and we look forward to tracking the value generated by Canadian brands as they become formidable global competitors in the years ahead.

Bev W. Tudhope
Chief Executive
Interbrand Canada Inc.

COMPETING IN THE GLOBAL BRAND ECONOMY

Historically many of Canada's best brands have been simply that, great *Canadian* brands. Brands like Petro-Canada, Sobeys, Shoppers Drug Mart, Canadian Tire, RBC and TD help fuel, feed, facilitate and finance the lives of Canadians. They help create the fabric of our Canadian culture and hold a special place in our minds and hearts. But is this enough when brands need to compete, grow and create value in a global economy?

When Interbrand developed its inaugural Best Canadian Brands study in 2006, we noted that there had never been a Canadian brand included in Interbrand's Best Global Brands study. Why? We have many good, even great, Canadian brands, yet they barely register on the international radar. In an increasingly global economy, can our brands afford not to be recognized around the world?

The world is flattening into an economic landscape where products, services, jobs, people, trends and ideas travel across borders without hesitation. Companies are bought, sold and managed with little deference to geography and history. In addition, many of the largest economic growth opportunities now exist in markets outside North America, and specifically in emerging markets. Developing countries are playing a more significant role as both sellers and buyers of goods and services in the global marketplace. Canadian brands need to be strong, aggressive and adaptable to survive and thrive in this global economy where brand opportunities and threats can come from almost anywhere. They need to build and manage global brand value to protect their position and to maximize their impact both in Canada and beyond.

HOW ARE CANADIAN BRANDS FARING IN THE WORLD?

Overall, the Best Canadian Brands have built $13.2 billion in additional brand value since Interbrand's last Canadian report in 2006. That represents a growth rate of 45.9%. Not a bad showing if you look at the numbers in purely Canadian terms. However, in Interbrand's 2007 Best Global Brands study, the total brand value of the top 25 global brands was US$687.2 billion. In comparison, the total value of Canada's top 25 brands in 2008 is $42.1 billion. In fact, our top 25 Canadian brands' total brand value is significantly less than the US$65.3 billion brand value for Coca-Cola alone, the number one global brand in Interbrand's 2007 global study. Not such a good showing for Canadian brands after all.

$13.2 billion

THE INCREASE IN TOTAL BRAND VALUE THAT THE 25 BEST CANADIAN BRANDS HAVE BUILT SINCE 2006

45.9%

THE PERCENTAGE GROWTH IN TOTAL BRAND VALUE OF THE 25 BEST CANADIAN BRANDS SINCE 2006

Strong brands create value. They are business assets but their impact is actually much broader. The company itself, employees, investors, consumers, suppliers, government and the general public all share the rewards.

WHY SHOULD WE CARE?

Strong brands create value. They are business assets but their impact is actually much broader. The company itself, employees, investors, consumers, suppliers, government and the general public all share the rewards. And success breeds success. Strong brands develop strong products and services. They have loyal supporters. They compete more effectively. They command premium prices. They attract the best talent. They reward investors. They fare better in economic downturns. They support their communities and instill pride. They create value and control their future. Weaker brands, on the other hand, are vulnerable. They lose share to competition, must work harder to try to achieve market impact, decline in value and often lose control of their destiny.

IS THERE HOPE FOR CANADIAN BRANDS GOING GLOBAL?

Our number one ranked Canadian brand, BlackBerry, is an example of what a brand can achieve if it thinks globally. Parent company Research in Motion (RIM) has taken its groundbreaking technology and capitalized on the explosive worldwide growth of mobile communications in both the business and consumer markets, catapulting it to the top of our rankings. According to RIM's 2008 annual report, about 92% of its revenues come from outside Canada, making it a truly global brand.

But revenues are only part of the brand story. BlackBerry is being woven into the global brand culture. It is ubiquitous. Users are "BlackBerrying" everywhere, in boardrooms and restaurants and even in movies and literature. Every BlackBerry product move is monitored in media, blogs and websites. The result is broad recognition and strong emotional bonds, verging on obsession with

$42.1 billion

THE TOTAL BRAND VALUE OF THE TOP 25 BEST CANADIAN BRANDS IN 2008

$65.3 billion

THE BRAND VALUE (US$) OF COCA-COLA, NUMBER ONE IN INTERBRAND'S BEST GLOBAL BRANDS 2007

users around the world. What other Canadian brand could spawn an independent website that is devoted to spotting celebrities such as David Beckham using its products?

HOW ARE OTHER CANADIAN BRANDS DOING GLOBALLY?

BlackBerry is not the only example of a Canadian brand that has gone global. Of the top brands measured in the study, most are already world-class organizations in how they operate their businesses, if not always in their reach and profile. However, BlackBerry is a best-in-class example, having grown globally with rapid and resounding success and in a way that has built strong equity in the brand. Part of BlackBerry's momentum can be attributed to developing technology that the world wants. But that is only one ingredient of its success. To capitalize on global market opportunities, a brand must conduct business and achieve recognition in global markets. To do that, the brand has to develop and fulfil a consistent promise that is both relevant and distinctive, as well as adapted to local and global needs. BlackBerry has been working hard to become a global brand, developing distribution and presence around the world.

Canadian brands have historically seemed constrained by our geography and our demographics. We are a small country in population and exist in the shadow of our larger US neighbour. Somewhat conservative by nature, we seem reluctant to make the investments and take the risks that would let us venture with our brands beyond our borders. We often do not communicate our brand stories aggressively and our budgets for brand support can seem small compared to global brands with deep pockets. But brands such as BlackBerry give us a glimpse of possibilities regardless of size and budgets.

Some of our best Canadian brands do have significant global revenues. Manulife is one of the world's largest insurance firms. RBC, our number two brand, with over $4 billion in brand value, earned over $7 billion (33%) of its total revenues outside Canada in its 2007 fiscal year. Others, such as Lululemon, are also moving abroad. Our resource-based companies are currently benefiting from the global demand for energy. But many Canadian brands, and even some of our best, seem mostly content to be big fish in the small Canadian pond. Unfortunately, for some brands, even the Canadian pond is becoming crowded with larger fish from around the world. Loblaws and Rona, for example, are besieged by global competitors. And many of our historically successful brands, such as Hudson's Bay Company, Hiram Walker's Canadian Club, and Fairmont Hotels, have been swallowed or become lost within the operations of global organizations. Who would have guessed 20 years ago that two of Canada's best-selling beer brands would be Budweiser and Coors Light?
To remain significant, even in Canada, we need to think and act as global brands.

DEVELOPING GLOBAL BRAND STRATEGIES

Our brands must look for ways to build brand value beyond Canadian borders. Not only is it essential for growth but also imperative to defend our brand heritage. To do this we must:

1. Set bold goals.

By setting aspirational global brand objectives, we establish higher standards and reduce complacency. Is it enough to set domestic market share targets?

Our brands must look for ways to build brand value beyond Canadian borders.

2. Champion these global goals through all levels of the organization.
Too often, global operations are not front and centre within Canadian-based organizations. Senior management must set global strategies and engage employees around global objectives.

3. Understand and apply universal brand truths.
By developing differentiated brand strategies that address fundamental and universal needs, we can create emotional connections with consumers, employees and other brand stakeholders, regardless of geography.

4. Understand and position the brand for growth and defense within the global marketplace.
Conduct global reviews of business opportunities, strengths, weaknesses and threats and develop the appropriate business and brand strategies.

5. Think globally but deliver locally.
Develop brand implementation plans that provide overall consistency at all global touchpoints and can be adapted locally for maximum impact.

6. Measure by global standards.
Global objectives require global measurement. Build brand value and success by deploying disciplined analytics using global research and global business comparisons.

CREATING MORE VALUE

Building and protecting the future value of Canadian brands requires a global brand perspective. It is possible. Other brands from small countries have had significant success building globally valuable brands. We need only to look at Interbrand's 2007 Best Global Brands listing – Nokia from Finland with a brand value of US$33.7 billion, Samsung and LG from the Republic of Korea at US$16.9 billion and US$3.1 billion, respectively. And Switzerland, with a population of less than 8 million, has Nescafé at US$12.9 billion, UBS at US$9.8 billion, Nestlé at US$5.3 billion and Rolex at US$4.6 billion.

In each case, these brands have looked internationally for opportunities and built global brand profile. As a result, home-country sales now represent just a small contribution to the brand's overall revenue. Their brand value has grown dramatically and they have become true global brand citizens.

We believe in the ability of Canadian brands to compete globally. BlackBerry has rocketed to the top of our rankings because it has dreamed big and is traveling the world. Next time you hear that familiar buzz of a BlackBerry, think of what it really represents. It's the buzz of a valuable global brand.

BEST CANADIAN BRANDS RANKING 2008

2008 RANK	BRAND	SECTOR	2008 BRAND VALUE C$MILLION	2006 POSITION
1	BlackBerry	Consumer Electronics	5,607.7	–
2	RBC	Banking/Financial Services	4,141.1	1
3	TD Canada Trust	Banking/Financial Services	3,779.6	2
4	Shoppers Drug Mart	Retail	3,137.5	5
5	Petro-Canada	Energy	3,132.6	3
6	Manulife	Insurance	2,550.9	–
7	Bell	Telecom	2,537.0	4
8	Scotiabank	Banking/Financial Services	1,870.4	9
9	Canadian Tire	Retail	1,828.5	8
10	Tim Hortons	Restaurant	1,604.6	6
11	BMO	Banking/Financial Services	1,600.1	7
12	Rogers	Telecom	1,531.5	18
13	Suncor	Energy	1,389.3	25

2008 RANK	BRAND		SECTOR	2008 BRAND VALUE C$MILLION	2006 POSITION
14	Telus		Telecom	1,319.9	10
15	Husky		Energy	1,110.6	12
16	Sun Life		Insurance	1,028.7	–
17	CIBC		Banking/Financial Services	783.6	13
18	Molson		Beverages	736.6	11
19	Rona		Retail	485.8	14
20	Investors Group		Banking/Financial Services	380.9	15
21	Sobeys		Retail	368.4	24
22	Lululemon		Retail	352.0	–
23	CI Investments		Banking/Financial Services	288.3	17
24	Labatt		Beverages	287.9	22
25	Shaw		Telecom	272.5	–

COMPANY BY COMPANY OVERVIEW

Ten years old, and now in the palm of over 14 million hands around the globe, BlackBerry is undeniably a great Canadian brand. The BlackBerry has helped create and conquer a new business-to-business category and has been steadily growing its consumer appeal, both in Canada and increasingly beyond. This smartphone has set a new standard for the efficiency of mobile communications and is helping drive the pace of our modern world. Investing heavily in its local community, BlackBerry is a hometown hero. And it's now a global champion that has broken ground establishing a new precedent in Canada for the development of a global brand – one with over 350 carriers and distribution channels in more than 135 countries. We congratulate BlackBerry for debuting at the top of our ranking.

BLACKBERRY

RANK 2008
1

RANK 2006
–

BRAND VALUE (C$MILLION)
5,607.7

SECTOR
CONSUMER ELECTRONICS

RBC continues to reign as king of the Canadian financial services brands, led by Gord Nixon, who was awarded Outstanding CEO of the Year in 2007 by Caldwell Partners. RBC keeps growing in Canada through balancing its commitment to existing clients with increased outreach efforts to secure relationships with new Canadians, and now must increase marketing efforts to support its expansion strategy in the cluttered US market. RBC wins on market penetration and supports it with local community involvement and corporate social responsibility successes. It recently announced the Blue Water Project that will secure water resources into the future, was cited as Canada's top corporate citizen in 2007 and has been recognized as one of the top 100 sustainable companies in the world. High profile sponsorships of the PGA Tour's Canadian Open and the 2010 Winter Olympics will continue to keep the RBC brand top-of-mind with target audiences.

RBC

RANK 2008
2

RANK 2006
1

BRAND VALUE (C$MILLION)
4,141.1

SECTOR
BANKING/FINANCIAL SERVICES

TD CANADA TRUST

RANK 2008	BRAND VALUE (C$MILLION)
3	3,779.6
RANK 2006	**SECTOR**
2	BANKING/FINANCIAL SERVICES

With the acquisitions of Banknorth and Commerce Bank, TD has expanded into the US without compromising its well-earned risk management reputation. TD continues to realize the benefits of its 2001 merger with Canada Trust that saw the adoption of best practices in customer service, and its brand value continues to increase rapidly. Extended hours offer flexibility for customers, while its brand-aligned internal culture continues to grow in strength. As the only major Canadian financial institution to have earned a place in *Canadian Business* magazine's employee feedback-based ranking of the 50 Best Workplaces in Canada, it is clear that TD's comfortable approach to banking is both an internal and external commitment.

SHOPPERS DRUG MART

RANK 2008	BRAND VALUE (C$MILLION)
4	3,137.5
RANK 2006	**SECTOR**
5	RETAIL

With clean, well-organized stores and robust product offerings expanded to include health food nutritional basics, Shoppers Drug Mart continues to broaden the scope of its offering. With 9 million members enrolled in its Optimum loyalty program, and a growing strength in its private label brands, including Life, Quo Cosmetics and the new Nativa line of organic products, it is poised for continued success. Traction in high-margin, high-end cosmetics has yielded strong returns, while continued investment in private label and more savvy global outsourcing should pay dividends in a tighter economy.

PETRO-CANADA

RANK 2008	BRAND VALUE (C$MILLION)
5	3,132.6
RANK 2006	SECTOR
3	ENERGY

Riding the surging price of oil, higher gasoline revenues have propelled much of Petro-Canada's brand value growth. A strong, patriotic brand identity, a well-established Petro-Points loyalty program and the biggest retail presence in its category have all contributed to its success. Petro-Canada's long-term association with the Olympics and support of athletics also adds to the performance-based perception of its brand image. Its strong reputation for ethical conduct, environmental responsibility, corporate governance and citizenship also continues to add to the strength of this brand.

MANULIFE

RANK 2008	BRAND VALUE (C$MILLION)
6	2,550.9
RANK 2006	SECTOR
–	INSURANCE

Making strides in product innovation and cross-selling, Canadian insurance legend Manulife leads brand value creation among its peer group and has continued to command respect and financial returns from its 2004 acquisition of John Hancock. Manulife is the largest life insurance company in Canada and one of the top six in the world. It is also among the most profitable life insurance companies in North America. Retiring CEO Dominic D'Alessandro will leave some big shoes to fill.

BELL

RANK 2008
7

BRAND VALUE (C$MILLION)
2,537.0

RANK 2006
4

SECTOR
TELECOM

Despite continuing to have the leading overall market share among telcos, this Canadian legacy brand is experiencing the lowest revenue growth rate among its major competitors. Fighting for market share in the highly active wireless market, and under siege in its historical services of wire line home phone and long distance, Bell continues to see erosion in its customer base, but its sheer size helps it maintain a spot in the top 10. Heavy use of mascots has had a polarizing effect on target audiences, often being rated by viewers as best and worst commercials on TV. Whether or not the current privatization plans proceed, Bell is facing some major changes. Significant investment in the Bell brand will be necessary to keep it ringing strongly into the future.

SCOTIABANK

RANK 2008
8

BRAND VALUE (C$MILLION)
1,807.4

RANK 2006
9

SECTOR
BANKING/FINANCIAL SERVICES

Scotiabank's value continues to rise as it presents a solid financial services offering, energized by high impact communications and clever marketing. By increasing sponsorship of youth-targeted events, especially in arts, film and sports, the Scene affinity program, and by telling customers that "You're Richer Than You Think," Scotiabank is inspiring Canadians to explore their financial services options.

CANADIAN TIRE

RANK 2008	BRAND VALUE (C$MILLION)
9	1,828.5
RANK 2006	**SECTOR**
8	RETAIL

This iconic heritage brand with deep roots in both urban and rural Canada continues to fare well as other big box alternatives deepen their market penetration. Ad spending remains strong, and customers continue to return in droves to find a broad array of products with high seasonal relevance. Canadian Tire's perennial catalogue has been discontinued in favour of an online version, but the positive impact on the brand of the sustainability considerations driving this decision will likely more than offset any small losses it may experience as its customer base adapts.

TIM HORTONS

RANK 2008	BRAND VALUE (C$MILLION)
10	1,604.6
RANK 2006	**SECTOR**
6	RESTAURANT

Tim Hortons continues to play the Canadian patriot card, and mostly with great success. Enjoying deep market penetration, accessible price points for consumers, and a broad range of product offerings, Tim Hortons has become a Canadian classic.
The brand is popular in both urban and rural Canada, and is now expanding into the US. Local level community involvement continues to win points with Canadians, but recent rounds of negative publicity relating to employee treatment and customer service remind Tim's of the importance of maintaining its "good guy" reputation.

BMO Financial Group

BMO

RANK 2008	BRAND VALUE (C$MILLION)
11	1,600.1
RANK 2006	SECTOR
7	BANKING/FINANCIAL SERVICES

Having come a long way from its regional roots, BMO, supported by sophisticated retail layouts and clear communications, was poised for great success. But a great brand is always built on more than a good look and feel. BMO's brand value has not continued to grow at the same pace as some of its competitors, at least partially attributable to its comparatively low degree of marketing support. Acquiring the naming rights to Toronto's new soccer field is a promising exception. BMO continues to be recognized for its ongoing corporate social responsibility efforts, but has suffered some damage to its historically prudent image due to recent sub-prime and commodities trading crises.

ROGERS™

ROGERS

RANK 2008	BRAND VALUE (C$MILLION)
12	1,531.5
RANK 2006	SECTOR
18	TELECOM

One of Canada's leaders in wireless, TV and internet services, Rogers continues to grow its strong brand, and is uniquely positioned in wireless using the global standard GSM technology. By offering home phone service and discounted bundling, and supporting it with one of the highest levels of marketing spend in Canada, Rogers has continued to draw customers from competitors. An exclusive deal to bring the iPhone to Canada has polished the reputation it enjoys through its partnerships with other strong brands. Investments in customer service and improved brand management continue to enhance the growth of this brand.

SUNCOR

RANK 2008
13

BRAND VALUE (C$MILLION)
1,389.3

RANK 2006
25

SECTOR
ENERGY

With less than a quarter of the retail outlets of its rival Petro-Canada, Suncor has increased brand strength on performance, products and reputation. Doubling its revenues and margins since last year, there's no denying its financial success. Suncor focuses its research in renewable energy sources and has the largest low-emission ethanol plant in Canada. Its Ecowash continues to be recognized as Canada's Best Car Wash and has been certified with the Government of Canada's EcoLogo seal of approval.

TELUS

RANK 2008
14

BRAND VALUE (C$MILLION)
1,319.9

RANK 2006
10

SECTOR
TELECOM

The clean, clear and witty style of Telus continues to add power to this Canadian telecommunications brand. Telus has successfully managed to position itself as a trusted institution in Western Canada and a savvy challenger in the East. Reliability, sensibility and sass underpin this brand and add much to its appeal, but not having GSM wireless network compatibility continues to undermine its offering in an increasingly international marketplace.

Husky Energy

HUSKY

RANK 2008
15

BRAND VALUE (C$MILLION)
1,110.6

RANK 2006
12

SECTOR
ENERGY

The value of this most-profitable of major oil and gas brands is drawn largely from its presence in Western Canada. Car club sponsorships and community rebate programs have been designed to support both the Husky brand and sister company Mohawk. Introducing fairly-traded organic Kicking Horse coffee and ethanol-blended Mother Nature's Fuel to its customers are progressive moves designed to attract a discerning customer base.

Sun Life Financial

SUN LIFE

RANK 2008
16

BRAND VALUE (C$MILLION)
1,028.7

RANK 2006
–

SECTOR
INSURANCE

A recognized Canadian brand with global reach since the late 1800s, Sun Life has continued to earn accolades, ranging from Canada's 50 Best Corporate Citizens and Canada's Top 100 employers, to the Global 100 Most Sustainable Corporations. By retiring the Clarica brand, Sun Life has consolidated its brand assets and focused all brand-building efforts under a single name. The establishment of a customer solutions centre, which assists clients' transitions from employer-sponsored plans to other products and services, innovatively addresses customer needs.

CIBC

RANK 2008	BRAND VALUE (C$MILLION)
17	783.6
RANK 2006	**SECTOR**
13	BANKING/FINANCIAL SERVICES

Negative publicity can be a challenge for any brand. Repetitive occurrences amplify the impact, and the scars are showing on the CIBC brand. Multiple confidential information breaches, the $600 million class action lawsuit over unpaid overtime hours and involvement in sub-prime mortgage losses have all weighed heavily on this brand. It continues to struggle against competitors who have managed their brand and business image more prudently. Brand heritage and efforts to improve customer service through extended branch hours have helped to offset the loss of equity.

MOLSON

RANK 2008	BRAND VALUE (C$MILLION)
18	736.6
RANK 2006	**SECTOR**
11	BEVERAGES

This legendary brand is hustling to avoid being cast as the poster boy for missed opportunity in Canadian branding, an image reflected in Andrea Mandel-Campbell's 2007 book, *Why Mexicans Don't Drink Molson*. It has stepped up its efforts to speak to young Canadian "guys" in a humorous way. By supporting its flagship brand, Canadian, Molson is making a genuine effort to stay relevant in a category increasingly driven by imports and value brands.

RONA

RANK 2008	BRAND VALUE (C$MILLION)
19	485.8
RANK 2006	**SECTOR**
14	RETAIL

Having successfully recognized that do-it-yourselfers appreciate good service, Rona has asserted itself as a friendly, helpful, Canadian alternative to rival Home Depot. But challenges continue to mount, and the arrival of Lowes, also known for its credible service-centric positioning, provides new challenges for this strong, nimble, but stressed, Canadian brand.

INVESTORS GROUP

RANK 2008	BRAND VALUE (C$MILLION)
20	380.9
RANK 2006	**SECTOR**
15	BANKING/FINANCIAL SERVICES

This leader in fund performance intends to grow its broad distribution network and continues to provide a strong business platform for its under-developed brand. Clearly it invests well for others, but it needs to invest in itself as well. Significant branding efforts could elevate the value of this brand, leading to stronger customer demand and better success attracting and retaining top financial advisors, a current challenge this industry is facing.

SOBEYS

RANK 2008 21

BRAND VALUE (C$MILLION) 368.4

RANK 2006 24

SECTOR RETAIL

Sobeys has differentiated itself with extended hours and a food-focused strategy. The growth of Sobeys Express has increased the brand's relevance to its time-compressed consumers, hungry for smaller store formats in urban centres. Other efforts include leveraging its Compliments private label brand and a recent co-branded initiative with Disney targeting health-conscious families. Sobeys is investing heavily in store construction and expansion, enhancing brand presence.

LULULEMON

RANK 2008 22

BRAND VALUE (C$MILLION) 352.0

RANK 2006 –

SECTOR RETAIL

Lululemon is an emerging Canadian success story. With a new CEO heralding from Starbucks' management team, some now compare Lululemon to the coffee giant – for its grassroots approach, authenticity and socially responsible values, as well as for its rapid expansion and risk of becoming a cookie-cutter chain. Lululemon is growing and has cultivated a strong following of customers. By testing its products with local athletes and fitness instructors before opening shop in a market, Lululemon has built unique and powerful relationships with brand advocates. Whether this is a sustainable business model in the fickle world of apparel, only time will tell. But for now, Lululemon is a rising star.

CI INVESTMENTS

RANK 2008	BRAND VALUE (C$MILLION)
23	288.3
RANK 2006	**SECTOR**
17	BANKING/FINANCIAL SERVICES

CI Investments has maintained its profile as one of Canada's largest investment management companies, winning Analysts' Choice Investment Fund Company of the Year awards in 2006 and 2007. Although the failed acquisition of Dundee was a minor setback, CI continues to focus on driving growth through acquisition. This will serve the brand well, provided that its brand portfolio management is strategically considered.

LABATT

RANK 2008	BRAND VALUE (C$MILLION)
24	287.9
RANK 2006	**SECTOR**
22	BEVERAGES

Labatt Blue continues to be the best-selling Canadian beer brand in the world, but struggles to retain strength on its home turf. Imports and discounted beer brands are seizing opportunities to articulate their unique appeal and are grabbing market share as a result. Labatt needs to keep up its marketing support to maintain a strong position in this mature market.

SHAW

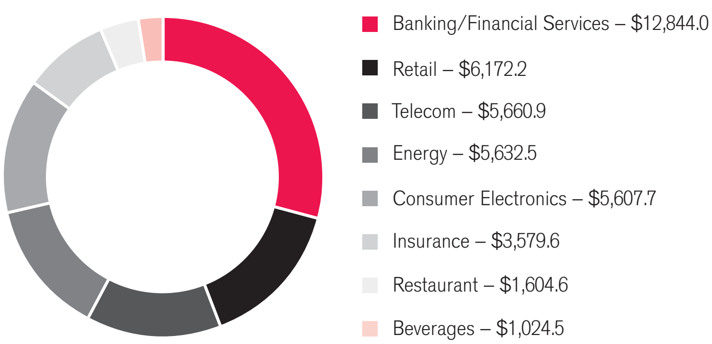
RANK 2008	BRAND VALUE (C$MILLION)
25	272.5
RANK 2006	SECTOR
–	TELECOM

This large cable operator based in Western Canada has converted a high percentage of its customers to digital service. Innovations in ringtones and pricing options continue to support the growth of its wireless business. A strong corporate social responsibility program includes the sponsorship of child safety and education programs, supporting the brand and its communities.

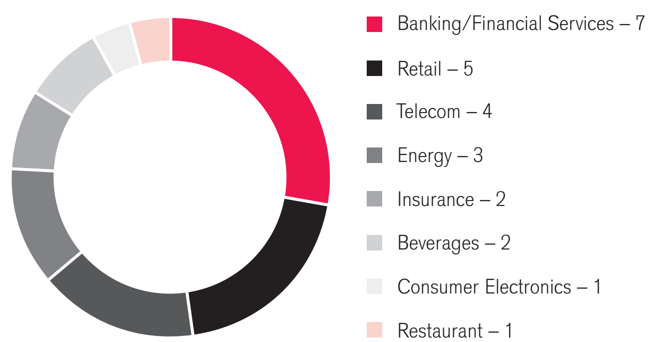
INDUSTRY BREAKDOWN

INDUSTRY BREAKDOWN	BRAND VALUE 2008 C$MILLION	NUMBER OF COMPANIES IN TOP 25
Banking/Financial Services	$12,844.0	7
Retail	$6,172.2	5
Telecom	$5,660.9	4
Energy	$5,632.5	3
Consumer Electronics	$5,607.7	1
Insurance	$3,579.6	2
Restaurant	$1,604.6	1
Beverages	$1,024.4	2

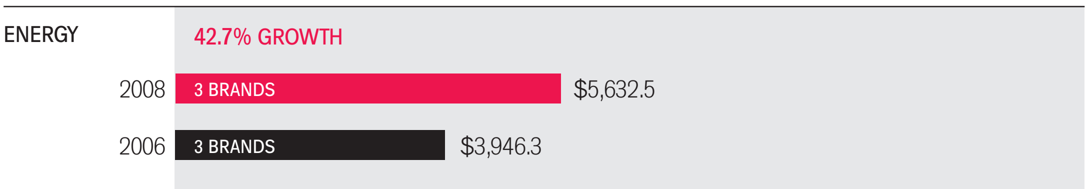
BRAND VALUE BY INDUSTRY 2008



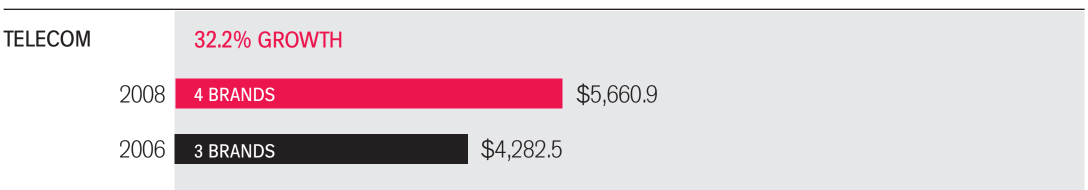
NUMBER OF COMPANIES IN TOP 25 BY INDUSTRY



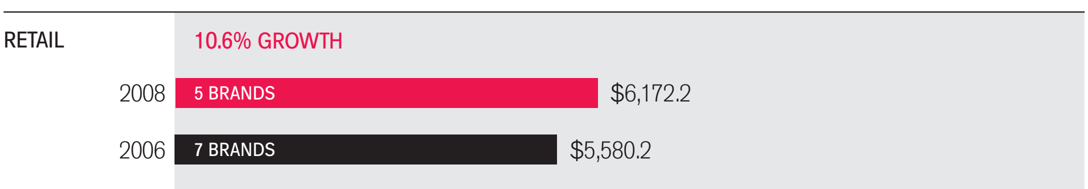
CHANGES IN VALUE BY INDUSTRY
C$MILLION



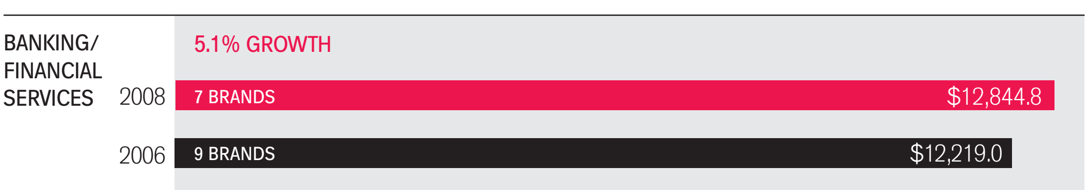
Significant growth in revenues is driving brand values in this high-demand sector.



Canadians continue to increase their spending on communications ranging from wireless, cable, phone and internet to HDTV.



Typically more volatile than other industries, fewer players in the ranking are driving brand value growth.



Continues to dominate the Canadian brand landscape, despite recent writedowns and consumer confidence issues.

OTHER PROMINENT CANADIAN BRANDS

Brand awareness is often thought to be the prerequisite for creating big powerful brands. After all, it is hard to influence current and future revenue generation for an unknown brand. The challenge, though, is determining who needs to be aware of powerful brands. There are leading valuable brands, many in business-to-business (B2B) enterprises, that many Canadians have never heard of.

Brand valuation highlights the role of brand in influencing choice and driving purchase decisions, and points to the brand's strength and ability to stabilize the generation of future revenue. Lack of brand awareness among the general public is not a limiting criterion for valuable brands. In fact, there are many valuable brands that are not well known among the general population that do have a profound impact in their business segment and on their key constituents and stakeholders. Such "little known" valuable brands are prevalent in B2B sectors such as manufacturing, energy, chemicals, and mining.

In addition to B2B brands, there are other strong brands that were not featured in the ranking (see Criteria for Consideration, page 32), but do play a significant role in the Canadian brand landscape. We dedicate this section to these other prominent Canadian brands.

AIR CANADA

AIR CANADA

Canada's national airline continues to diversify its offering to cater to Canadians' many needs. It supports its promise, "the freedom to fly your own way," with innovation across its spectrum of optional features, including lounge access, in-flight meal vouchers, checked baggage and Aeroplan Miles. Customers build individualized tickets online, paying for perks where desired, and saving on unwanted services.

BOMBARDIER

BOMBARDIER

Bombardier has been very successful on a global scale, manufacturing transportation solutions ranging from regional and business aircraft to rail transportation equipment, systems and services. Bombardier is the world's largest railway equipment maker and the world's third-largest maker of civil aircraft. Currently, 96% of its revenue is from markets outside Canada. In this highly competitive market, technical expertise, innovation, and the ability to accurately price contracts are critical to the company's success.

CBC

The Canadian Broadcasting Corporation (CBC) is the country's national public broadcaster and oldest broadcasting service. A crown corporation, naturally more exposed to conflicting public opinion, it has endured much criticism, but maintains its status as a prominent Canadian brand, with niche and flagship programming. Brand associations continue to propel this brand forward. Hockey Night in Canada still puts the puck in the net, while The Hour has an innovative, stimulating format in current events reporting, and the Rick Mercer Report brings our collective sense of humour to the forefront.

CIRQUE DU SOLEIL

Bringing universal human themes to life with a heightened aesthetic quality, Cirque du Soleil has elevated street performance and the circus to new heights. The experiential nature of the brand is emphasized through the detailed management of all touchpoints, from the ticket office through to the parking lot. The brand lays down roots by weaving itself into the fabric of local communities well in advance of its first performance, supporting local gymnastics programs and charities. This holistic approach to brand delivery has fostered a deep emotional connection with its audience. Seventy million people worldwide will attest to that.

ENCANA

As Canada's largest gas producer, EnCana has enjoyed tremendous growth since its formation in 2002, and is one of the most profitable Canadian companies. It ranks 164th on the 2008 Forbes' Global 2000 list. In an industry where oil and gas prices determine profitability, EnCana distinguishes itself through its customer relationships, reliability, and reputation. At the 2008 GLOBE Awards, EnCana was presented the Corporate Award for Environmental Excellence as recognition for its unconventional management approach and for its continual drive to conduct its business in an ethically, environmentally and socially responsible manner. In May 2008, EnCana announced a plan to divide the company's natural gas and oil operations into two distinct firms.

FOUR SEASONS

Four Seasons is dedicated to perfecting the travel experience for its guests. Despite being acquired in 2007, the brand continues to represent Canada's most significant contribution to the luxury travel industry. Its inclusion for 11 consecutive years in Fortune magazine's "*100 Best Companies to Work For*" illustrates the claim that its staff are empowered to go above and beyond to ensure that the needs of all guests are met. No wonder *Travel + Leisure* magazine rate five of its resorts among the Top 20 Hotels in the World.

JEAN COUTU

With continuing recognition as Quebec's most admired company, Jean Coutu is a provincial institution with international aspirations. Through its associations with Brook Eckerd and, recently, Rite Aid in the US, Jean Coutu has been steadily spreading its wings. It is now planning to expand into Ontario.

LOBLAWS

While high overhead expenses, supply chain disruptions and increasing market pressure have forced the brand value of Loblaws into retrograde, and off the ranking for 2008, Loblaws has continued to innovate. Along with its best-in-class house brand, President's Choice, Loblaws is now positioning itself as a champion of health and fashion. The sensible, genuine approach of Galen Weston Jr.'s promotion of affordable organic foods has driven further traffic to the store, as has the Joe Fresh clothing line, designed exclusively for Loblaws by Club Monaco's famed designer, Joe Mimran. Its "Blue Menu" of healthy foods, and green product lines have also added strength to its offering.

MAGNA

Magna is a leading global supplier of technologically advanced automotive components, systems and modules and is one of only a few companies offering a complete range of auto systems to global auto companies. The Magna brand has consistently differentiated itself through quality, innovation and customer service. Its divisions were awarded the Ford Motor Company World Excellence Awards for exemplary performance in 2006 and it was recognized by General Motors as the 2007 Supplier of the Year.

MCCAIN FOODS

One of Canada's largest privately held companies, McCain is the world's leading producer of frozen french fries and a provider of other popular frozen foods. From its inception as a family business, McCain has kept growing its global brand through its 50-year history, and now operates 55 production facilities on six continents, with sales in more than 110 countries. Pretty hot for frozen foods.

ROOTS

No company has done a better job at incorporating the essence of Canada's natural landscape into its brand. Ensuring that each new product being launched would not appear out of context in Algonquin Park, the birthplace of Roots' brand vision, is one example of its commitment to brand. Roots may not be going to the Olympics this year, but with continued celebrity endorsements, a hot Summer of Love campaign now underway, and the successful launch of the new Roots Green line, this brand's roots keep growing deeper.

TRANSCANADA PIPELINES

TransCanada Pipelines (TCP) is Canada's largest gas shipper and one of North America's largest providers of gas storage. It has a strong power generation portfolio, including a majority ownership of Bruce Nuclear Power Plant, and is also developing an oil pipeline capacity to tap into the increased demand for reliable sources of energy. TCP distinguishes itself by building strong relationships with oil and gas producers, strategic partnerships, joint ventures, and strong government relationships. TransCanada Pipelines is considered by some analysts to be one of the best-managed companies in Canada.

THOMSON REUTERS

In April 2008, Thomson Reuters, the new company formed by Thomson's acquisition of Reuters, was launched as the world's leading source of intelligent information for businesses and professionals. The brand communicates what the business will deliver – unrivaled access to richer content and broader capabilities across financial and professional markets. Over 50,000 Thomson Reuters employees have been educated and engaged in a brand that's poised to deliver intelligent information to a global audience. Thomson Reuters provides us with a powerful example of a Canadian company that has grown by going global.

WESTJET

Canada's second largest airline, WestJet, has been instrumental in shaping the service expectations of Canadian travelers. Touting its owner-operated attitude, it fosters a strong employee culture where the crew, pilots included, are all stakeholders, and even clean the planes at the end of each flight. It has been a champion of efficiency, comfort, and stress reduction, even being the first North American carrier to launch an electronic boarding pass. With over 800 community initiatives, and a recent move to upgrade to more fuel-efficient planes, WestJet is delivering on its CEO's promise that "the caring and dedicated nature of our people is what makes WestJet a different kind of airline."

APPENDICES

The Interbrand method for valuing brands

CRITERIA FOR CONSIDERATION:

Using the 2007 edition of the *Report on Business* Top 1000 list of the largest publicly traded Canadian corporations, and drawing upon more than 30 years of consulting with organizations, Interbrand formed an initial consideration set of eligible brands. All were then subject to the following criteria that narrowed candidates significantly:

– the brand must have originated in Canada
– there must be substantial publicly available financial data
– the brand must be a market-facing brand
– the Economic Value Added (EVA) must be positive
– the brand must not have a purely B2B audience with limited public profile and awareness

METHODOLOGY

The Interbrand method for valuing brands is a proven, straightforward, and profound formula that examines brands through the lens of financial strength, importance in driving consumer selection, and the likelihood of ongoing branded revenue. Our method evaluates brands much like analysts would value any other asset – on the basis of how much they're likely to earn in the future. There are three core components to our proprietary method:

1. Financial analysis

Our approach to valuation starts by forecasting the current and future revenue specifically attributable to the branded products. The cost of doing business (operating costs, taxes) and intangibles such as patents and management strength are subtracted to assess what portion of those earnings is due to the brand. All financial analysis is based on publicly available company information. Interbrand culls from a range of analysts' reports to build a consensus estimate for financial reporting.

2. Role of brand analysis

A measure of how the brand influences customer demand at the point of purchase is applied to the intangible earnings to arrive at branded earnings.

For this study, industry benchmark analysis for the role brand plays in driving customer demand is derived from Interbrand's database of more than 5,000 prior valuations conducted over the course of 20 years. In-market research is used to establish individual brand scores against our industry benchmarks.

3. Brand strength score

This is a benchmark of the brand's ability to secure ongoing customer demand (loyalty, repurchase, and retention) and thus sustain future earnings, translating branded earnings into net present value. This assessment is a structured way of determining the specific risk to the strength of the brand. We compare the brand against common factors of brand strength, such as market position, customer franchise, image, and support.

FINANCIAL ANALYSIS

Forecasted current and future revenue specifically attributable to the brand.

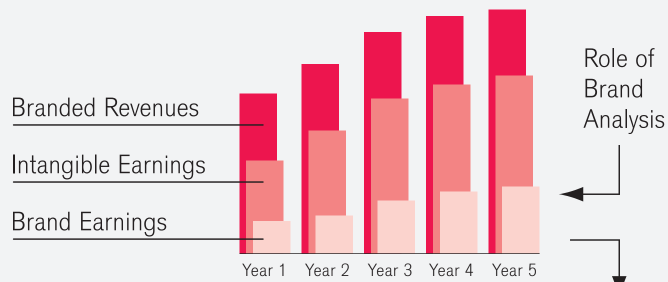
ROLE OF BRAND ANALYSIS

A measure of how the brand influences customer demand at the point of purchase.

BRAND STRENGTH ANALYSIS

A benchmark of the brand's ability to secure ongoing customer demand (loyalty, repurchase, retention).

BRAND VALUE CALCULATIONS



Brand Strength Analysis
= Discount Rate

Brand Value

The importance of valuing brands

SIGNIFICANCE OF THE RANKING

Interbrand's second ranking of the Best Canadian Brands continues to put a spotlight on brand performance and its contribution to business performance. The ranking provides a brand value that is a top-line measure of economic performance driven by the brand, stating what the brand is worth overall and among competitors. Brand value brings to marketing what "revenue goals" or "financial hurdle rates" bring to other aspects of business.

The payoff comes when one looks behind the number – a single number only tells you so much. It's important to understand what drives brand value: intangible earnings (the cash flow of a business not associated with such tangible assets as equipment or materials), the role of brand (a measure of how much brand influences purchasing decisions), and brand strength (a benchmark of brand's relative risk compared to competitors).

Understanding the drivers of brand value can inform management action, from overall business strategy to specific marketing tactics. It's an easy-to-understand metric to help brand owners determine where they are, where they are going, and how to get there. It helps make branding a more important aspect of Canadian business management.

It tells you whether you are investing adequately in your brand.
Putting an economic value on a brand (overall and by segment) can help make a strong business case for marketing investments, overall and across the portfolio.

It tells you whether you have a marketing strategy that positions your brand around the right messages.
Your customers make decisions every day between you and your competitors. Analyzing the role of the brand in those decisions helps you to focus your strategy on the attributes that differentiate your brand from others and to strengthen your relationship with your best customers, ensuring future earnings.

It tells you whether you have the right short-term tactics to create value.
By analyzing the strength of your brand, you can target marketing campaigns to the most valuable customers, and against your most formidable competitors, to drive short-term sales.

There are many "take-aways" from this ranking, but there is one primary message: brands are important assets requiring proactive and consistent investment, management, and measurement.

Frequently asked questions

The purpose of this section is to address the questions that you might be asking in relation to the Best Canadian Brands.

CONTENTS

WHAT IS BRAND VALUE?

Brand value is the dollar value of a brand, calculated as Net Present Value (NPV) or today's value of the earnings the brand is expected to generate in the future. Like any other financial value, brand value is at a point in time based on the assumptions and information available at that point in time. Brand value is calculated according to the most widely accepted and used valuation principles. This makes brand value comparable to business – and all NPV-based asset values. The valuations of brands appearing in the Best Canadian Brands (BCB) are calculated in their current use to their current owner. They, therefore, do not necessarily represent the potential purchase, extension or licensing value of the brands.

WHY VALUE BRANDS?

The purpose of these valuations is to demonstrate to the business community that brands are very important business assets and in many cases the single most valuable company asset. We also aim to show that branding and marketing are key business issues that have direct shareholder value impact. Through seven years of publishing Best Global Brands in *BusinessWeek* magazine, we have created the world's most significant and influential brand and marketing study. In fact, *PRWeek* magazine produced a study that showed the *BusinessWeek*/Interbrand Best Global Brands ranking was the third-most sought-after benchmark report by CEOs and CFOs.

HOW DOES INTERBRAND DERIVE THE VALUE OF BRANDS?

Our valuation approach is a derivative of the way businesses and financial assets are valued. It fits with current corporate finance theory and practice. There are three key elements:

1. Financial forecasting

We identify the revenues from products or services that are generated with the brand. From these branded revenues we deduct operating costs, applicable taxes and a charge for the capital employed to derive intangible earnings. Intangible earnings are the earnings that are generated by all of the business' intangibles such as brands, patents, R&D and management expertise. This is a prudent and conservative approach as it only rewards the intangible assets after the tangible assets have received their required return. The concept of intangible earnings is therefore similar to value-based management concepts such as economic profit or Economic Value Added (EVA). EVA is Stern Stuart & Co.'s branded concept. Based on reports from financial analysts, we prepare a forecast of intangible earnings for five years.

2. Role of brand

Since intangible earnings include the returns for all intangibles employed in the business, we need to identify the earnings that are specifically attributable to the brand. Through our proprietary analytical framework, called role of brand, we can calculate the percentage of intangible earnings that are entirely generated by the brand. In some businesses (e.g., fragrances or packaged goods), the role of brand is very high as the brand is the predominant driver of the customer purchase decision. However, in other businesses (in particular, B2B) the brand is only one purchase driver among many and the role of brand is therefore lower. For example, people are buying Microsoft not only because of the brand but mostly because the company has an installed base of 80% of the market and it would be extremely difficult for most users to switch their existing files to a new software platform. In the case of Petro-Canada, people buy not only because of the brand, but also because of the location of the gas stations. For each of the brands (and categories) we have assessed the role of brand. The role of brand is derived as a percentage – thus if it is 50%, we take 50% of the intangible earnings as brand earnings. If it is 10%, we only take 10% of the intangible earnings.

3. Brand strength

For deriving the net present value of the forecast brand earnings, we need a discount rate that represents the risk profile of these earnings. There are two factors at play: first, the time value of money (i.e., $100 today is more valuable than $100 in five years because one can earn interest on the money in the meantime); and second, the risk that the forecast earnings will actually materialize. The discount rate represents these factors as it provides an asset-specific risk rate. The higher the risk of the future earnings stream, the higher the discount rate will be. To derive today's value of a future expected earnings stream it needs to be 'discounted' by a rate that reflects the risk of the earnings actually materializing and the time for which it is expected. For example, $100 from the Coca-Cola brand in five years requires a lower discount rate than $100 from the Fanta brand in five years, since the Coca-Cola brand is stronger and therefore more likely to deliver the expected earnings. The assessment of brand strength is a structured way of assessing the specific risk of the brand. We compare the brand against a notional ideal and score it against common factors of brand strength. The ideal brand is virtually "risk-free" and would be discounted at a rate almost as low as government bonds or a similar risk-free investment. The lower the brand strength, the further it is from the risk-free investment and so the higher the discount rate (and therefore the lower the NPV).

WHAT WAS THE BASIS OF THE FINANCIAL ASSESSMENTS?

Using the 2007 edition of the *Report on Business* Top 1000 list of the largest publicly traded Canadian corporations, and Interbrand's deep understanding of branding in Canada, an initial consideration set of brands originating in Canada was developed. Published annual reports and analyst reports from multiple investment banks were used to examine the revenues, earnings, and balance sheets of the brand-owning companies.

WHAT WAS THE BASIS FOR THE MARKETING ASSESSMENTS?

Unlike other brand value rankings, Interbrand does not rely on a single source of marketing information. Using a single brand study would limit the type of information (usually limited to perceptual data) and the type of customer (usually general public) that can be considered. Because many leading brands operate in specific customer segments (especially B2B), only considering the general public can be very restrictive. Instead, Interbrand refers to a wide array of primary and secondary sources that are applicable to each brand. These include, among others, Factiva, ACNielsen, and Thomson Analytics. Moreover, Interbrand utilizes its network of brand valuation experts from offices around the world.

WHY ARE CERTAIN BRANDS NOT ON THE LIST?

This is a common question, especially from companies who would expect their brands to be on the list. The most likely reasons are as follows:

– The brand has a pure B2B audience and little wider public profile and awareness.

– There is insufficient level of public financial data to enable us to identify the branded business (the company has multiple brands or has unbranded production).

– It is not a consumer-facing brand. Holding companies were excluded.

– Wholly owned or local subsidiaries of global brands (e.g., Sears Canada) were excluded on the basis that their value is not entirely rooted in Canada and they did not originate here.

WHY DO NO AIRLINE BRANDS APPEAR ON THE LIST?

There has clearly been significant investment in airline brands but they are still operating in situations where the brand plays only a marginal role. In most cases, the customer decides based on price, route, schedule, corporate policy, or frequent flyer points. The brand may often only have a real impact when all these other items are at parity. We have assessed the brand value for airlines by using internal data to strip out the impact of these other factors, but using purely public information this is difficult to do reliably.

WHY DO INSURANCE COMPANIES APPEAR ON THE LIST NOW?

While insurance has traditionally been seen as a commodity product, major global players have invested significantly in differentiating themselves over the last two years by using a range of brand-building measures. Some have developed centralized brand management functions to ensure global consistency of message delivery and many have used global sponsorship to significantly increase reach and recognition. These measures have raised the profile of the brands, turning them into household names. Both Manulife and Sun Life have entered the Canadian ranking this year.

WHY HAS HAVING 65% OF REVENUES WITHIN CANADA BEEN ELIMINATED AS A CRITERION FOR INCLUSION IN THIS RANKING?

In today's economy, leading regional brands often must expand their reach beyond their country of origin to succeed in an increasingly global marketplace. The brands that are growing market share in other regions are, in fact, becoming Canada's ambassadors to the world, defining what it means to be Canadian.

WAS THERE A LIMIT TO THE NUMBER OF BRANDS INCLUDED FROM ANY ONE INDUSTRY?

No. However, one of the requirements of a leading brand is that it is leading in its category. The mark of leadership is not just about market share but also about acting like a leader – setting trends, having high-quality standards, commanding authority in the category, and so on. So, there are brands that have market share ranking in the top three of their category but did not make the cut, and brands that are not top three that did. The rules described are guidelines and, ultimately, each brand was assessed for inclusion on its own merits.

WHAT IS THE RELATIONSHIP BETWEEN THE FOLLOWING TERMS: BRAND AWARENESS, BRAND EQUITY, BRAND SHARE, AND BRAND VALUE?

Brand value is the only measure that looks at the economic benefit of the brand to its owner. In other words, it is an end in itself. Brand awareness and brand equity are a means to an end. Brand awareness is simply knowledge that a brand exists, thus brand awareness may prompt customers to consider buying a product. Brand equity is a measure of customer perceptions of a brand; thus it may give a customer reason to prefer a product over the alternatives. Brand share is simply the market share achieved by the brand. Therefore brand awareness, equity and share are all measures of what a customer thinks or does, they are not an assessment of the economic value created by those thoughts or actions.

DO THE VALUATIONS REFLECT THE UNDERLYING STATE OF THE ECONOMY?

Yes – in two ways. The forecasts are prepared with an overall view on economic growth at a point in time. The formula for converting the brand strength score into a discount rate is tied to the underlying government bond yield.

HOW SHOULD ONE UNDERSTAND THE BRAND VALUE AS A PERCENT OF MARKET CAPITALIZATION?

The market capitalization represents the market's valuation of all the equity of a company. In theory, the market capitalization is the value of all tangible and intangible assets owned by the company, less all the debt owed by the company. The brand value/market capitalization relationship can be read in a number of ways:

– If the brand value percentage of market capitalization is low, it suggests that the business is driven by other kinds of assets (tangible and intangible) and that the brand is relatively unimportant. It could also mean that the business is failing to leverage the brand as much as it should be and that investors should be concerned about that.

– If the brand value percentage of market capitalization is high, it suggests that the business is driven by the brand and that investors should take care of how the brand is being managed since this will have a very direct effect on shareholder value. It could also mean that the business is undervalued by the market and that they are failing to reflect the true value of all the assets of the business of which the brand is one (but only one).

– The comparison of brand value to market capitalization is mainly useful for mono-branded businesses as the market capitalization relates to all company assets for companies that own and operate under many different brands, such as Molson, owned by Molson Coors, and Labatt, owned by InBev, a comparison with market capitalization is less useful.

HOW DOES BRAND VALUE RANK AGAINST AD SPENDING?

It is not really appropriate to try to correlate these two. Brand value is a measure of the output from a series of brand investments and initiatives over a long period of time. Advertising is one element in a wide spectrum of communications that companies employ. Other communications include sponsorships, online, point of sale, customer service, and so on. In some cases brands are built with very little or no advertising, as in the case of Lululemon, where retail space and employees are the key communications channels.

IS IT POSSIBLE TO RECOGNIZE BRAND VALUE ON A BALANCE SHEET?

Several accounting standards – such as International Accounting Standards (IAS) 36 and 38, US GAAP, FASB 141, UK FRS 10, CICA 3062 and 3063 – allow and/or require the recognition of acquired goodwill, including brands, on the balance sheet. The standards clearly identify brands as intangible assets with an infinite economic life. This means, unlike other intangible assets that have an identifiable economic life (e.g., patents, databases), goodwill arising from brand value does not have to be amortized annually through the income statement. However, goodwill arising from brand value is subject to an annual impairment test and its carrying value needs to be reduced if the value declines. The technique is consistent with the way in which Interbrand has assessed brands for balance sheet inclusion – though of course using more extensive and proprietary data.

WHAT IS INTERBRAND'S VIEW ON BRANDS APPEARING ON BALANCE SHEETS?

We support the stance of the different accounting standards which recognize the value of brands on the balance sheet. Interbrand has been leading the debate on this issue for many years. However, current accounting standards allow only for the recognition of acquired brands, not internally developed brands. Also, the impairment test for brands on the balance sheet allows only for a potential value reduction but not increase. The acquisition criterion means that the Gucci brand is recognized on the balance sheet of PPR as an intangible asset while the Louis Vuitton brand does not show up on the balance sheet of LVMH.

We conclude that the recognition of acquired brands on the balance sheet is a step in the right direction for providing shareholders with better information about the assets they have invested in. However, it's still not sufficient, as the value of internally generated brands cannot be disclosed despite making up the vast majority of the most valuable brands around the world. As the need for some formal statement about brand value (and the value of other intangible assets) is becoming increasingly important, we would advocate some type of statement in the annual report on the intangible business assets including brands. Whether this happens in the traditional balance sheet or whether it happens in a new 'statement of intangible value' would be a secondary concern. There is a precedent for this in the way in which the cash flow statement was developed to complement, but not replace, the profit and loss account.

WHY IS INTERBRAND AN EXPERT IN ASSESSING BRAND VALUE?

In 1988, Interbrand developed and introduced the first valuation of a portfolio of brands that used a brand-specific valuation approach. Since then, we have continuously updated and improved our valuation approach to make it the global industry standard of brand valuation. The Interbrand brand valuation methodology is the most widely endorsed and used valuation approach around the world. Interbrand alone has valued more than 5,000 brands in all industries worldwide.

Our valuations have been endorsed by leading academic institutions including Harvard, Thunderbird, Columbia, Emory and St. Gallen. Our valuation approach has the highest depth of applications, including strategic brand management, marketing budget allocation, marketing ROI, portfolio management, brand extensions, M & A, balance sheet recognition, licensing, transfer pricing and investor relations. Our valuations have been audited for inclusion on the balance sheet by all leading accounting firms. Also, many tax authorities and law courts around the world have accepted our valuation approach.

DOES INTERBRAND CONDUCT OTHER BRAND STUDIES?

In addition to Canada, we have established national brand value rankings in Australia, Brazil, China, France, Malaysia, Mexico, Russia, Singapore, South Africa, Spain, Switzerland and Taiwan. These follow an identical valuation process to our annual Best Global Brands study.

WHAT IS THE DIFFERENCE BETWEEN THE VALUATIONS IN BEST CANADIAN BRANDS AND CONSULTING VALUATIONS FOR CLIENTS?

The valuation methodology is the same, however, the level of detail and the data input significantly differ. The Best Canadian Brands valuations are mostly consolidated top-line assessments based on publicly available marketing and financial data. We recognize segment differences for diversified brands by product or service but not geography or any other classification (e.g., financial services or technology). As the valuations are based on publicly available data, they are only as reliable as the data that the brand-owning companies publish about themselves (in annual reports, analyst briefings, press articles, syndicated market research, etc.). Consulting valuations are based on detailed customer segmentations, as well as in-depth marketing and financial analyses. They have a much higher level of accuracy and granularity. The purpose of a consulting valuation goes well beyond assessing financial worth. It identifies and quantifies value drivers, and helps the company to manage its brand to increase the shareholder value of the underlying business. However, if clients undertake consulting valuations, we are in a much better position to identify publicly available data that is likely to align the Best Canadian Brands valuation with the consulting valuation. In cases where companies make our consulting valuations publicly available through a note in the balance sheet, these values will also be published as the Best Canadian Brands ranking.

ABOUT INTERBRAND

CREATING AND MANAGING BRAND VALUE

The Interbrand Brand Value Management Model™
Brands do not become and remain successful on their own. Nor are they ensured ongoing leadership without proactive, diligent and detailed management. Interbrand works collaboratively with clients to consistently and continually evaluate, create and manage their brand assets. We do this by employing the following model.

The Brand Value Management Model is a closed loop with neither a specific beginning nor a definite end. The model begins at a different point for every brand, based on business need. However, one aspect does remain constant: once in progress, the model actually accelerates by generating synergies and capturing new opportunities through carefully crafted and integrated activities. It becomes an inexhaustible source of energy and competitive advantage for every brand.

Brand Value Management comprises three distinct, yet interrelated, phases: Evaluate, Create, and Manage – where the brand and market opportunities are painstakingly examined, creatively brought to life, and thoroughly and holistically coordinated.

For over 30 years, Interbrand has worked with leading global brands to create and manage brand value through an integrated set of offerings. We offer brand and business strategy, brand valuation, quantitative and qualitative research, retail design, brand architecture and portfolio optimization, naming, corporate identity design, packaging design, communications creation, brand engagement, customer experience mapping and online digital asset management tools.

Interbrand has over 30 offices in more than 20 countries around the globe and clients from among the most respected businesses.

Interbrand is a wholly owned subsidiary of the Omnicom Group, the industry leader in Marketing Communications.

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