



Best Brazilian Brands 2012

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Interbrand

Creating and managing
brand value™



New outlook for Brazilian brands

Interbrand once again has the pleasure of introducing the ranking of Best Brazilian Brands.

Just as they did last year, many brands seized on the favorable situation in the domestic market to boost their value: our brand portfolio's total value is up almost 5% and this year's "cut-off" of R\$ 250 million is significantly higher than 2011's [R\$ 209 million].

With the eyes of the world on Brazil, our brands have an opportunity to tap the favorable period in the market and kick their act up to the next level of differentiation and consumer relations. The brands posting the highest growth in this evaluation, Hering [+86%] and Casas Bahia [+57%], along with new entrants Totvs and Magazine Luiza, are clear examples showing how to tap Brazilians' higher purchasing power while delivering performance, building differentiation and adding value for stakeholders.

Another key aspect added to this scenario is that the continuing American and European crises are encouraging many foreign

companies to see Brazil as a growth opportunity and they have decided to gain a foothold here. From European retail chains to Chinese automakers, these companies are not only posing tougher competition for Brazilian brands, but also offering new options for consumers, new interactions and a different perspective on brands.

A must-mention is the comeback company Havaianas, again up among the most valuable Brazilian Brands. As one of Brazil's most globally recognized brands, provides significant learnings to others Brazilian brands that have yet to consolidate their presence outside Brazil.

This is surely an interesting and a stimulating scenario for the development of branding in Brazil. In this respect, companies that were previously interested in just creating brands are now worried to consolidate them and manage their consolidation and points of contact more smartly.

We are now in a period of processes rather than one-off or specific brand projects.



Highlights

1

The ranking's total value rose to R\$ 95.9 billion, 4.3% up on 2011.

2

Two brands are on the list for the first time: Totvs and Magazine Luiza. In addition, Havaianas is back in the ranking.

3

Top 5 focus: these brands account for 71.8% of the ranking's total value, maintaining the trend from previous years.

4

Key Sectors financial industry [Itaú, Bradesco and Banco do Brazil are in the Top 5 with 51.8% of the total value of all companies in the ranking] and retailing [showing average growth of 25.2% on 2011].

5

Fastest growing brands : Hering [+86%], Casas Bahia [+57%] and Cielo [+44%].

Industry analysis

Financial services



Brazil's banking industry is going through a unique period in its history after a series of Central Bank rate cuts since August 2011, led by public banks. Brazilian brands in this sector have an intimate and crucial relationship with the day-to-day lives of Brazilians, especially compared with other markets. No wonder, then, that the five bank brands in this ranking account for 53% of the total value of the 25 brands.

However, this context poses a robust challenge for Brazilian banks in the near future: that of reformulating their models and proposing the innovative solutions that are crucial to regain previous levels of profitability. From the internal point of view, some players are now moving to gain efficiency and wagering mainly on technology.

Externally, they are preparing to attract and retain as many customers as possible. Itaú and Caixa, for example, are taking advantage of this new situation to reinforce differentiated proposals - Itaú with financial education and conscious spending and Caixa with an offering that enables customers to pause their loan repayment schedules. On another front, Bradesco tapped Facebook's growing penetration to introduce F.Banking, the first banking interface on a social network platform.

By reformulating and innovating, brands will evolve the responses they need to remain strong with relevant functional and emotional proposals to stay ahead.

Retailing



Despite Brazil's slower economic growth last year, retail brands have continued to tap the strength of the domestic consumer market, which is still being driven by higher middle-class purchasing power, more supply of credit, and government incentives. This context is reflected in the value of the retailing brands in this ranking, which performed well with average growth at 25.2%.

One factor contributing to this favorable performance was that managers were working to adjust their brand positioning for opportunities of this type. Ponto Frio, for example, detected an issue in terms of the consistency of its positioning with consumers, which seemed to be shifting all the time. The chain redefined its strategy to focus on what it believes to be the best proposal for the future and to differentiate itself from the competitors. It remains to be seen how this implementation takes shape differently at contact points.

This less functional position is also the path followed by Hering, a traditional clothing retailer that is seen as one of the most authentic brands in Brazil. For some time it has been using its recognized expertise in basic clothing items to offer something more, with a positioning to suit people of all ages, of both sexes and personalities.

Experience at physical points of sale is a strength for retail brands but in the digital world there still have to overpass some difficulties. Problems primarily related to delivering on time and the state of products as delivered affect perceptions of these brands.

Although companies run their physical stores and its digital business as separate businesses, consumers perceive brands as unique and integrated. So the challenge of ensuring consistency remains latent.

Telecommunications



Telephony brands are part of the landscape and everyday life for Brazilians. They take shape - and pose dialogue at the same time- through multiple points of contact: TV, radio, magazines, events, hypermarkets, newsagents stands, malls, internet and of course mobile phones themselves.

However, this year, telephony brands were much talked about for rather unedifying reasons - such as low-quality customer service and large numbers of complaints. This led to the tough outcome of the Brazilian government's Anatel regulator being forced to intervene to protect consumer interests. Most telcos were hit by fines and penalties.

Even in this troublesome scenario there was a positive variation in the value of the industry's brands, with Vivo's up 25%, NET's 23%, and Oi 's 15%. These gains were direct consequences of these brands broadening their scope to offer a

more rounded and integrated package including fixed telephony, pay-TV, video on-demand and internet services.

Of course these are all meticulously cultivated strong brands that are key to their business ventures. There is still a long way to go in terms of improving after-sales service and simplifying offerings of products and services practicing transparency.

The way these brands quickly responded to the problems they faced shows that they are prepared to continue to conquer market share and build loyalty by really delivering on their promises.

Business to business



B2B brands continue to feature in this ranking, with Vale in the lead according to this evaluation. Giants representing Brazil around the world under the "commodities" banner are creators of wealth and employment for the country, which places them on a level of extreme relevance.

As strong brands they continue to build a differentiated image for the general public by sponsoring sport and culture and ensuring professional management as a means of continuing to consistently add brand value.

Damage related to environmental problems, or lower financial earnings, have a negative impact on brand value. This was behind Vale's 7% fall in brand value, which would have been worse but for the fact of this brand being a strategic asset and therefore more resistant to instabilities in business.

Since the 2009 global financial crisis, many Brazilian B2B brands have been severely impacted and damaged, as in the case of Gerdau and Usiminas. This year it was Braskem's turn.

However, Cielo posted significant growth [44%] and Totvs joined the ranking as the first IT brand to be among the top 25 in terms of brand value, in 23rd position with R\$ 297 million .

It remains to be seen whether it will be an isolated example or whether other Brazilian IT players will be joining this ranking in the near future.

What affects brand value?

We believe that a strong brand, regardless of the market in which it operates, drives business performance. It has this effect because of its ability to influence consumer choice and build loyalty; to attract, retain and motivate talent; reduce financing costs; and obtain investment funding.

The financial value of a brand is measured by three main elements. Understanding how these elements function is critical to understand and manage brand value and therefore a business as a whole.



Financial earnings

We start by predicting current and future revenue attributable to the products or services that use the brand. The first step is to subtract operating costs and taxes from these revenues to calculate the portion of earnings directly attributable to the brand. Then we deduct return on capital invested in the operation to identify the economic gains of the business.



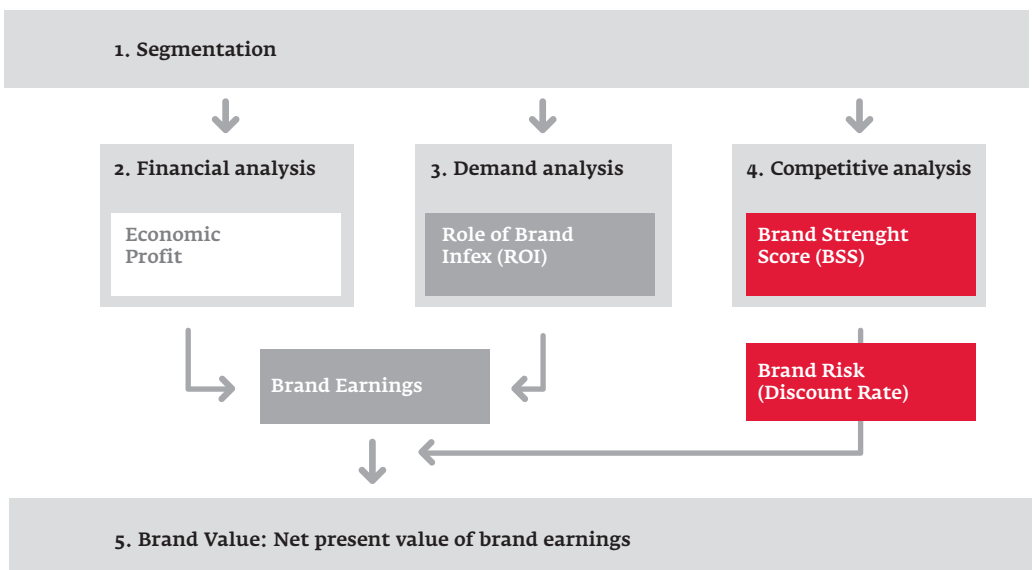
Role of brand

This is a measure of how the brand influences consumer choices in the shopping process. This measure is then applied to economic gains to obtain profits generated by the brand alone.



Brand strength

This is a measure of a brand's ability to ensure demand and gains over time. Capturing consumer preferences involves ensuring loyalty, more purchases, and retention, thus sustaining future profits. Our method starts by analyzing ten factors and comparing them with the competition us to find a discount rate that adjusts a brand's expected profits to the risks associated with the demand this brand is able to guarantee.



What makes a brand strong?

Our experience shows that brands ideally positioned to continue to generate demand in the future are those that perform well against the competition across the ten factors shown below.

Four of these factors are internal to the organization, and reflect the fact that big brands are built up from the inside out. The other six factors have greater impact externally, thus recognizing that great brands change the world around them.

Internal Factors



Clarity

A clear vision internally to what the brand stands for, its values, positioning and proposition. Also clear vision of the target segment and consumer perceptions.



Commitment

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



Protection

The extent to which the brand is secure along several dimensions: legal protection, proprietary ingredients or design, scale or geographic expansion.



Responsiveness

The ability to respond to changes, challenges and market opportunities. The brand must have a sense of leadership internally and a desire and ability to constantly evolve for self-renewal.

External factors



Authenticity

The brand must soundly based on real internal capability. Have a heritage and a set of well-defined values. Its performance must meet the expectations of their customers.



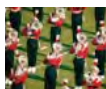
Relevance

Matching the needs and desires of customers | consumers.



Differentiation

The extent to which customers | consumers perceive a differentiated positioning that is distinct from the competition's.



Consistency

The extent to which a brand comes alive flawlessly across all points of contact or formats.



Presence

The extent to which the brand is ubiquitous and receives positive comments from consumers, customers and opinion-makers in both traditional and digital media.



Understanding

The brand is not only recognized by its customers, but there is also profound understanding and knowledge of its distinctive qualities and characteristics.

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Explore the history of each brand in www.rankingmarcas.com.br

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01



Itaú
▲ -8%
R\$ 22.237 million

02



Bradesco
▲ +11%
R\$ 15.141 million

03



Banco do Brasil
▲ +9%
R\$ 12.299 million

04



Petrobras
▲ -8%
R\$ 10.693 million

05



Skol
▲ +17%
R\$ 8.497 million

06



Natura
▲ +29%
R\$ 7.308 million

07



Brahma
▲ +17%
R\$ 5.088 million

08



Vale
▲ -7%
R\$ 2.479 million

09



Antarctica
▲ +21%
R\$ 2.429 million

10



Vivo
▲ +25%
R\$ 2.118 million

11



Renner
▲ +12%
R\$ 940 million

12



Cielo
▲ +44%
R\$ 868 million

13



Casas Bahia
▲ +57%
R\$ 701 million

14



Caixa
▲ +21%
R\$ 680 million

15



Lojas Americanas
▲ -6%
R\$ 662 million

16



Oi
▲ +15%
R\$ 589 million

17



Extra
▲ +18%
R\$ 586 million

18



NET
▲ +23%
R\$ 397 million

19



Hering
▲ +86%
R\$ 389 million

20



Pão de Açúcar
▲ -11%
R\$ 344 million

21



Banrisul
▲ -32%
R\$ 340 million

22



Havaianas
! Novo!
R\$ 306 million

23



Totvs
! Novo!
R\$ 297 million

24



Ponto Frio
▲ +16%
R\$ 270 million

25



Magazine Luiza
! Novo!
R\$ 250 million



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