

cover story british brands



Britain's line-up of flagship brands

A new list of the most valued British brands is a showcase of the best home-grown talent – and a beacon of hope for marketers. For despite the financial crisis that sparked this recession, a bank is top of the league.

By Louise Jack

HSBC

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Despite financial institutions being at the centre of the global recession, a new table of the most valuable British brands puts banking behemoth HSBC at the top of the list, and it is joined by eight other banking brands in Brand Finance's Top 50 Brands of British Origin, commissioned by the Marketing Society in celebration of its golden anniversary.

David Haigh, chief executive of Brand Finance, explains: "The reason HSBC is such a good bank is because it is so down to earth and a lot of that comes from how it has been operating. The banks that were in the UK were a bit too complacent, flabby and fairly cynical about their customers. HSBC has crucified them."

Britain's second and third most valuable brands are in telecommunications – Vodafone and Orange – both of which, at less than 20 years old, are relative youngsters in a line-up that includes brands such as Sainsbury's and Marks & Spencer, whose roots go back to the 19th century.

Interestingly, there are only four telecoms brands in the table but, when combined, they account for 21% of the total value across the 50 top brands. By contrast, the nine banking brands in the top 50 account for 19% of brand value in the list.

Retail leviathan Tesco, in fourth place, easily surpasses rival Sainsbury's, which came 13th. Although Tesco has seen a slowdown in growth in the UK, and its Fresh & Easy format in the US has so far failed to make a significant dent in Wal-Mart's supremacy on the other side of the Atlantic, the retailer remains a huge and powerful brand.

Energy giants Royal Dutch Shell and BP take

fifth and sixth places respectively. The Shell symbol, known as the "pecten" was introduced in 1971 and is one of the most recognisable company logos in the world.

The professional services sector has done best as a whole, with four brands in the top 15: PricewaterhouseCoopers (7), Deloitte (10), KPMG (12) and Ernst & Young (15).

Haigh says: "If you look at professional services around the world – law, accounting, surveying, advertising, architecture – many of the biggest and best known players are British. We are very good at high-intellect service businesses and generate brands that go all round the world. I think that is something to be extremely proud of."

One striking feature of the study is that many of the line-up are now in foreign hands. The top apparel brand Reebok (38) is now a subsidiary of German sportswear company Adidas. The three most valuable commercial services brands (PwC, Deloitte and KPMG) are all foreign-owned. And the third most valuable retail brand, Asda, is owned by US giant Wal-Mart.

While some might feel that brands that have roots in Britain should be kept as British assets, Haigh disagrees. "We are good at inventing and building brands. If people want to buy them at a fancy price, then good luck to them," he says.

Haigh believes this willingness to part with brands is one aspect that makes Britain so different to many other countries. He says: "The French, for example, demonstrate their opposition to anyone who tries to buy into a French company or buy a major French brand. But here we are much more laissez-faire."

"This is why the UK has got a vibrant economy. Although we're down the toilet at the

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moment, over the years a lot of wealth has been created here and I don't see why that won't happen again."

Haigh observes: "I think it's fair to say Britain is pretty good at producing global brands. If you look at Orange, Vodafone, O2, they've done brilliantly, they've been adopted and gone abroad and are rolled out all over the world."

Vodafone global brand director David Wheldon says: "Early on in our journey our brand looked different from market to market. Now it doesn't look different but it may feel different, appropriate to its local context, and I think that's where some of our real strengths come from."

While Vodafone's roots are British (it was founded in 1984 as a subsidiary of British

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David Haigh, Brand Finance

company Racal Electronics), the company now considers itself truly international. Wheldon says: "Vodafone is beyond a national identity now. You can see that in our leadership and management mix, but Britain at its historical

best was good at bringing people from around the world together and to that extent the company has a bit of Britishness."

Haigh cites the telecoms brands in the survey as evidence that a coherent strategy and solid investment in marketing makes sound business sense. He warns: "We are seeing many people not only cutting back on investment in their brands but also measurement of the performance of their brands, which is lunacy."

"The first thing that happens in a recession is the cutting back on marketing spend. Brands are not just flouncy things with people running round ad agencies. These are real business-generating assets, as the survey clearly demonstrates."

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case study

PricewaterhouseCoopers

Brand of British Origin 2009 position 7

Brand value £6.5bn

Enterprise value £27bn

Enterprise value attributable to brand 24%

PRICEWATERHOUSECOOPERS 

PricewaterhouseCoopers is perhaps best known to consumers as administrators to ailing businesses such as Lehman Brothers and Royal Worcester in the current climate. However, the business is the market leader in the professional services sector, and at £6.5bn it is the seventh most valuable Brand of British Origin, according to the Brand Finance report. PwC director of marketing Linda Stevens says the brand is most successful in its field because of the careful way it positions itself to businesses.

"Businesses look to us to assist them with corporate issues such as intellectual property and relationship development, so it's important for our marketing strategy to demonstrate that we understand these professional challenges and the work we do will be the right thing for our clients, our people and our communities," she explains.

Core to PwC's success, Stevens says, is its commitment to both small and large businesses.

She explains: "About half of our business is from companies outside the FTSE350, we aren't just focused on large corporations but firmly believe in offering access to all. This strategy is essential to our brand equity, especially given the changing composition of businesses in these testing times."

The PwC brand has only been running for 11 years, following the worldwide merger of Price Waterhouse and Coopers & Lybrand, but its roots date back to 1849 when Samuel Lowell Price set up his own consultancy practice in London. The company now employs 16,000 people in the UK and works closely with universities to employ top-calibre graduates every year.

PwC director of communications Brian Bannister says this has helped the brand's image in the business community.

"We've been the number one graduate recruiter for six consecutive years. This helps to boost our reputation in the market and maintain our lead against rivals. Clients feel safe knowing that they will get high quality, tailored advice to ensure their business gets the optimum attention from the very best professional consultants," he says.

The brand is also promoting its commitment to sustainability and climate change in its push to keep partners on board.

Bannister says: "We are determined to ensure our clients know that we are focused on doing the right things for them at all time, including addressing as much as possible the environmental challenges we face. The firm's vision is clear; to be a commercial powerhouse that does the right thing for our clients, our people and our communities."

The Top 50 British Brands

Rank 2009	Brand	Domicile	Brand Value 2009 (£000s)	EV 2009 ¹ (£000s)	Brand Value/ Enterprise Value 2009 (%)	Year of Origin
1	HSBC	Britain	17,526	90,915	19%	1865
2	Vodafone	Britain	17,030	105,407	16%	1991
3	Orange	France	11,607	91,904	13%	1994
4	Tesco	Britain	11,337	37,048	31%	1919
5	Shell	Netherlands	8,552	113,205	8%	1907
6	BP	Britain	7,759	109,569	7%	1954
7	PwC	US	6,535	27,055	24%	1874
8	Barclays	Britain	5,239	13,818	38%	1690
9	Benson & Hedges [^]	Japan	4,958	28,804	17%	1873
10	Deloitte	US	4,889	20,241	24%	1845
11	BT	Britain	4,594	21,654	21%	1981
12	KPMG	Netherlands	4,427	18,327	24%	1911
13	Sainsbury's	Britain	4,400	8,087	54%	1869
14	Aviva	Britain	4,190	10,762	39%	2000
15	Ernst & Young	US	4,186	17,329	24%	1903
16	Asda	US	4,123	168,634	2%	1965
17	Marlboro	US	3,604	87,540	4%	1902
18	Standard Chartered	Britain	3,303	11,622	28%	1853
19	Morrisons	Britain	3,203	7,952	40%	1899
20	O2	Spain	2,914	111,747	3%	2001
21	Prudential	Britain	2,614	8,556	31%	1848
22	M&S	Britain	2,515	6,858	37%	1884
23	BBC	Britain	2,242	15,835	14%	1922
24	Co-Operative	Britain	2,222	8,611	26%	1869
25	Sky	Britain	2,147	13,621	16%	1989
26	Virgin*	Britain	1,866	6,018	30%	1970
27	Lloyds	Britain	1,829	5,278	34%	1765
28	Royal Bank Of Scotland	Britain	1,786	10,280	17%	1727
29	Cadbury	Britain	1,766	17,967	10%	1824
30	Thomson Reuters	Britain	1,720	7,942	0%	1851
31	British Gas	Britain	1,469	14,225	10%	1986
32	Scottish & Southern Energy	Britain	1,463	16,874	9%	1998
33	British Airways	Britain	1,364	3,968	34%	1974
34	Unilever	Britain	1,160	57,331	2%	1930
35	Rolls-Royce	Britain	1,156	4,258	27%	1906
36	Yellow Pages / Yell.com	Britain	1,117	5,101	22%	1966
37	Next	Britain	1,113	3,377	33%	1983
38	Reebok	Germany	1,092	7,234	15%	1895
39	Standard Life	Britain	1,032	5,901	17%	1825
40	B&Q	Britain	1,004	5,091	20%	1969
41	Legal & General	Britain	963	2,682	36%	1836
42	Capita	Britain	912	5,197	18%	1984
43	Halifax	Britain	898	2,727	33%	1853
44	Natwest	Britain	872	2,518	35%	1833
45	RSA Insurance	Britain	823	5,362	15%	1996
46	Scottish Widows	Britain	821	2,640	31%	1815
47	BAE Systems	Britain	821	14,628	6%	1999
48	Waitrose	Britain	785	3,043	26%	1904
49	Guinness	Britain	772	32,768	2%	1759
50	Bank Of Scotland	Britain	743	2,246	33%	1695

[^] Only Japan Tobacco Part Of Benson & Hedges

* Only Virgin Media & Virgin Atlantic Included

¹ For All Banking And Insurance Brands Market Capitalisation Used In Place Of Enterprise Value

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Top 5 Retail

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4	Tesco	Britain	11,337	37,048	31%	1919
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16	Asda	US	4,123	168,634	2%	1965
19	Morrisons	Britain	3,203	7,952	40%	1899
22	M&S	Britain	2,515	6,858	37%	1884

Top 5 Commercial Services

Rank 2009	Brand	Domicile	Brand Value 2009 (£000s)	EV 2009* (£000s)	Brand Value/ Enterprise Value 2009 (%)	Year of Origin
7	PwC	US	6,535	27,055	24%	1874
10	Deloitte	US	4,889	20,241	24%	1845
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42	Capita	Britain	912	5,197	18%	1984

Brand Finance Brands of British Origin Methodology

The Brand Finance ranking system examines the effect of the brand on the company's bottom line in financial value.

The company uses the "royalty relief" method to determine the size of a company's brand value as part of its overall enterprise value. For more on this methodology, visit www.brandfinance.com.

case study

HSBC

Brand of British Origin 2009 position 1

Brand value **£17.5bn**

Enterprise value **£90.9bn**

Enterprise value attributable to brand **19%**

A programme of brand consolidation began in the late Nineties led by the then chairman Sir John Bond, who recruited Young & Rubicam North American chief executive Peter Stringham as HSBC global head of marketing. Stringham, who returned to Y&R in 2007, is widely credited with overseeing a transformational period in the bank's marketing, creating one of the world's most powerful banking brands.

HSBC group managing director of personal financial services and marketing Alex Hungate says: "By any measure, HSBC is one of the world's most valuable brands. I hope that the British people feel proud that they have a global leader like HSBC headquartered in Britain."

Indeed, the HSBC Group has triumphed in the Brands of British Origin league table at a time when many other banking brands are wrestling with complex difficulties in their businesses and suffering from a severe loss of public trust. While HSBC is not without its woes in the wake of the near-collapse of the global banking system, it has not had to follow many of its peers and plead for a government bail-out.

The HSBC Group is composed of a number of companies, many of which opened for business more than a century ago. In the mid-19th century, merchants in the former British colony of Hong Kong felt they needed a bank to finance trade between China and Europe. The Hong Kong and Shanghai Banking Corporation was founded in 1865 by Scotsman Thomas Sutherland.

The bank expanded throughout Asia, opening

offices in Bangkok, Manila and Shanghai. Anticipating the Japanese invasion of Hong Kong in 1941, HSBC moved its headquarters to London. Once the Second World War came to an end, it diversified further, establishing bases in the US, India and the Middle East.

Hungate adds: "The prospectus for the foundation of the Hong Kong and Shanghai Banking Corporation Limited in 1865 proudly announced that the bank would be operated on sound 'Scottish banking principles' such as capital strength and building long-term relationships with customers. These principles have served HSBC well through both revolutions and economic crises, including the most recent global credit crunch."

Today, HSBC is the world's largest international bank with 10,000 offices in 83 countries and territories. It was the acquisition of Midland Bank in 1992 that transformed HSBC's representation in Britain.

In November 1998, HSBC adopted a unified brand across its many disparate companies and started using the HSBC name and its red



and white hexagon symbol. Since 2002, this HSBC brand identity has carried "the world's local bank" strapline.

Hungate says: "HSBC has, from its origins, been a global bank with a business strategy based on using its global scale and reach to serve its customers better. Therefore, it is appropriate that it should have one brand that is applied consistently around the world and that the customer experience should also be consistent and aligned with the expectations that this brand creates."



HSBC: The international bank has always promised to operate on sound 'Scottish banking principles'

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Top 5 Insurance

Rank 2009	Brand	Domicile	Brand Value 2009 (£000s)	EV 2009* (£000s)	Brand Value/ Enterprise Value 2009 (%)	Year of Origin
14	Aviva	Britain	4,190	10,762	39%	2000
21	Prudential	Britain	2,614	8,556	31%	1848
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41	Legal & General	Britain	963	2,682	36%	1836
45	RSA Insurance	Britain	823	5,362	15%	1996

Top 5 Banks

Rank 2009	Brand	Domicile	Brand Value 2009 (£000s)	EV 2009* (£000s)	Brand Value/ Enterprise Value 2009 (%)	Year of Origin
1	HSBC	Britain	17,526	90,915	19%	1865
8	Barclays	Britain	5,239	13,818	38%	1690
18	Standard Chartered	Britain	3,303	11,622	28%	1853
27	Lloyds	Britain	1,829	5,278	34%	1765
28	Royal Bank Of Scotland	Britain	1,786	10,280	17%	1727

case study

Thomson Reuters

Brands of British Origin 2009 position
Brand value
Enterprise value

30
£1.7bn
£7.9bn



THOMSON REUTERS



Launching a global brand is not something a marketer gets to do every day and the scale of introducing the Thomson Reuters brand across 190 countries, internally and externally, classes it as a once in a lifetime opportunity.

Thomson Reuters was formed after Canadian publisher Thomson Corp bought Reuters, founded in 1851 in London, for £8.7bn. The intended deal was revealed in May 2007 and the Thomson Reuters brand was formally launched in April 2008, revealed overnight in hundreds of locations worldwide.

Kate Coldwell (pictured) was Reuters' global head of marketing communications at the time of the purchase and, along with a small strategic team, was tasked with rebranding and relaunching the business and bringing together the marketing organisations of the two companies. Since April 2008, Coldwell's role has been Thomson Reuters global head, office of the chief marketing officer and she acts as "chief operating officer/chief of staff".

Coldwell describes creating the Thomson Reuters brand as a "very rigorous" integration programme. Several work streams were set up – brand, marketing, client communication and internal communication. The core team was taken off their "day jobs" and were empowered to get on with their mission.

Coldwell says the decision to keep the team small was crucial. "If we had opened the process up to a larger audience, then it would have been a nightmare. We'd have had loads of opinions."

The "critical first step", Coldwell says, was a brand evaluation, where the team established exactly what each brand was worth and from there, create a global brand – as opposed to "bolting" the two brands together. The decision to become a "branded house, rather than a house of brands" meant all aspects of the new business would relate back to Thomson Reuters, as opposed to a collection of individual brands. Coldwell says: "This branding work drove the overall architecture of the business."

The team appointed Interbrand to work on the brand identity and articulated the Thomson Reuters brand as "intelligent information coming together".

Coldwell continues: "We found the branding work drove the cultural change within the business, which has a combined staff of more than 50,000." One strand of the rebranding was the establishment of "brand ambassadors" – employees from different levels, backgrounds and countries who were trained in the brand "tone of voice", equipped with materials to take out to their own businesses and "spread the word" about the new brand. Other tools were also made available, such as a "brand centre" for employees to access brand information and how it should be used.

Coldwell says the British heritage of Reuters was "hugely significant". However, it announced this week it is withdrawing from the London Stock Exchange. She says: "There were concerns about a big Canadian company coming in, but I think we've addressed the balance by developing a global brand that operates in multiple locations."



Brand of British Origin 2009 position 17

Brand value £3.6bn

Enterprise value £87.5bn

Enterprise value attributable to brand 4%

Many will be surprised to see the quintessentially American brand Marlboro in a league table of Brands of British Origin, but the brand began life in England, long before the rugged Marlboro man was ever thought of.

In 1847 British cigarette maker Philip Morris was selling a range of cigarettes all named after streets in London. Other brands included Cambridge and Derby. Marlboro was named after Great Marlborough Street in the West End.

Initially, Marlboro was aimed at Britain's female smokers, by all accounts not that successfully. In the Twenties the brand was retargeted to female smokers in the US, using the strapline "Mild as May", stressing the product's mildness. This strategy continued until the Second World War, when the brand was taken off the market.

In the Fifties the brand was reintroduced, this time following a series of revelations in the media about the health risks associated with smoking. In those days, most cigarettes were non-filtered, so the filtered Marlboro was positioned as a "safer" cigarette.

Many smokers, unable to kick the habit, switched to filtered cigarettes and Philip Morris dropped Marlboro's female bias and aimed it firmly at male smokers, using a tattooed man in its advertising.

In 1955 the images were revised to depict a new Marlboro smoker – a lean outdoors-type, who became the cowboy that will forever be associated with the brand in the minds of consumers. Eventually the ads ran without body copy, as the images themselves were by then sufficient to beckon consumers to join him in Marlboro Country. Sadly, one Marlboro Man died of lung cancer in the early Nineties.

Despite restrictions placed on the marketing of cigarettes around the globe, Marlboro has been one of the top-selling brands since its relaunch in the Fifties and long the US market leader, owning 40% of the market.