

BRANDZ™ TOP 100 MOST VALUABLE GLOBAL BRANDS 2012

Brands pursue relevance in digital

Creative strategies generate added impact and buzz

Brand contribution protects value

It differentiates in a challenging global economy

Fast growing markets beckon

Brands rise in BRICS and elsewhere



Valuation and Methodology by

MillwardBrown
Optimor

WPP

Welcome

Z

It gives me great pleasure to welcome you to the 2012 BrandZ™ Top 100 Most Valuable Global Brands report.

This is the seventh annual edition of a report that's become the definitive source for understanding brand value, and the strategies that help build and sustain it, across numerous product categories.

This year's report reminds us once again how important brand strength is to the growth prospects and long-term health of a business. When a whirlwind of economic slowdown and political uncertainty undermine consumer confidence, brands are totally exposed. They cannot take shelter from the storm.

Rather, strong brands and everything they represent—innovation, trust, reputation, responsible citizenship—enable businesses to navigate and move forward despite forces that, like the weather, are beyond their control. But how do you build and sustain a strong brand? This report tackles those questions.

First, we identify and measure the most valuable brands in the world using the unique BrandZ™ methodology developed by Millward Brown Optimor, the only brand valuation that uses consumer research data. Think of it as peeling an onion. We remove all the financial layers and other corporate factors to reveal just the Financial Value of the branded business. To that core we add a distinctive ingredient. Based on research conducted in over 30 countries, we fold in a carefully quantified assessment of how consumers feel about the brand. We call this result Brand Contribution. This combination of financial analysis and in-depth consumer research differentiates BrandZ™ from any other valuation ranking. (For a complete explanation of the methodology, please turn to page 97.)

Second, after creating the ranking, we enrich it with interpretation and insight from leading WPP company brand experts worldwide. With operations in more than 100 countries, WPP is literally without peer in branding and identity and every other aspect of communications and media. Brand experts from these WPP companies and associate companies

contributed their expertise to this report: Added Value, Brand Asset Consulting, Digit, eCommera, Fitch, Forward, Grey, Hill + Knowlton Strategies, JWT, Kantar Media, Kantar Retail, Kantar Worldpanel, Kinetic Worldwide, Landor, Maxus, MEC, Millward Brown, Millward Brown Optimor, Mindshare, Ogilvy & Mather, The Futures Company, The Partners, Possible Worldwide, TGI, The Brand Union, TNS, Visible Technologies, VML and WPP Team Detroit.

New features fill largest ever traditional and digital editions

The 2012 BrandZ™ Top 100 Most Valuable Global Brands, the largest edition ever, includes many new features that analyze key challenges facing brands today, and it conveys important lessons from the experiences of brand leaders.

The centerpiece of the report, the BrandZ™ Top 100 ranking, begins on page 30, and reports on the financial value of each brand and any year-on-year change. We analyze the Top Risers, the Newcomers, Regional Trends and the leaders in Brand Contribution, the impact of brand alone on earnings exclusive of financials or any other factors. The category-by-category examination of brand performance includes insights from WPP company brand experts, plus these new features:

Brand Toys In each category we analyze the personality of at least one key brand using BrandZ™ research and an illustration of a Brand Toy, a new brand visualization tool.

Spotlights We illuminate each product category with additional consumer attitude research developed by TGI, Kantar Worldpanel and other WPP companies.

We also take an extensive look at fast growing markets, beginning with an overview that charts the increasing presence of brands from these markets in the BrandZ™ Top 100 Most Valuable Global Brands. Based on the knowledge of WPP company experts in BRIC economies, we share insights about the increasing importance of brands in Brazil, China, India and Russia. And we look at the emerging possibilities in Africa.

In a series of thought leadership essays, WPP company experts describe how

social and technology developments are impacting brands both strategically and tactically. These essays include:

Purpose and Profit

How corporate reputation and brand are converging and becoming a critical strategic driver of value in a world of declining trust. By John Gerzema, Brand Asset Consulting, and me.

Remaining Relevant in a Mobile World

Harnessing the power of mobile devices to enhance the customer experience and deliver the brand message. By Joseph Webb and Fiona Buchanan, TNS

Engaging Audiences with Digital

The outdoor opportunity to reach and engage consumers. By Eric Mauriello, Possible Worldwide

The Brand Owner in a Customer-Centric Universe

Combining retailer intuition with the data insights to succeed as a multi-channel retailer. By Michael Ross, eCommera

Brand Personality

Unlocking key traits for success and value. By Peter Walshe, Millward Brown

Because the 2012 BrandZ™ Top 100 Most Valuable Global Brands is so packed with information we've added a Highlights summary that appears on page 6. You'll find Take Aways on page 8.

The report is available as an app for your mobile device. We've also created a special iPad interactive magazine version with videos and other additional content that make the report even richer and more useful.

Our WPP companies are eager to help and to put at your disposal our expertise in insights, advertising, digital, PR, promotion, marketing, media, retail and shopper marketing—the knowledge necessary to build and sustain brand value. For more information about WPP agencies that contributed to this report, please see the WPP Resource Directory on page 100. Or please feel free to contact me directly.

Sincerely,



David Roth

WPP

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Highlights



The total brand value of the 2012 BrandZ™ Top 100 Most Valuable Global Brands reached \$2.4 trillion.

Brand value grew overall, but only marginally, because of myriad economic and political issues that eroded consumer confidence in the developed economies and because the BRICs slowed somewhat.

Brand itself remained strong. And the portion of brand value attributed directly to brand, rather than financials or other factors, helped sustain brands through a challenging year.

The value of the BrandZ™ Top 100 Most Valuable Global Brands grew 66 percent between the first valuation in 2006 and 2012.

During that six year period, the BrandZ™ portfolio of highly valued brands outperformed the S&P 500—by 103 percent.



On a category-by-category basis, six categories were up, six were down and financial was flat in the 2012 report.



Luxury and fast food rose most sharply, 15 percent, followed by apparel at 13 percent.



Technology and telecom brands together comprised about 44 percent of the value of the 2012 BrandZ™ Top 100 Most Valuable Global Brands. They accounted for about one-third of the value in 2006.



Four of the Top 5 brands were in technology. Number 4, McDonald's, was the exception.

Apple stayed Number 1, with a 19 percent gain in brand value to \$183 billion for the technology leader.

With a brand value of \$116 billion, B2B giant IBM moved up one slot to Number 2, ahead of Google.



One in five brands in the BrandZ™ Top 100 Most Valuable Global Brands was from a fast growing economy.

The first brands from Chile, retailers Falabella and Sodimac, entered the BrandZ™ category rankings.



MTN, a South African telecom, became the first brand from Africa to rank in the BrandZ™ Top 100 Most Valuable Global Brands.



Another telecom, Airtel became the second Indian brand in the BrandZ™ Top 100 Most Valuable Global Brands.



Sinopec, the oil and gas giant and the traditional Chinese clear liquor Moutai brought the number of Chinese brands to 13 in the 2012 BrandZ™ Top 100.



The first Australian brand also entered the BrandZ™ Top 100 Most Valuable Global Brands. Commonwealth Bank appreciated in value in part because of its investments in the heated Asian economies.



With an increase of 74 percent, Facebook appreciated the most in brand value, moving up 16 places to Number 19 in the BrandZ™ Top 100 Most Valuable Global Brands, just behind Walmart and Amazon.



Hermès grew 61 percent in brand value, and moved up 39 places in the BrandZ™ Top 100, based on the strong luxury market and the brand's desirability.

Take Aways

1 Value

Consumers are shopping. But they've adopted a new attitude toward consumption—considered rather than conspicuous. Many brands that appreciated in value, such as Zara, Uniqlo and Home Depot, combined quality with price into an appealing value proposition.

2 Renewal

Brand strength isn't an inoculation that prevents problems. Stuff happens. The economy tanks. Consumer tastes change. Corrections are inevitable. Brand strength enabled renewal to happen. And happen quickly. Think Starbucks or Toyota.

3 Relevance

Brand heritage is important and hard earned. Heritage can gain consumer trust. But to be recommended today requires being relevant. In its contemporary product range and clever communications Burberry offered an excellent example.

4 Reputation

Consumers have little patience with brands—and corporations—that violate trust. They publicize transgressions immediately and widely on social media. When PR is facing damage control, it's too late for the reputation conversation. Reputation is a core strategic concern. No brand gets a free pass. Consumers continued to distrust banks, no surprise. But they also scrutinized more revered brands like Apple, Facebook and Google.

5 Reimagine

Not long ago, a huge warehouse filled with racks stacked high with merchandise defined successful power retailing. Consumers in those aisles now shop with mobile device in hand, conducting price comparisons. Brands expecting to succeed in this landscape are reimagining themselves, looking for ways to be present in a compelling way in every possible physical and virtual reality. Tesco even has an interactive video wall in the Seoul, South Korea subway.

6 Brand Contribution

It's the BrandZ™ measurement of how much of a brand's value can be attributed to the brand itself, exclusive of financials and other factors. High Brand Contribution is an enduring competitive strength most often found among luxury brands. But not exclusively. Coca-Cola and two Chilean retailers—Falabella and Sodimac—ranked high in the 2012 BrandZ™ Brand Contribution ranking, suggesting that this advantage is available to brands in any category.

7 Personality

No single brand personality guarantees success. There's no formula. Brands in the same product category, but with radically different personalities, can both succeed. The key is to understand a brand's personality and then to incorporate those traits into a consistent brand message. Brazil's Brahma beer is among the highest brands in Brand Contribution. Consumers think of the beer as friendly and happy and Brahma reinforces this perception in its advertising.

8 Harder BRICs

Western brands are no longer a novelty in many of the BRIC markets. Local brands are improving in functional and emotional appeal. Years ago, perhaps, brand success was about just showing up. Not any more. Aggressively improving its approach to consumers, the Russian financial institution Sberbank was among the Top Risers in brand value in the BrandZ™ Top 100 Most Valuable Global Brands.

9 Disruption

An entrepreneur with a good idea and minimal investment can rapidly impact any category. Today's telecom or a retailer can be tomorrow's bank. Digital makes it possible. Category disruption is a looming threat that brands can best handle by perpetually innovating and experimenting, adopting what works and eliminating what doesn't. Even Amazon, which perfected the world of online shopping, experimented with a distribution presence in the physical world.

10 Technology

In almost any category, technology seems to be at the center of the conversation. Retail is about being omni-channel, present everywhere all the time, which is only possible in your dreams or through technology. The competitive battle in cars is not about horsepower, itself a retro word, but about technical enhancements like voice-activated communication for driving and controlling entertainment systems. BMWs came loaded with technology; so did Fords.

11 Digital

There's never a magic wand. But digital comes close. Its power seems limited only by the creativity of thinkers and dreamers. Digital enables brands to be ever-present in ways that inform and delight people when they're at home on a computer, engaged on a mobile device, passing a compelling outdoor display or standing in a store aisle. And digital works across categories, as exemplified by the feature "Digital Discoveries" on the website of luxury brand Louis Vuitton.

12 Health & Wellness

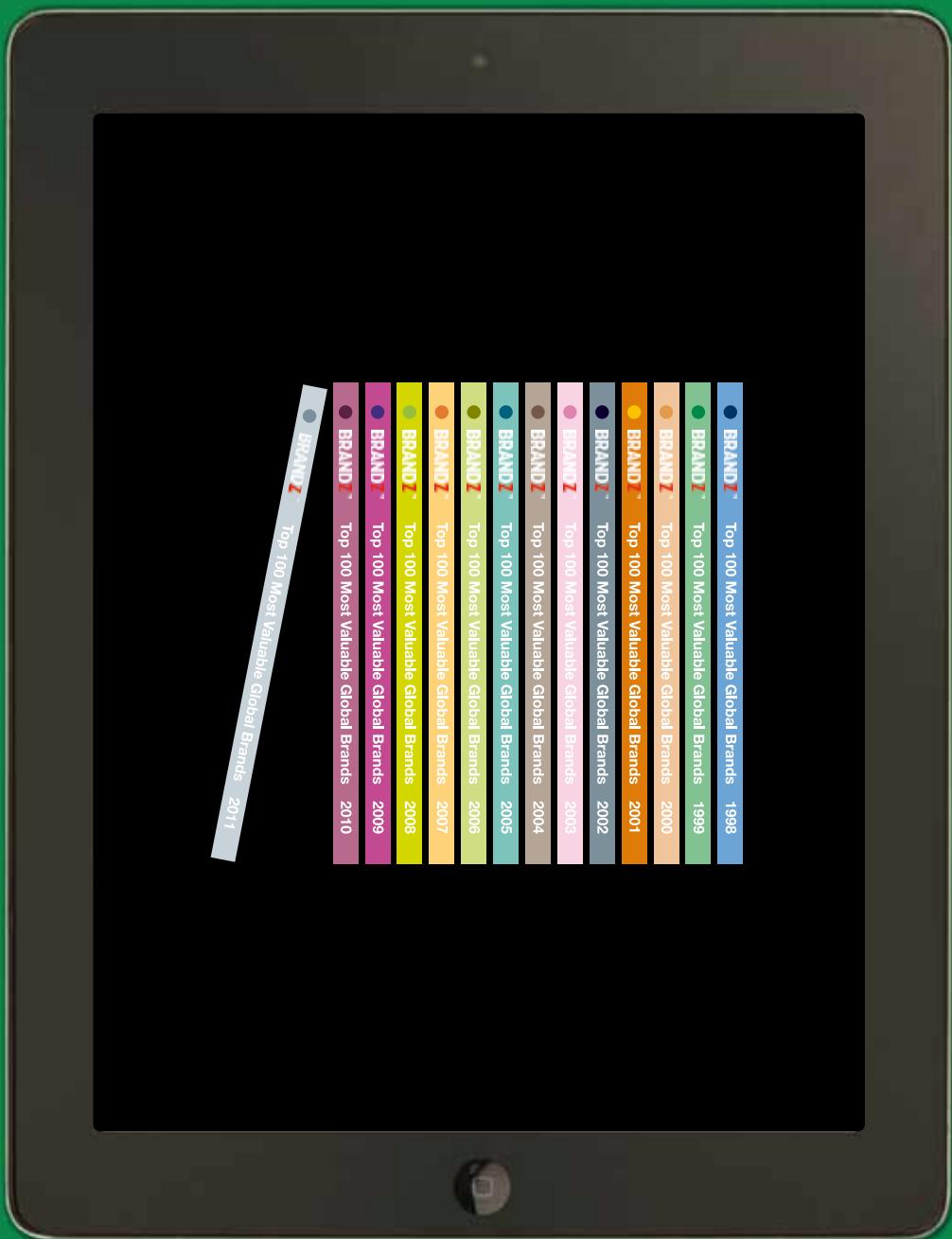
The impact of consumer concern with health is most apparent in the decline of cola sales and the addition of salad and apple slices to fast food menus. But the trend is deeper and wider than two categories. Because we're only human, we'll continue to consume food and drinks that are bad for us. But we'll do it less. We won't feel good about it. And we won't feel good about the brands that enable this behavior. Coke and Pepsi emphasized healthier options. And they were not alone.

13 Entitlement

Consumers feel entitled again. Having tightened their belts for so long, they need to exhale. In categories such as luxury and personal care, individuals spent money at all price points, more to feel good about themselves than to impress others, whether purchasing an expensive fragrance from Hermès or a more affordable one from Clinique.

Strategic Essays

Digital opportunities, anchored by trustworthy reputation, sustain brand relevance today.



Reputation, Purpose and Profits: Bridging the gap

By John Gerzema
Executive Chairman



David Roth



“A business that makes nothing but money is a poor business.”

— Henry Ford

Corporate responsibility activities have existed for nearly as long as corporations themselves. And great companies backed by names like Carnegie and Rockefeller returned profits to the populace through trusts, foundations, charities and public works. Great companies were part of the culture and consumers rewarded them with their business.

But as corporations modernized and consolidated, the focus for “doing good” shifted away from the consumer marketplace to narrow elite audiences that shaped policy. The vision of the enterprises diffused, while their values became less clear in the marketplace. Today we are entering a new era where corporate reputation and brand management are one in the same.

New collaborative research from WPP’s BrandAsset Valuator™ and BrandZ™—the two largest surveys of brands in the world—reveals that customers seek out and support companies that share their values. And they reward these companies with stronger brands and more loyal customer bases. Here are five key insights for understanding the power of corporate reputation and a framework for harnessing that power to positively impact brand performance and market share.

1. Trust is the “New Black.”

As fewer people trust brands, corporate reputation can drive brand differentiation.

Trust previously did little to differentiate a brand. But today, a trustworthy company has a 35 percent greater chance

to drive brand differentiation. Trust should be a central tenant of a manager’s strategy for growth.

2. Corporate Responsibility has evolved.

It’s moved from communications to conversations.

As society demands transparency and participation, corporations must become “truly public.” On Patagonia’s Foot Print Chronicles website, people can click on any garment and virtually track the company’s supply chain, understanding path to purchase, worker conditions and carbon foot print. And they can comment.

3. Corporate reputation builds brand equity.

It helps by retaining loyalty among existing customers.

Corporate reputation helps convince customers that a company is personally appropriate and relevant to them, which directly affects purchase behaviors. Corporate reputation is not just about creating a warm glow around a brand. It’s an impactful customer retention mechanism.

4. The effects of corporate reputation can surprise.

They are pronounced among older, more affluent and female consumers.

Conventional wisdom holds that corporate responsibility is more important to younger people. However, older people “walk the walk.” As people age, their perceptions of social responsibility become a stronger driver of brand choice.

5. Corporate reputation can help distressed categories.

It can infuse life into negatively perceived categories, such as energy.

Corporate reputation provides a new pathway to improve brand identity, consideration and usage by building positive differentiation in categories that struggle with reputation and tend to be more defined by negative differentiation.

A framework for change

Successfully acting on these findings requires first understanding and measuring corporate reputation. We divided corporate reputation into these four components:

Success: Innovative, associated with quality products and financially strong

Fairness: Well priced, offering good value for money, honest and decent in relationships with customers, suppliers and other companies

Responsibility: Respectful of employees, scrupulous about supply chain practices and protective of the environment

Trust: Consistently delivers on promises about products and services

These four components move along a continuum from characteristics seen as “hard” and practical business considerations (Success and Fairness) to other important issues seen as less core to business achievement and therefore “soft” (Responsibility and Trust). Until now these four components were not well integrated. The hard issues drove the business. Too often the soft issues formed the “moat” around the business, an afterthought done for pragmatic reasons and lacking conviction.

Success today requires integrating these components into all levels of the business. This approach produces brand integrity, a tensile internal strength that’s much more durable than the “moat.” It is vitally important for companies to understand that they have two types of shareholders, those who hold stocks and those who buy products and services.

In fast growing markets and in startup activity many managers already take this more holistic view. Because they don’t distinguish between corporation and brand, they’re better able to translate vision, principles and values into brand experiences for customers. **Z**

Sustaining brand relevance: The impact of new devices on the path to purchase



By Joseph Webb
UK Head of Digital
& Technology

TNS

Fiona Buchanan
Development Manager



The digital revolution can be likened to a runaway train for some brands.

It's very hard to board now that it's on its way and, even if you have a seat already, it's a far from comfortable ride with the emergence of new devices—and the ways in which consumers interact with them—acting like yet more unpredictable junctions in the track ahead.

Constant connectivity has made consumers more vocal than ever before, and this word of mouth influences decision-making everywhere. It has never been easier for the connected consumer to report on a bad experience, in real time, while feelings are still raw. And these comments, reviews and criticisms have an effect—with 52 percent of people surveyed globally saying that a single negative review will have an impact on how they feel towards a brand.

Many brands have learned that this shift in the balance of power towards the consumer requires an overhaul of marketing approaches, with the flexibility to respond to opportunities—and threats—in real-time a significant driving factor in maintaining a positive reputation.

The biggest enabler of this power shift over the past few years has been the smartphone explosion. With approximately 30 percent of the world now constantly connected—researching purchases, comparing prices, shopping

via mobile and sharing comments with their network and beyond—the implications for brands continue to be huge.

Mobile intensifies disruption

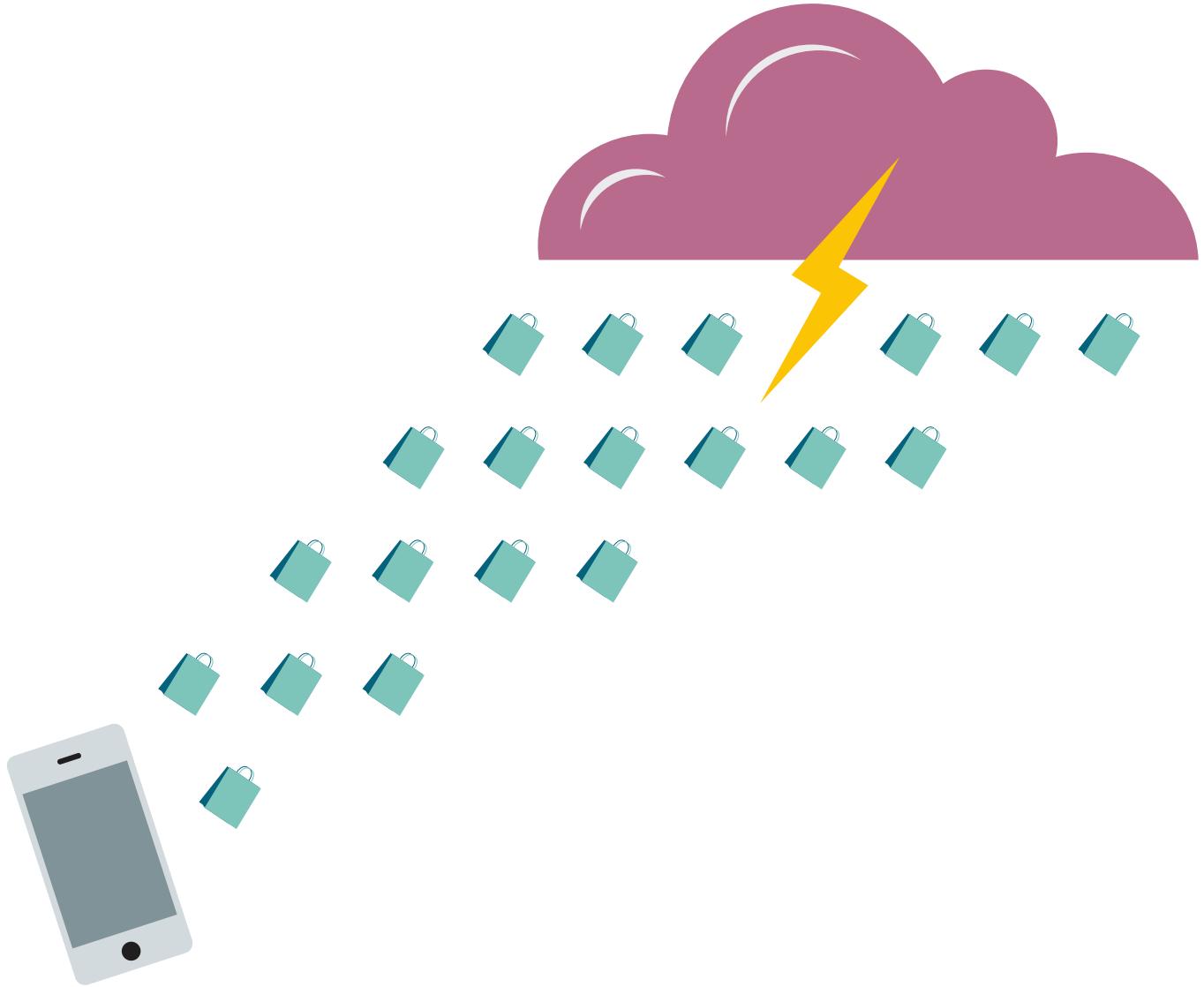
We have seen the Internet and e-commerce make a major impact on

shopping; mobile Internet has taken this disruption to a new level and poses diverse challenges. Many brands are experimenting with different approaches to the retail environment, using their physical locations as showrooms, laid out for strong design appeal, rather than showcasing piles of products. Showing consumers the product in a highly compelling setting, but giving them access to the size, model, or color that they want via a kiosk in-store is proving a good way to evolve the in-store experience to keep pace with technology for some brands.

The 28 percent of consumers who are using a mobile device to research in-store also create a new dynamic. Brands need to take action to ensure that they can hold their own in an environment where consumers can be more knowledgeable than sales staff. Empowering shop-floor teams with their own handheld devices that provide access to the latest prices, stockroom situation and consumer reviews will help retailers stay relevant.

I write about brands to...
% who agree





Meeting shoppers on the path to purchase

Brands need to make mobile a key part of the in-store experience, ultimately creating another POS channel. Approaches for integrated mobile into the store include providing free Wi-Fi and having QR codes that link to product information or expert reviews. Mobile wallet is also slowly gaining traction and already more than a third of consumers globally are interested in using this service, which may take us towards a world without check-out queues, or even check-outs at all, solving a major annoyance of the grocery shopper.

Increased tablet ownership will produce more new behavior and attitudes. We're already seeing tablets impact where and how we shop, with highly compelling, engaging interfaces driving out-of-store purchases. As tablet penetration grows, the opportunities to develop new ways

for consumers to shop online will also grow exponentially.

Consumers are increasingly paving their own path to purchase, with a growing device-driven autonomy from traditional channels. Brand success requires harnessing these new behaviors to enable and enhance the consumer experience and deliver the brand message with consistency across all media and purchase channels.

Internet penetration influences message and media

The message and media approach, influenced by Internet penetration, varies by country market. In a market like Sweden, where more than nine out of 10 people have access to the Internet, only 31 percent of people regard TV ads as influential, while almost three-quarters (74 percent) will go online to find out information about a product seen elsewhere.

Compare this to Indonesia, where Internet penetration has only reached 16 percent and the majority of Internet access is via a mobile device. Here, TV plays a far larger role, with 96 percent of Indonesian Internet users regarding TV as influential—even if they are surfing the Internet on their phone as they watch it.

An opportunity exists for brand owners in both of these markets to deliver impactful, integrated campaigns, but that requires a sound understanding of which devices consumers use, when, why and how. These possibilities seemed far-fetched just a few years ago. Yet with devices putting consumers in the driver's seat, the choice for retailers and brands may be less of a question of whether they can keep up, but rather whether they can afford not to. [7](#)

Buzz means money: Social and digital media, vital to the health of successful brands



By David Barrowcliff

Specialist: Social Media Measurement



The 2012 BrandZ™ Top 100 Most Valuable Global Brands comprises many of the great and the good, the different and the special, and the most talked about.

WPP social media monitoring company, Visible Technologies, carried out an audit of the digital social and traditional buzz for each of the Top 100 brands over the last year. From this we have created an “Earned Buzz Index”, weighted by

positive mentions, together with the Millward Brown BrandZ™ measure of online fans (FanZ Index).

As might be expected, the brands with more fans created more “Earned Buzz.”

But the crucial finding is that brands with more fans and “Earned Buzz” levels are much more valuable.

And brand value growth is significantly better if buzz is better. The Top 10 “Earned Buzz” brands grew on average by 5 percent in value last year, while the bottom 10 declined 8 percent.

The future also is brighter. The Brand Momentum Index measures the prospects of future earnings on a scale

of 1 to 10, 10 being the most positive score. The Top 10 “Earned Buzz” brands averaged a score of 8 in Brand Momentum compared with a score of 6 for the bottom 10.

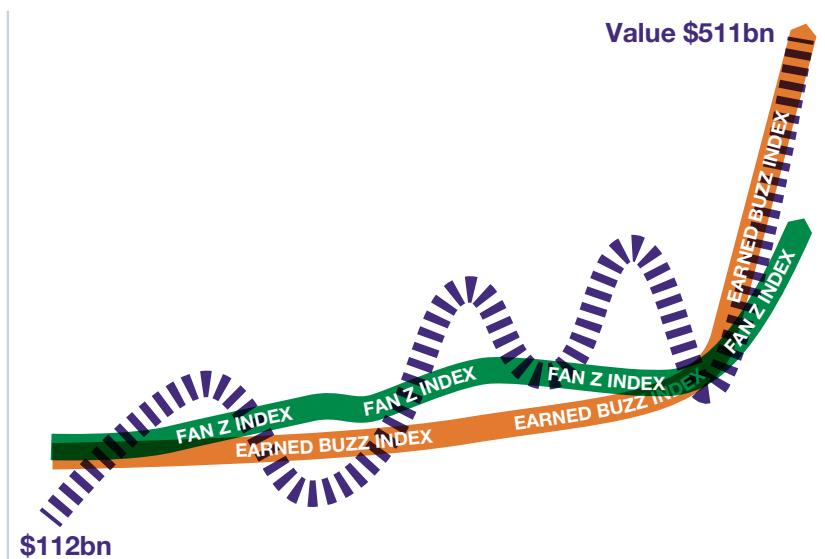
So what are the “Earned Buzz” Top 10 brands?

They are completely dominated by US technology brands, and even the one retailer, Amazon, is fundamentally a technology brand. The entertainment brand Disney is also becoming heavily dependent on the digital space. **Z**

The “Earned Buzz” Top 10

Rank	Category	Buzz Index (average 100)
1	Facebook	1,331
2	Google	1,229
3	Apple	1,093
4	eBay	475
5	Microsoft	442
6	Sony	437
7	Amazon	425
8	Samsung	301
9	HP	282
10	Disney	280

More buzz and fans means more value



2012 BrandZ™ Top 100 in groups of 10 by level of “buzz.”
Brands with higher value have more fans and more “Earned Buzz.”

Earning the privilege of being talked about is one of the assets of an interesting, meaningfully different brand.

More than a megaphone: Interactive digital engages people



By Eric Mauriello

Senior Vice President



It's not just what brands say that matters, it's what they do.

And yet, even as Digital Out of Home (DOOH) becomes more and more a part of our physical and imaginative landscape, brands are still using the platform mainly as a megaphone—to shout at people as they race past in their cars or mosey through the mall.

Sometimes there's a twist, such as the intelligent billboards in the Tokyo railway system that change up their ads depending on the perceived age/gender of the person looking. But at least for the moment, DOOH concentrates on advertising to consumers without offering them any new benefit specific to the locational, interactive potential of the platform. Except making it easier for advertisers to sell and publish content.

In fact, I would go so far as to venture that, currently, DOOH benefits media companies more than it does either brands or consumers; with the ability to change digital signage every hour via computer, advertisers can sell more inventory, with much less effort. Brands should be encouraged to rethink DOOH as “Interactive Out of Home”—that is, as an opportunity to do something with the audience: engage them, entertain them, above all, get them to participate.

Some brands get it right

There are definitely brands out there that are getting it right and working interactivity into their DOOH environments. Twentieth Century Fox’s Avatar Na’vi campaign promoting “Avatar,” for

example, incorporated both augmented reality and a large-format video wall, both of which enticed passersby into “morphing stations” to transform themselves into a Na’vi, the blue skinned species from the movie. Yahoo’s Bus Stop Derby let participants engage with other people at other bus stops, in real time, through competitive social games.

As another example of effective interactive out of home, we at Possible Worldwide recently unveiled the Macy’s “Beauty Spot,” a multi-branded in-store area, anchored by a large-format touchscreen, that provides cross-brand information, inspiration, and recommendation to customers. We could have installed a digital billboard in exactly the same place, but by making the Beauty Spot interactive and linking it to the user’s mobile device and social networks, we delivered shoppers a satisfying multi-channel experience, bringing aspects of the website, the customer’s digital identity, and the mobile experience together in a way that bolsters the Macy’s brand by making people feel both excited to explore their favorite brands while being in control of their time and level of commitment. Try doing that with a digital billboard, even if the glossy ads change up every minute.

Innovation needs some standardization

Part of the problem with innovating in the out of home market, of course, is that it’s in its nascent stages and thus most deployments are bespoke, for particular clients and situations. Standardized backends, platforms, and ecosystems have resulted in an explosion of growth and innovation for the Web and mobile; think only of the opportunities that the

iTunes or Google models have provided the creative industry. In contrast, right now, when we build an interactive out of home app, we often also have to build the platform on which it will reside.

Once interactive out of home platforms become permanent fixtures in our landscapes, and “all” developers have to do is create exceptional immersive experiences for people, we’ll see a huge surge in transformational work that will not only surprise and delight people—and turn them into brand-loyal consumers—but can actually improve the quality of life. The work that Possible recently did for the Bill and Melinda Gates Foundation’s Visitor Center demonstrates pretty dramatically what can happen when people are able to interact intelligently in DOOH environments. Fourteen interactive exhibits educate people about important global issues and enable them to contribute ideas for improving the world. As the proverb says: “Tell me and I’ll forget; show me and I may remember; involve me and I’ll understand.” 



Metail is the new retail: Brand owners and retailers face a new world



By Michael Ross
Co-founder and Director
eCommera
HIGH PERFORMANCE COMMERCE

The Internet has catalyzed fundamental changes across the entire retail system.

At the heart of the changes is a dramatic shift in retailing priorities. Location, location, location is giving way to customer, customer, customer.

This transformation is so pervasive that any business that merely tries to adapt piecemeal will struggle. For both retailers and brand owners to succeed in this new world, they need to learn from each other and become more like each other. The shift is creating in a completely new type of merchant, a blend of retailer and brand owner—the metailer.

The notion of metailer evolves naturally from how the Internet has changed retail for consumers, brand owners and retailers themselves. The Internet has left no part of the retail system untouched. The old rules don't work and the old labels no longer describe the current reality. For the most part, this new world is good for consumers and brand owners. But it's mixed for retailers.

The Internet benefits consumers and brand owners

For consumers, the purchasing process is completely different than what it once was. Today consumers have much more information, choice and control over what and how they buy. The Internet has endowed consumers with two important

and related characteristics that directly impact their purchasing behavior.

- **Freedom** The unshackling of customers from location has broken the traditional retail model. Other than products for immediate consumption, consumers now have access to an almost unlimited set of brands and products, and to retailers across the globe. For most categories, consumers are voting with their mouse. Online is now a large and growing part of the retail mix.
- **Empowerment** Information about products, prices, availability and performance is instantly available via PCs, mobile phones and tablets.

For brand owners, the Internet enables direct access to a global pool of customers. That means brand owners no longer need to rely on retailers and can adopt a radically different distribution strategy based on online, flagship stores and very selective wholesale distribution. And brands benefit from the resulting improved margins and deepened customer understanding.

Retailer benefits come with problems

For retailers, the Internet brings a mix of benefits and problems. The ledger is tilted slightly to the positive, which is fortunate since the Internet is impossible to ignore. The good news for retailers includes these developments:

- **Greater access to more customers** Traditional retailers gain access to customers outside the catchment area of their physical stores.

Skills of a metailer: Merchant prince meets mathmetician

We have moved from a world of anonymous and captive customers, to a world where they are known and unshackled; from a world where retailers were distinct from brand owners to a world where each is morphing into the other.

In a world centered on stores, retailers simply need to be good at stores. It's relatively easy to identify good and poor performing stores and to understand what is working and not working.

But in a world of hundreds of thousands, if not millions, of customers, a retailer needs to be good at statistics to make sense of large quantities of transactional data. This requires a different skill set, new types of thinking, new models and new equations. The key elements include:

- A culture of metrics and data, with data scientists at the heart of the business
- Strategy driven by consumer insight
- Business planning driven by customer acquisition and retention dynamics
- An organization centred around coherent customer groups
- Measurement of all the things that matter to customers

The successful metailers will be the ones who embrace this new world by adopting this cultural shift. The battle for customers is just beginning.

– **More touch points** Cross-channel interaction deepens relationships with existing customers and makes it easier to acquire new customers.

– **More customer data** Many retailers struggle to gain customer insight. Much more insight is available and the Internet makes it easier to obtain it.

And here's some of the bad news for retailers:

– **More competition** More retailers and brand owners are moving online, opening up internationally or creating niche boutiques, which all heightens competition.

– **Restricted access to some products** As brand owners increase direct engagement, retailers will find that some of their bestselling brands abandon them.

To succeed in this universe, retailers need to manage their businesses differently.

Introducing metailers

The old model was linear. The commercial activity moved from the brand owner through the retailer to the customer. Today, the customer is the center of the universe, the “me” in metail, communicating directly with both the brand owner and the retailer.

The terms retailer and brand owner become misleading and obsolete. In a world where successfully selling products and services depends primarily on profoundly understanding the customer, the brand owner and retailer are in the same business.

Both try to understand the customer and to customize the offering to meet customer needs. Both engage with customers in multiple channels to provide a brand, or many brands. Both are metailers, especially when they exhibit a customer-centric outlook and expertise in data analysis.

Succeeding at metail

In the past, retailers depended on key metrics, such as profit-per-store, to determine the health of the enterprise and to isolate any problems, which they would remediate with store-level fixes: open, close or refit a store and fire or hire a manager.

In today's world, metailers have much more sensitive diagnostic information derived both from the physical and virtual store activity. They can determine, for example, not simply that a particular physical store is underperforming, but also how customers are shopping, which skus they may be browsing but not purchasing.

Metailers can have insight and can take action at the individual customer level. This is not necessarily just about personalization or loyalty, though it could be. It is simply about recognizing these two key related points:

- Customers drive retail growth.
- Cost effective acquisition and retention of customers drives profitable growth.

So understanding individuals—their purchasing patterns, their behaviors, their wants and needs—is critical to optimizing any commerce business. Failing to understand is a recipe for sub-optimization. In a competitive market, sub-optimization is a recipe for failure. 

Fast Growing Markets

The 2012 BrandZ™ Top 100 Most Valuable Global Brands reveals a new phase in the development of brands in fast growing markets.



As BRICs slow, new markets and brands emerge

During the past decade, these markets, especially the BRICs—Brazil, Russia, India and China—served as the mostly dependable engines of global economic growth. And even during the economic crisis of 2008 and 2009, the total value of the brands from fast growing markets continued their steady climb.

In 2006, the BrandZ™ Top 100 included only two fast growing market brands, from China. Less than a decade later, fast growing markets account for one-in-five brands in the 2012 Top 100. During this period, the value of brands from fast growing markets in the Top 100 increased in value by 663 percent.

But in the 2012 BrandZ™ Top 100 Most Valuable Global Brands the rate of brand value appreciation in the fast growing markets slowed. Some factors were country specific. The attempt to moderate inflation contributed to the economic slowdown in India and Brazil, for example. But, overall, the BRIC deceleration illustrated the interdependence of nations in a global economy. China reduced demand for commodities from Brazil. And all the BRIC countries felt the decline in demand from financially troubled countries in the Eurozone.

Value declines for some brands, but new brands appear

As the spotlight dimmed on some brands, at least temporarily, other brands emerged from the shadows. China Mobile, the country's most valuable brand, and China's most valuable bank brand, ICBC, declined. At the same time,

the Chinese oil and gas giant Sinopec appeared in the Top 100 for the first time, as did Moutai, a leading brand of baijiu, China's traditional clear alcohol.

Similarly, Petrobras, Brazil's oil and gas company, declined and two Brazilian bank brands, Itaú and Bradesco, fell below the Top 100 in value. But three Brazilian brands—the beers Skol and Brahma, and the cosmetic producer Natura—ranked among the Top 15 brands in Brand Contribution, the measure of how brand itself, rather than financials or other factors, contributes to earnings.

Russia's telecom MTS declined. But following a major effort to refresh the brand, the financial institution Sberbank increased in value 25 percent, which placed it among the BrandZ™ Top 20 fastest risers. While the Indian bank ICICI declined, the Indian telecom Airtel appeared in the BrandZ™ Top 100 ranking for the first time. The first African brand, MTN, a South African telecom, debuted in the ranking.

Two Chilean brands appeared for the first time in the BrandZ™ ranking of brands in the retail category. An operator of department stores and specialty outlets, Falabella is one of South America's largest retailers. Sodimac, a Falabella company, is a consumer home improvement and B2B construction materials retailer.

Value of brands since 2006



Fast growing market brands experienced sharper growth than either the non-fast growing market brands or the Top 100 over all. Brand value growth in fast growing markets helped compensate for the difficulty in banking and certain other categories during the financial crisis of 2008 and 2009.

Source: BrandZ™ data

Current results suggest future direction

This maturation of fast growing market brands reveals several trends that point to likely future developments.

1. The representation of fast growing market brands in the BrandZ™ Top 100 will increasingly include brands from both the BRICs and other nations from Asia, Africa and Latin America.

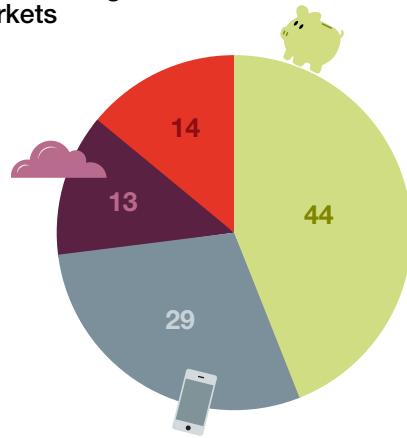
	2006	2007	2008	2009	2010	2011	2012
China	2	5	5	6	7	12	13
Russia			1	2	2	2	2
Brazil				1	2	3	1
India					1	1	2
Mexico					1	1	1
Africa							1
TOTAL	2	5	6	9	13	19	20

Although the presence of fast growing market brands in the BrandZ™ Top 100 ranking slowed last year it continued and expanded to include Africa for the first time.

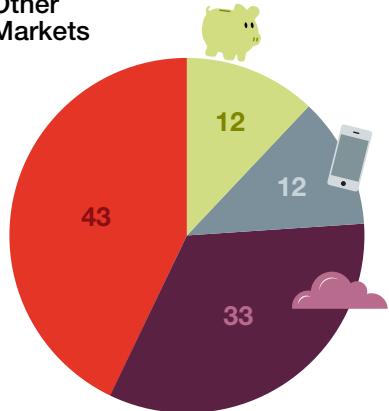
Source: BrandZ™ data

2. Brands from the fast growing markets are predominately in infrastructure and financial categories, reflecting their status as state-owned or state-controlled enterprises. But technology brands also appear because of the ubiquity of technology and expanding entrepreneurship. Over time, the fast growing market brands will be present in many more categories, cultivating consumer allegiance at home and increasingly seeking new opportunities abroad.

Fast Growing Markets



Other Markets



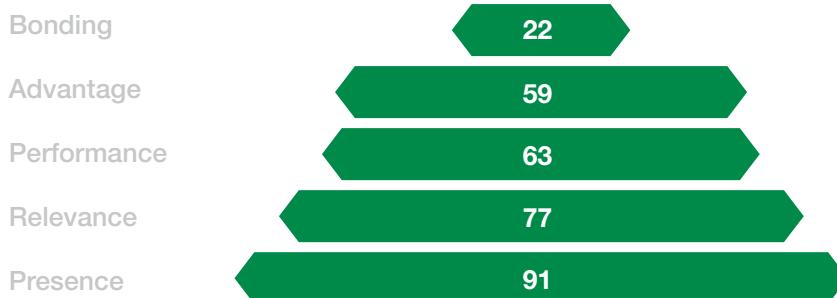
Fast growing market brands are especially represented in financial, telecoms and other categories typically dominated by state-owned or state-controlled organizations. The categories in which brands from fast growing markets are present will become more diverse over time.

Source: BrandZ™ data

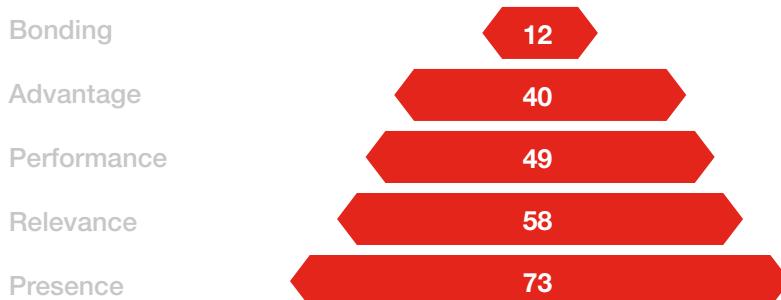
3. Compared with brands generally, the BrandZ™ Top 100 score higher in the BrandZ™ metrics about Trust, Recommendation and Desire. Brands from fast growing markets score even higher in these metrics than the Top 100 overall. And while the Top 100 also exhibit a much more robust BrandZ™ Pyramid than brands generally, the fast growing market brands again outperform the Top 100 overall.

The BrandZ™ Pyramid illustrates the building blocks of a brand's connection with its customers. The Pyramid is built on a foundation of "presence," or awareness of the brand, and culminates at "bonding," which measures the emotional attachment when a customer believes that a brand offers more advantages than its competition. **Z**

Fast Growing



All Top 100



All brands



The BrandZ™ Top 100 outperform brands in general at all levels of the BrandZ™ Pyramid. Brands from fast growing markets perform even better, indicating that they have achieved a close connection with customers.

Source: BrandZ™ data

BRIC FOUNDATIONS

POPULATION AND GDP

The four BRIC countries include 42 percent of the world's population but account for only 17 percent of its GDP.

	2010 population	2010 GDP (\$B)
Brazil	191 million	2,024
Russia	142 million	1,477
India	1,192 million	1,430
China	1,342 million	5,745
BRICs	2,867 million	10,676

BRICs
% of world



Sources: Global TGI, National census authorities; International Monetary Fund

TGI™



Brazil

Expanding middle class drives brand growth

Brazilians feel optimistic about the future relative to most of the world's population.

Around 70 percent of Brazilians believe that the country's financial situation is going "well" or "fairly well," compared with a global average of 39 percent, according to the Global Monitor study of The Futures Company. Because the economy slowed last year, however, the positive attitude of most Brazilians is moderated by some doubt about both the country's economy and their personal finances, The Futures Company found.

The underlying optimism is based on several factors that transformed the Brazilian economy and accelerated the growth of brands during the past decade including: consistent government focus on improving social and economic equality; a thriving economy, despite the current slowdown; increased availability of credit; and national cohesiveness and pride with growing excitement in anticipation of the 2016 Olympics and World Cup in 2014.

Perhaps indicative of the wide income disparity that has divided Brazilians in

the past, the government organizes the population into hierarchical economic classes, A to D, wealthiest to poorest. As in many societies, the wealthiest individuals remain well off or even become wealthier. The distinction in Brazil, over the past decade, is the broadening of the middle class, or in Brazilian categories, the ascendency of people from D to C and from C to B.

Since 2003, roughly 40 million Brazilians—out of a population of 200 million—have entered the middle class. The C class now includes about half of Brazil's population according to TGI. This demonstration of national conscience and self-sufficiency has burnished the nation's self-image and unleashed spending that impacts brands across all categories, with credit widely available from credit cards, government programs and through employers.

Many Brazilian and multi-national brands had largely ignored or underserved much of the low-income population with poorer quality products provided in big economical and unattractive packaging. They now accord these consumers increased attention and respect.

Consumers adopt spending strategies

Over time, Brazilian consumers perfected strategies to bridge the gap between what they aspired to buy and what they could afford. In the past, low-income consumers might pay one or two reais for a bottle of private label cola, for example. Today, they often spend a few more reais to buy Coke because it's affordable, if more expensive.

But they may alternate their purchase of Coke with a private label, reserving Coke for special occasions and a weekend treat, while drinking private label on weekdays. Similarly, consumers increasingly mix brand and private label in the personal care category where many products offer both functional and emotional benefits. A female shopper might purchase a relatively low priced shampoo for general family use, but the Brazilian brand Natura for herself.

Natura, Brazil's leading manufacturer and marketer of cosmetics, emphasizes natural and socially responsible products. It's among the category leaders in

the BrandZ™ ranking of personal care brands and earns a high score for Brand Contribution, which measures the portion of brand value attributable directly to the brand rather than to financial performance or other factors.

Fundamentals for brand building in Brazil

1. Reach out digitally

Brazilians are among the most wired people on the planet. This interconnectivity helps cross the social and economic divides, which are narrowing but still exist.

2. Be prepared for competition

International brands entering or expanding in Brazil are likely to encounter both eager and welcoming consumers and increasingly tough local competitors.

3. Recognize distinctive cultures

Because Brazil is a geographically large and demographically diverse country, successful brands recognize that making an impact on consumers requires adapting to many local cultures.

4. Be emotional

Brazilians respond positively to brands that create an emotional bond. While rational reasons for purchasing products and services remain important to Brazilian consumers, they are especially loyal to brands that earn their affection.

5. Help build Brazil

Becoming a genuine and active participant in the effort to raise living standards and reduce inequities will ultimately benefit the brand.

Spending touches most categories

Retail brands are organizing their businesses to serve the new middle class consumers. Grupo Pão de Açúcar, the nation's largest retailer with a portfolio of 1,800 stores, operates three supermarket brands, each targeted to a particular demographic group. The international hypermarket brands, such as Carrefour and Walmart, are opening smaller stores closer to the economically transforming urban neighborhoods.

TAM, the largest airline of Brazil and Latin America, and the carrier GOL are among the travel brands benefitting as consumers spend their growing disposable income on travel. Leading bank brands, such as Bradesco and Itaú, are adding branches, especially in the favelas and other poorer neighborhoods.

Cielo and Redecard, brands that develop credit card networks and process payments, also are expanding to serve the rising middle class, as is Multiplus, which develops loyalty programs. Ownership of credit cards increased from 46 percent of C class individuals in 2005 to 53 percent in 2009, according to TGI. Store brand cards increased from 15 percent of the C population to 25 percent over the same period.

Brazilians like local brands

The positive way Brazilians feel about their country extends to Brazil's brands, such as Natura or Havaianas, producer of the world's most recognizable flip-flop sandal. Even Petrobras, the national oil and gas giant and the nation's most valuable brand, is held in high esteem.

In contrast to developed markets, where consumers regard oil companies with suspicion because of their size and environmental impact, Brazilians appreciate Petrobras for driving the economy and providing employment. The brand reinforces those attitudes with sponsorship of cultural, sporting and educational initiatives. Although the Petrobras brand value declined, it remains one of the world's highest valued oil and gas companies, ranking 75 in the BrandZ™ Top 100.

Major global marketers, like Unilever, recognized growth potential in Brazil at least a decade ago and began enjoying the results in the past few years. P&G increased its investment during this period, becoming a major sponsor of popular TV programs and cross marketing its products under the corporate umbrella brand.

Some global brands, such as Nescafé, have been in Brazil so long that consumers think of them as Brazilian. The local beers Skol, Brahma and Antarctica enjoy tremendous popularity as Brazilian brands, although the global brewer AB-InBev owns them.

Learning to communicate

Many Brazilian brands are learning how to communicate with the same expertise exhibited by the multi-nationals. They're experimenting with social media, for example, attempting to use it more for a relationship-building opportunity rather than another sales channel.

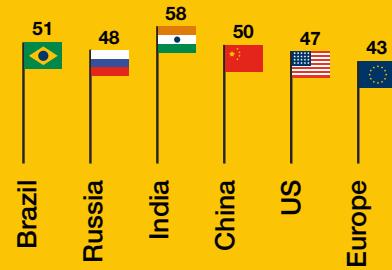
Mobile communication potentially offers a major brand marketing opportunity because Brazilians are so wired. According to some estimates, the number of cell phones in Brazil exceeds the size of the population. The brand marketing challenge, for now, is that only a small percentage of these devices are smart phones. But 65 percent of Brazilians use the Internet everyday, according to the TNS Digital Life Study, which also found that Brazilians build some of the most extensive social networks in the world, with an average Brazilian network consisting of 481 friends. **Z**

BRIC FOUNDATIONS

CONTEMPORARY ATTITUDES

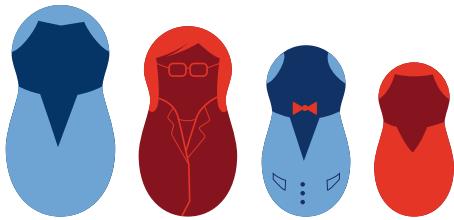
On the subject of technology, differences narrow among the BRIC markets and between the BRICs and the US and Europe. In fact, relative to the US and Europe, more people in the BRIC markets say they try to keep up with developments in technology. Of the many reasons that might explain this finding, perhaps the most compelling is that technology enables and accelerates change. In the West, for example, mobile phones added convenience. In markets lacking significant telecommunications infrastructure, mobile phones helped transform societies.

"I try to keep up with developments in technology"
% who agree



Source: Global TGI research based on analysis of 20-to-54 year-olds in the largest cities in BRIC markets and a countrywide sample in the US and Europe (UK, France, Germany, Spain)

TGI



Russia

Turning point as consumers seek brands, not institutions

The deep sense of Russian identity that permeates most aspects of life in this country now extends to brands.

Having learned about brands from the West, copying is no longer sufficient. Russian companies are beginning to introduce new brands and reenergize old ones, infusing them with Russian identity and global best practices.

Changing consumer attitudes influence this trend, which is especially evident in retail. With increasing prosperity, brands are more important to consumers. And, more experienced with brands, Russian consumers are becoming practical and sophisticated shoppers, less impressed with a brand simply because it's Western and more determined to find the right price/quality balance.

At least three constituencies also drive this effort to create world-class Russian brands: first, well-traveled Russian consumers whose exposure to the West raised expectations; second, Russian entrepreneurs who aspire to create products that meet or exceed Western

standards; and third, the government. Several years ago, reacting to the explosion of Western goods available in Russia, President Vladimir Putin challenged the nation's businesses to develop strong Russian brands.

Transforming from institutions to brands

This combination of individuality and national pride is most evident in the transformation of many heritage names that historically succeeded as national institutions rather than as brands competing for customer loyalty. This trend is clearly articulated in the rebranding of Sberbank, the nation's largest bank. Established 170 years ago, the bank's history includes its formation in czarist Russia and adaptation to the Soviet bureaucracy.

Today, Sberbank is deeply involved in a retail redesign project to better identify and serve segments of the consumer market. The bank is upgrading its 22,000 branches to one of eight different designations that include flagship locations, VIP centers, business centers, 24-hour self-service lobbies and kiosks for performing transactions including bill paying. Most importantly, the change is not simply cosmetic. It suggests an organization that has turned its face to the consumer both in visual effects and attitude.

The Sberbank example reflects an emerging interest by many Russian brands to segment their audiences and create targeted offerings. Other venerable institutions engaged in significant rebranding efforts include: Aeroflot, established in 1923, and the Russian Railways. The descendant of Russia's Department of Railways, formed in 1842, and completion of the Trans-Siberian Railway in 1905, Russian Railways rebranded to abandon its staid image and emphasize the future, technical competence and customer focus.

Growing the private sector

The more contemporary Alpha-Bank, connected its twentieth anniversary with a birthday celebration for Moscow. The outdoor extravaganza included a dramatic laser show projected on the façade of the landmark Moscow State University building, and a sky filled

Fundamentals for brand building in Russia

1. Know your customer

If you are selling dreams, status or conspicuous consumption, you'll find plenty of buyers, especially in Moscow and increasingly St. Petersburg and other metropolitan areas. For products or services to meet everyday consumer needs, however, Russians are driven by quality and will no longer pay more just for a foreign brand.

2. Expect the unexpected

Russia offers tremendous opportunity for brands. But the rules of the game—the decision-making process, business priorities and consumer preferences—can be different than in the West. Schedules constantly change and everything takes longer than expected, so be flexible.

3. Do the research

Russia is one place that often disproves the "branding is global" approach. One size rarely fits all in this huge country, especially when the brand originates in the Americas. The right research can save bundles in time and money.

4. Show respect and appreciation for the Russian culture

Russians are proud of their country. Even when they criticize it themselves, they may not appreciate having others join in. Russians take great pride in their cultural heritage and expect the rest of the world to admire it as well.

5. Be prepared to spend time

At the end of the day business gets done, but expect a long period of socializing and getting-to-know-you conversation before business is discussed. When Russians get down to business, they tend to be more direct in their response and open criticism is socially accepted, so feedback often starts with "No."

with fireworks and thousands of balloons. The bank intended the production to support its brand-building drive and highlight its association with innovation and leadership in banking technology.

This proclivity for proactive brand building beyond simple advertising is especially pronounced in retail. Savage, a fashion brand, captured the spirit of the times with the theme “be true to yourself.” Centro, a mass-market shoe brand shifted its emphasis to affordable fashion from price alone. To differentiate from the competition, and establish itself as a brand rather than a multi-brand emporium, the consumer electronics retailer Eldorado refurbished its stores to project the brand promise to make life easier through products, shopping experience and technical support. M-Video, another electronics retail leader, focuses intently on understanding its customers.

The Russian government has accelerated this emphasis on brands with a privatization program that touches many categories of products and services and has resulted in many Initial Public Offerings (IPOs). Russia's second largest bank, state-owned VTB, completed an IPO in May 2011. Rosneft, the oil and gas giant, completed an IPO a year earlier.

Facing Western-type brand challenges

Becoming a brand means facing brand challenges. As in the West, Russia's three leading telecommunications brands—MTS, MegaFon and Beeline struggle to differentiate and defend their leading positions. Competitively, they're squeezed between state-owned Rostelecom and two relatively new privately owned operators, Tele2 and Yota. To increase consumer appeal in this competitive environment brands increasingly offer bundled services. Merger and acquisition activity has increased.

Russia's beer brands are preparing for regulations that will prohibit television advertising as of July 2012. In a unique effort to leverage the brand, and reach various segments of the market, Russia's leading beer, Baltika, offers 13 variations of Baltika, each numbered and branded with the Baltika name. Baltika 3, for example, is a popular lager, while Baltika 7 is a premium brand. Other numbers

are assigned to light beers, ales and other parts of the range. The brewer continuously identifies groups that are underserved and creates an appropriate beer. Owned by Denmark's Carlsberg Group, Baltika is exported worldwide.

Expanding internationally

As Russian brands gain national recognition, they increasingly seek international expansion opportunities. Some fashion brands have opened stores in Eastern Europe. Yandex, the market-leading search engine, serves many of the nations of the Former Soviet Union and has wider expansion aspirations, having launched operations in Turkey in 2011.

The brand enjoys a reputation for strong performance coupled with aggressive marketing. It was the first Internet brand in Russia to advertise on TV. Along with a search facility that enjoys over 62 percent market share in Russia, Yandex also offers a menu of online services including a shopping mall and YandexMoney, a payment system. It's noted for maps that include a traffic jam monitoring tool. Also in the technology category, the Russian-owned multi-national computer security company Kaspersky Lab enjoys a strong B2B reputation. It operates in roughly 30 countries.

Russia's energy giants, like Gazprom, Rosneft and Lukoil, operate across national borders. Gazprom has acquired companies in Central and Western Europe to serve the natural gas needs of consumers in those markets. Overseas offices enable the companies to navigate regulatory issues, which tend to be stricter in Europe and North America compared with Russia. Lukoil is focused on renewal energy and has established a presence at the pump in the US.

Recent large acquisitions also reflect confidence in the Russian market and in Russian brands. PepsiCo acquired Wimm-Bill-Dann, one of Russia's two major dairy producers. Groupe Danone SA, the French company, formed a joint venture with the country's other major dairy brand, Unimilk. Late in 2011, Unilever bought a majority stake in Kalina, Russia's leader in personal care and beauty. **Z**



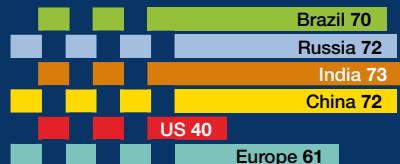
BRIC FOUNDATIONS

THE IMPORTANCE OF BRANDS

Consumers in the BRIC countries are more brand loyal compared with consumers in the US and Western Europe. They also appreciate value, according to TGI research, which found that many agree with the statement, “It's worth paying extra for quality goods.” Word of mouth is significantly more important in BRIC countries. People are more likely to ask advice before making a purchase, a behavior that could reflect lack of experience with certain merchandise or simply an inclination to conduct more diligent research before spending money.

“Once I find a brand I like I tend to stick with it”

% who agree



“I ask people's advice before buying new things”

% who agree



Source: Global TGI research based on analysis of 20-to-54 year-olds in the largest cities in BRIC markets and a countrywide sample in the US and Europe (UK, France, Germany, Spain)



India

Diverse Different Determined

In India, many people who drink cola prefer a local brand. Sports fans follow cricket rather than football. And while brands matter, a brand's reputation often is closely linked with that of the parent conglomerate.

In other words, as a consumer society, India is much the same as the rest of the world and also very different. This paradox informs the growing importance of brands in a rapidly transforming society of more than a billion people of diverse languages, cultures and beliefs—a few incredibly wealthy, others entering an expanding middle class and many still extremely poor.

Marketing approaches that work in other parts of the world are not automatically effective in India where individuals at all income levels are being exposed to brands either through travel, entertainment or the increasing presence of global brands in India. While desiring international brands, Indians also are increasingly self-confident about their national identity.

This duality, to an extent, depends on product category. In fashion, footwear and accessories—categories that exhibit personal taste or status—foreign brands exert great appeal. When Indian heritage is a consideration—which also could be in fashion and accessories as well as food and beverages—local provenance becomes important both for domestic consumption and export.

Consumers also prefer local brands that excel at innovating and improvising to create products that precisely meet local needs. This resourcefulness, considered a particularly Indian talent, is known by the Hindi word Jugaad. In another market characteristic unique to India, large conglomerates control much of the Indian economy, and consumer trust often depends on a combination of corporate and brand reputation.

Conglomerates and government influence brand growth

Usually run by powerful entrepreneurial families, the leading conglomerates include Tata, Reliance and Bharti. They operate in multiple industries, such as telecommunications, cars and retail, and market many of India's leading brands. As in other BRIC countries, the government also influences the rise of local brands with regulations that moderate the entrance of foreign companies.

Early in 2012, India relaxed restrictions on single-brand retailers, enabling brands such as Nike to expand more freely. Walmart, and retailers that sell multiple brands, must combine with an Indian partner and operate only wholesale outlets. Walmart entered India in a joint venture partnership with Bharti. Tesco partnered with Tata.

An effort to liberalize the Foreign Direct Investment rules (FDI) failed during 2011. The regulations are primarily designed to protect the estimated eight million mom and pop grocery stores in India. By entering India as wholesalers, rather than retailers, the big box multinationals became suppliers of the mom and pops rather than their competitors.

Because this is India, the preferred outcome is not just one winner, but instead a reconciliation of competing

interests that eventually produces more opportunities. In this complicated process, the multi-nationals gain market expertise from their local partners, while the partners learn from the multinationals and gain time to strengthen their own retail brands. Meanwhile, anticipating the eventual end of the FDI regulations, all the major players invest in much needed improvements to infrastructure including roads and refrigeration for food.

Fundamentals for brand building in India

1. Be meaningfully different

Indians generally like brands. And they are familiar with many brands from the West and other markets. Success requires bringing something new and different.

2. Be consistent in thought and execution

These qualities will help to build trust in the brand.

3. Take into account the regional differences

Many countries are diverse. But few are as large and distinctive as India in language, diet, beliefs and customs.

4. Emphasize fashion, if possible

For some categories, such as telecoms, cars or banking, Indians might prefer an Indian brand. When it comes to fashion, however, international brands tick all the boxes.

5. Remember it's a democracy

India is the world's largest democracy, which means that working underneath apparent chaos and slow process is a system that respects the individual and attempts to fairly balance competing interests.

Understanding market diversity is key

Penetrating India also requires understanding the country's rich diversity. The local dairy brand Amul, formed as a farmer cooperative in 1946, is well regarded, for example, because it's trusted and its products appeal to the Indian palate. Similarly, the dominant cola brand in India is Thums Up in part because of its somewhat spicy taste and its consistent positioning as a macho drink with a strong flavor. Coca-Cola purchased Thums Up in the early 1990s.

And as often is the case in fast growing markets, consumer product multinationals, such as P&G or Unilever, introduced brands to India years ago. Unilever, for example, arrived as Lever Brothers in 1933. Since merging with an India company over 50 years ago it's operated as Hindustan Unilever. In some cases the multi-national brands are so insinuated into the market they're considered Indian. Maggie Noodles, popular in India and other Asian markets, is a Nestlé brand. The Maruti Suzuki car, one of the first popularly priced cars in India is seen as an Indian brand.

The proliferation of local brands is most evident in telecommunications where 15 operators resist consolidation and battle for a share of almost 900 million mobile phone subscribers. The Indian brands have done a relatively good job of differentiating in a category where telecoms worldwide struggle against being viewed simply as the commodity conduits of voice and data.

One of the pioneer brands, Airtel, known for its network strength, appears in the BrandZ™ Top 100 ranking for the first time this year. Vodafone Essar focuses on customer care. Another brand, Idea, emphasizes value-added services and has built awareness with advertising. Price competition heated up in the crowded telecom sector last year when Tata DoCoMo lowered prices. With extensive market penetration, the telecom leaders are shifting their efforts from gaining new users to increasing per-user engagement and revenue. The change in part reflects growing consumer affluence.

Aspiration becomes a factor

Greater prosperity also impacts the car category, which is experiencing increasing sales and brand segmentation both at the high and low ends of the market. Tata's repositioning of its Nano brand illustrates these developments. Tata introduced the Nano, in 2009, as an entry-level car for people transitioning from two-wheel to four-wheel vehicles. Marketing emphasized relative safety and affordability. When sales flattened after an initial surge, Tata realized that customers liked the car but not its association with their limited financial circumstances.

Adding some amenities, Tata made the car more aspirational. Customers, it seems, wanted a symbol of new possibilities not a rearview reminder of their recent and limited past. The Tata brand overall has benefited from the knowledge gained from its acquisition of upscale Jaguar Land Rover, although the marketing for those brands has been low key so far. The rising Indian economy continues to drive sales of other Indian car brands, such as Mahindra.

Exports are increasing, too, particularly to Africa where the Mahindra brand exports its less expensive models. Tata trucks are popular in Malawi. The Indian brands best known internationally are the IT giants Wipro and Infosys, which provide B2B solutions in most industry sectors, and ICICI Bank. A major integrated financial institution, with offices worldwide, ICICI ranks in the BrandZ™ Top 100.

ICICI competes with other growing Indian bank brands such as HDFC and Axis Bank.

Even in banking, a global brand implies a greater sense of status than a local Indian brand, generally. In practice, however, people in smaller, rural markets may find that the Indian bank brand understands their needs more deeply. And government regulations may provide regulatory protection for the local brand. Amid all of these developments and apparent contradictions it's important to remember they're shaped by India's long history and modern status as the world's largest democracy. **Z**



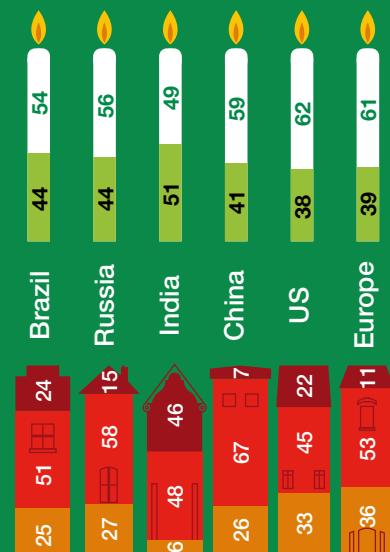
BRIC FOUNDATIONS

DEMOGRAPHICS

India is the most distinctive BRIC country based on age and household size. India is younger. Compared with the other BRICs, the US and Europe, India is the only country or region where the majority of the population (51 percent) is 20-to-34 years old. Indian households are larger. Almost half of the nation's households include more than five persons. Household size in the other BRIC countries more closely resembles the US and Europe.

Age

% of population



Household size

% of population



Source: Global TGI research based on analysis of 20-to-54 year-olds in the largest cities in BRIC markets and a countrywide sample in the US and Europe (UK, France, Germany, Spain)



China

Chinese brands benefit from improved quality and sharp pricing

Chinese brands are competing more effectively.

Several factors drive this competitiveness. First, Chinese consumers have become more sophisticated about brands. Second, Chinese brands have improved in quality, leveraged their deep market knowledge and maintained a price advantage.

The growing strength of Chinese brands is especially apparent in categories where consumers discern no functional differences between the multi-national and Chinese offerings, and the Chinese brand is cheaper. Some multi-national brands have operated in China for so long they're well accepted. But longevity is no longer an adequate advantage.

Critically, these changes are happening as the focus of brand expansion shifts to China's interior cities and villages where consumer values—the preference for price and functionality over status appeal—favors Chinese brands. Having

improved functionality, Chinese brands face the challenge of improving emotional appeal.

Even Chinese financial institutions and other large State Owned Enterprises (SOEs) now take branding more seriously as they compete against each other and expand abroad to markets where they are relatively unknown. This year, 13 Chinese brands are included in the BrandZ™ Top 100 Most Valuable Global Brands, more brands than the other BRIC countries combined and a sharp increase since 2006 when only two Chinese brands appeared. New to the ranking are Sinopec, the oil and gas giant, and Moutai, an alcoholic drink.

Growing functional and emotional appeal

The beer and spirits category illustrates the ability of Chinese brands to cultivate emotional appeal. Moutai enjoys an emotional bond with Chinese consumers based on heritage. Moutai is a brand of baijiu, the traditional Chinese alcoholic drink distilled from sorghum and produced in China for at least 2,000 years.

Similarly, the Chinese beer Snow distinguished itself in a category where real differentiation is difficult. Although little known outside of China, Snow is one of the world's most-consumed beers. Several years ago, the brand launched a marketing campaign around the idea of adventure with a campaign called *Globe Trekker*.

As part of the campaign, selected volunteers have explored exotic locations such as Tibet's Brahmaputra Canyon. In the summer of 2001, Snow produced one of the largest digital campaigns in China. Global brewer SABMiller produces Snow in a joint venture with a local company, China Resource Enterprises.

The Chinese dairy brand Yili communicates emotionally by emphasizing health and nutrition and employing celebrities to differentiate itself from Mengniu, its chief competitor. In contrast, the detergent brand Blue Moon exemplifies the triumph of functionality and price. It effectively challenges multi-national brands in China, because it works and costs approximately 30 percent less. Building on this reputation, the company is expanding its product line to include sanitizer and other products.

Fundamentals for brand building in China

1. Expect sophisticated consumers

Educated by their increased exposure to both overseas and domestic brands, Chinese consumers, especially in the large coastal cities, are becoming more demanding and discerning in their brand expectations.

2. Emphasize trust

Consumers are looking for brands that combine innovation and trust, qualities increasingly found in Chinese products as the country begins to market as well as manufacture brands.

3. Understand the nuances of the youth market

China's young people are avid consumers and eager to obtain greater material success than their parent's generation. But they're not a monolithic purely materialistic group. With growing affluence many feel a greater sense of social responsibility.

4. Find customers using social media

China's Internet is more fragmented than in most countries. Where Facebook or Twitter may dominate their sectors in certain countries, in China several different brands will offer the equivalent services. Reaching consumers requires knowing they can be found in many places.

5. Use a media mix

Mobile is quickly becoming the preferred way many Chinese people, particularly the young, access information especially with the growing popularity of 3G smart phones. But people still spend a lot of time with traditional media, such as TV, which can't be ignored.

Brand building crosses borders

Chinese brands are slowly growing their export sales. In the initial stages of establishing brands for export, brands with Chinese heritage enjoyed the greatest success as they connected with communities of Chinese people living outside of China. Moutai, for example, enjoys success outside of China.

Along with beer and spirits brands, traditional Chinese medicines also have reached overseas consumers, primarily in Chinese ex-pat communities but increasingly among the general population interested in wellness and herbal remedies. Among the better-known brands is Tong Ren Tang, which was established in 1669, at the beginning of the Qing Dynasty.

Many Chinese technology companies have prospered as OEMs (Original Equipment Manufacturers), creating products for major brand marketers from the West. Some of these companies now attempt to leverage their vast knowledge to market their own brands and enjoy higher margins. A few technology brands, such as Lenovo, already have achieved high brand recognition outside of China. Established as a small electronics supplier, called Legend Group Holdings in 1984, Lenovo today is one of the world's largest producers of PCs. It launched the Lenovo brand in 2003, and two years later acquired IBM's Personal Computing Division.

Haier, one of China's largest home appliance brands, is a world leader in white goods. Established as a refrigerator manufacturer in 1984, the brand now sells its refrigerators, washing machines, air conditioners and other products through leading mass merchants in the US and Europe. Midea also manufactures air conditioners and household appliances that it markets worldwide. Rival Gree specializes in air conditioners and markets globally.

The sports apparel brand Li-Ning experienced difficulty in the domestic market last year but, determined to build the brand overseas, Li-Ning signed a deal with the Finnish L-Fashion Group to establish the brand in Europe and it launched a website in the US to aggressively market the brand using e-commerce.

SOEs build brands

Even the large SOEs are engaging in brand building to facilitate increased overseas expansion. Until recently, these enterprises placed less attention on brand because they enjoyed monopolistic dominance. But as China's economy changes, many of these banks, insurance companies, telecoms, and oil and gas giants compete against each other and also seek growth outside of China.

In May 2011, ICBC (Industrial and Commercial Bank of China) received a license to open a branch in Mumbai, and it recently established a presence in Karachi, Islamabad and Canada and also aspires to grow in Russia, the Middle East and Latin America. ICBC is the world's most valuable financial brand, ranking 13 in the BrandZ™ Top 100.

China's major oil and gas companies—Sinopec and PetroChina—engage in brand building to help establish important relationships as they expand abroad and also to build credibility domestically. Sinopec, which operates China's largest network of gas stations, sponsors major events including Formula One racing.

For COFCO, a large, multi-brand food conglomerate, domestic marketing is important, not to raise the corporate profile, but to promote its brands, which include category leaders such as Fulinmen, a producer of cooking oil and rice, and Great Wall wine.

Western brands dominate some categories

In some categories, such as cars, Chinese consumers view local brands as lower quality than the Western brands. While the Chinese government initially supported production of Chinese auto brands at the entry level, Chinese auto buyers typically want to trade up.

Multinational carmakers, such as Audi, GM, Ford and VW enjoy prominence in China through their joint venture partnerships with Chinese manufacturers. Because most of the production for these Western brands happens in China, many Chinese consumers view these cars as Chinese. VW became familiar because of its use as taxis. Audi comprises a large share of government official vehicle fleets. 

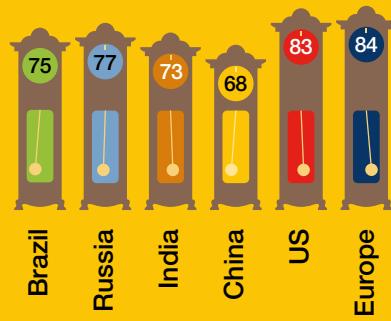
BRIC FOUNDATIONS

VALUES AND ATTITUDES

While it's important to understand the unique aspects of each country, it's also necessary to find the areas of commonality. People in all of the BRIC countries share roughly the same values as inhabitants of the US and Europe regarding the centrality of family and the ability to manage their money. In related research, TGI also found that people across countries and regions affirmed the importance of lasting relationships and said that time was more important than money.

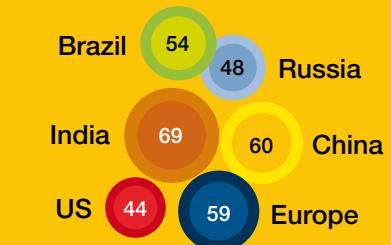
"I enjoy spending time with my family"

% who agree



"I am very good at managing money"

% who agree



Source: Global TGI research based on analysis of 20-to-54 year-olds in the largest cities in BRIC markets and a countrywide sample in the US and Europe (UK, France, Germany, Spain)

TOP 100

Overview

The total value of the 2012 BrandZ™ Top 100 Most Valuable Global Brands rose marginally last year by 0.4 percent to \$2.4 trillion, as a perfect storm of economic stress, political uncertainty and natural disasters affected brands across categories.



Almost half of the Top 100 brands lost value. Brands last declined this broadly during the depths of the 2009 global recession.

But financial performance, not brand, was the more critical determinant for 35 of the 49 brands that declined.

Brand Contribution—the measurement of brand strength exclusive of financials or any other factors—generally remained stable or increased for most brands and provided the buoyancy to navigate the year's turbulence.

One in five of the 2012 BrandZ™ Top 100 brands came from a fast growing economy. But the total value of those brands slipped slightly for the first time to \$330.8 billion because of the business slowdown in Brazil and China.

The number of fast growing economies represented in the BrandZ™ Top 100 Most Valuable Global brands expanded, however, with the appearance of the first brand from Africa, the South African telecom MTN.

In addition, two Chilean retailers, Falabella and Sodimac, made the list of leading retailers. And on the strength of its business in fast growing Asian economies, Commonwealth Bank became the first Australian brand in the BrandZ™ Top 100.

Brand value fluctuations in the 2012 BrandZ™ ranking were spread evenly across the 13 categories covered. Six categories rose in value and six declined. The financial category remained even with last year.

- Technology brands again dominated, comprising 30 percent of BrandZ™ Top 100 total value. Apple, IBM, Google and Microsoft occupied four of the top five positions (McDonald's was the exception).

- The three categories that grew most in brand value—luxury, fast food and apparel—revealed an underlying consumer determination to spend on brands, but to spend wisely for quality and value.

– The insurance category experienced the sharpest decline, 16 percent, in part because of the exposure to catastrophes including the tsunami in Japan and flooding in Thailand.

Other factors impacting brand value included the BRIC slowdown, Europe's debt crisis, political uncertainty in the US and the erosion of trust culminating in the Occupy Wall Street movement.

Despite this challenging context, the strong performance of many brands across diverse categories pointed to the continuing importance of brand and a steady appreciation of brand value. During the past six years, between 2006 and 2012, the total value of the BrandZ™ Top 100 Most Valuable Global Brands rose 66 percent.

Brand power made a difference

Strong brands enabled companies to endure continued economic weakness and thrive in the transition to recovery. With brand value increases of 31 percent and 26 percent, respectively, Home Depot and IKEA were among the Top Risers based in part on the steady housing recovery, at least in the US.

Audi became a Top Riser, with a brand value increase of 23 percent, and Volkswagen appeared in the BrandZ™ Top 100 for the first time. Both car brands experienced strong growth worldwide—in the recovering US, slowing China and struggling Europe.

Recognizing the power of their valuable brands, several organizations took steps to assert control over this critical asset. Apple announced, early in 2012, that it would spend cash reserves to buy back shares. Ralph Lauren, Hugo Boss and Calvin Klein took steps to increase the number of brand-owned stores and reduce franchises. Burberry allowed certain licenses to expire. Ralph Lauren, Hugo Boss and Burberry were Top Risers in brand value, with Ralph Lauren up 51 percent. Calvin Klein appeared in the apparel ranking for the first time.

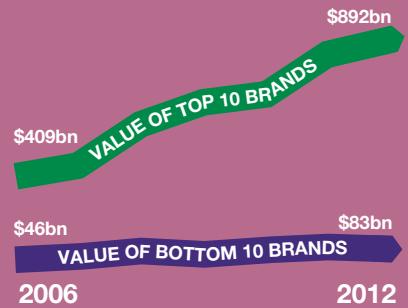
Even organizations that developed as government owned or controlled bureaucracies increasingly recognized the importance of brand as they faced new competitors at home and expanded abroad. Once a staid Russian financial institution, Sberbank was among the Top Risers,

THE IMPORTANCE OF BRAND

STRONG BRANDS GROW IN VALUE

The Top 10 brands in the BrandZ™ Top 100 Most Valuable Global Brands added almost \$500 billion in value over the past six years. Some of the growth, but not all, reflects the remarkable rise of leading technology brands. The larger lesson is that strong brands continue to grow in value. Although the bottom 10 brands of the BrandZ™ Top 100 did not increase as much value in absolute terms, they doubled in value.

The strong grow stronger



Source:

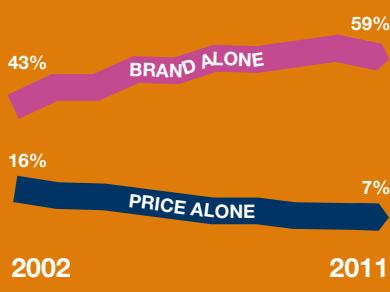
MillwardBrown Optimor

THE IMPORTANCE OF BRAND

STRONG BRANDS DRIVE SALES

The importance of brand in consumer purchasing decisions increased significantly of the past decade, while the influence of price declined. In interviews conducted in 31 countries, 59 percent of consumers now say that brand alone is an important purchasing determinant, compared with only 7 percent who say that price alone is important. The rise of brand and the decline of price in purchasing decisions have produced a widening gap. The preference for brand alone remained strong even during the recession. Price alone rarely drives sales.

10 years: Brand more influential



Source: Millward Brown Optimor, BrandZ™ Data

 MillwardBrown Optimor

BRANDZ™

following a redesign of its branches and a business refocus toward the customer. The bank also completed a major strategic acquisition in Eastern Europe.

Changed spending attitudes touched brands

Changing customer attitudes affected most categories and brands, as spending shifted to more considered—rather than conspicuous—consumption. People bought luxury again. In fact, the category rose 15 percent in brand value. But appreciation of craft and enduring quality become almost as important as bling.

Similarly, in personal care, shoppers spent money to look good even in bad times, perhaps especially in bad times. But they sought added functional benefits, driven more by a desire to maintain their own health and wellness than the need to impress others. Although the personal care category declined slightly overall, certain brands appreciated significantly. Clinique rose 43 percent in brand value.

Consumers also expressed a growing desire for intrinsic quality, but reluctance to pay for badge premium. Korean brand Hyundai appeared for the first time in the car category ranking. Improvements both in production and design, plus competitive pricing, enabled Hyundai to challenge competitors at all model levels, including luxury. This pursuit of value in part explains the success of apparel brands Zara and Uniqlo, which appreciated 22 percent and 26 percent, respectively.

Empowered by technology, especially the rise of mobile, consumers also influenced changes in shopping and the customer-brand relationship. Attempting to connect with shoppers all the time and anywhere on the elusive path to purchase, merchants and brands added another word to the retail lexicon—omni-channel. Constantly present in social media, brands and retailers used incentives offered on mobile apps to convert in-store shoppers into customers. Retailers added flexible delivery options—in-store pick-up or home delivery—to build loyalty. Even Amazon experimented with pick-up locations to supplement its virtual reality with a bricks and mortar presence.

Technology brands expanded influence

In a series of acquisitions and collaborations between technology companies and telecoms, brands formed ecosystems to leverage each other's competence in content creation, digital devices and delivery systems. Google purchased Motorola Mobility and Microsoft formed a partnership with Nokia. Apple and Amazon continued to develop their own ecosystems.

These changes reflected technology's increased centrality in all aspects of consumer life. Collaborations produced smart phones and smart homes and smart cars, which provided for the mass-market safety and comfort features previously reserved for luxury. The technology and telecom categories comprised about one-third of the brands in the 2012 BrandZ™ Top 100 but they accounted for 44 percent of the value.

IBM, which celebrated its centennial last year, increased 15 percent in value, maintaining its position as the leading B2B technology brand and ascending

Zara and Uniqlo appreciated 22% and 26%



Chinese sales drove the rise of KFC and Estée Lauder

to Number 2 in the BrandZ™ Top 100 ranking. IBM's performance demonstrated the resilience of a brand that pioneered the mainframe and adapted to the cloud age, and it affirmed the possibility of building a strong brand in the B2B space.

Many B2B brands attempted to simplify their office technology to make it resemble the simpler at-home consumer experience. In B2C, and at the formative end of brand lifecycle, eight-year-old Facebook grew 74 percent in brand value, making it the fastest riser, as it prepared for an Initial Public Offering (IPO). The ubiquity of technology also raised consumer concerns about privacy and other practices. Consumers focused the same kind of scrutiny on technology brands that they usually reserved for banks and other major institutions.

BRIC slowdown was relative

Although fast growing economies slowed, growth remained relatively strong in certain categories. Revenue from China contributed to the 16 percent value

increase of the cosmetic brand Estée Lauder. China results also drove the rise of KFC, which appeared in the BrandZ™ Top 100 ranking for the first time.

Even as a few BRIC brands dropped from the BrandZ™ Top 100 others appeared, including Sinopec, the Chinese oil and gas brand, Moutai, the brand of traditional Chinese alcohol and the Indian telecom Airtel.

And brands from other fast growing economies entered the BrandZ™ ranking. The South African entry MTN, a telecom, operates throughout Africa and the Middle East. The Chilean brand Falabella is the largest retailer in South America, with a portfolio of department stores and specialists that include the other Chilean brand new to the BrandZ™ rankings, Sodimac, the home improvement chain.

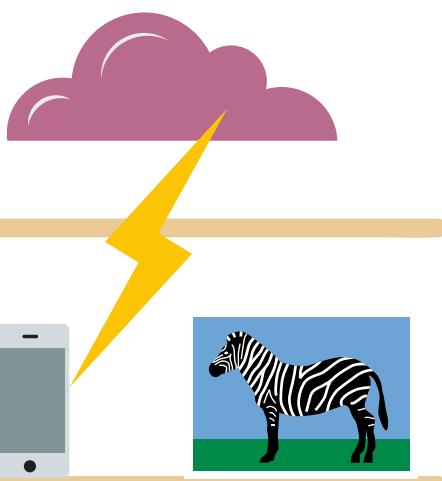
In a challenging year, when the BRICs decelerated somewhat, these developments are a reminder that fast growing economies remain a key driver of sales and brand value growth. **Z**



Audi became a Top Riser, up 23%, as Volkswagen debuted in the Top 100

Technology and Telecoms forged collaborations

Indian and South African telecoms Airtel and MTN rose to the Top 100



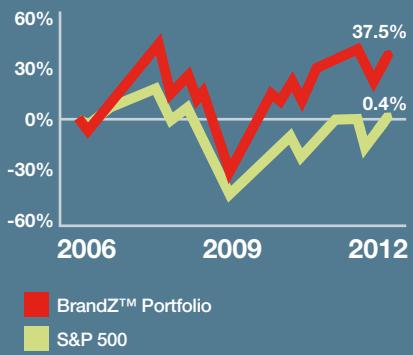
increase of the cosmetic brand Estée Lauder. China results also drove the rise of KFC, which appeared in the BrandZ™ Top 100 ranking for the first time.

THE IMPORTANCE OF BRAND

STRONG BRANDS OUTPERFORM THE S&P 500

Over the past six bumpy economic years, the S&P was down more than it was up and appreciated only 4.5 percent. In contrast, the BrandZ™ portfolio increased by 46.3 percent. Like the S&P 500, the BrandZ™ portfolio comprises a diverse group of public companies. The BrandZ™ portfolio companies are the strongest brands in the BrandZ™ ranking. The comparison between the two portfolios shows that strong brands outperform the stock market benchmark by a wide margin—103 percent.

BrandZ™ portfolio continues to outperform the market



Source: Bloomberg, Millward Brown Optimor, BrandZ™ Data

MillwardBrown Optimor

BRANDZ™



BrandZ™ Top 100 Most Valuable Global Brands 2012

#	Category	Brand	Brand Value 2012 (\$M)	Brand Contribution Index	Brand Momentum Index	% Brand Value Change 2012 vs 2011	Rank Change
1	Technology		182,951	4	10	19%	0
2	Technology		115,985	4	5	15%	1
3	Technology		107,857	4	5	-3%	-1
4	Fast Food		95,188	4	8	17%	0
5	Technology		76,651	4	8	-2%	0
6	Soft Drinks	 *	74,286	5	7	1%	0
7	Tobacco		73,612	3	7	9%	1
8	Telecoms		68,870	3	5	-1%	-1
9	Telecoms		49,151	3	7	15%	4
10	Telecoms		47,041	4	9	-18%	-1
11	Conglomerate		45,810	2	5	-9%	-1
12	Telecoms		43,033	3	6	-1%	0
13	Financial		41,518	2	9	-7%	-2
14	Financial		39,754	3	3	8%	2
15	Financial		38,284	4	9	34%	5
16	Logistics		37,129	5	8	4%	1
17	Retail		34,436	2	5	-8%	-2
18	Retail		34,077	3	10	-9%	-4
19	Technology		33,233	3	10	74%	16
20	Telecoms		26,837	3	2	-10%	-1
21	Luxury		25,920	5	8	7%	5
22	Technology		25,715	3	5	-1%	1
23	Cars		24,623	4	5	10%	7
24	Financial		24,517	2	4	-4%	0
25	Technology		24,326	5	10	8%	4

Brand Contribution measures the role brand plays in driving earnings on a scale of 1 to 5 (highest).

Brand Momentum measures the prospects for future earnings on a scale of 1 to 10 (10 highest).

* The Brand Value of Coca-Cola includes Lights, Diets and Zero

** The Brand Value of Budweiser includes Bud Light

#	Category	Brand	Brand Value 2012 (\$M)	Brand Contribution Index	Brand Momentum Index	% Brand Value Change 2012 vs 2011	Rank Change
26	Technology		22,898	3	3	-35%	-8
27	Technology		22,529	2	5	-16%	-5
28	Cars		21,779	3	5	-10%	-1
29	Financial		20,759	4	8	53%	31
30	Financial		20,198	4	3	18%	10
31	Financial		19,313	3	3	-14%	-3
32	Luxury		19,161	5	8	61%	39
33	Personal Care		19,055	5	7	-4%	-1
34	Oil & Gas		18,315	1	7	8%	7
35	Baby Care		18,299	5	7	-5%	-1
36	Retail		18,007	4	9	-18%	-5
37	Technology		17,992	4	8	19%	15
38	Financial		17,867	2	4	6%	5
39	Oil & Gas		17,781	1	3	17%	12
40	Financial		17,225	4	3	0%	-1
41	Telecoms		17,113	2	4	-37%	-20
42	Fast Food		17,072	4	9	43%	30
43	Entertainment		17,056	3	8	-1%	-5
44	Apparel		16,255	4	9	17%	13
45	Technology		16,118	3	5	4%	4
46	Cars		16,111	4	4	5%	4
47	Telecoms		15,981	3	6	3%	1
48	Beer	 **	15,882	4	6	0%	-3
49	Technology		15,633	2	5	12%	9
50	Telecoms		15,351	2	3	-13%	-14

Source:  MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

BrandZ™ Top 100 Most Valuable Global Brands 2012

#	Category	Brand	Brand Value 2012 (\$M)	Brand Contribution Index	Brand Momentum Index	% Brand Value Change 2012 vs 2011	Rank Change
51	Personal Care	Colgate®	14,948	4	7	5%	4
52	Fast Food	SUBWAY	14,843	4	8	4%	2
53	Insurance	CHINA LIFE	14,587	3	9	-25%	-20
54	Financial	TD	14,561	4	3	-14%	-12
55	Technology	SAMSUNG	14,164	3	9	16%	12
56	Oil & Gas	SINOPEC	13,940	1	10	N/A	New
57	Personal Care	L'ORÉAL	13,773	4	5	-12%	-11
58	Apparel	H&M	13,485	2	7	4%	4
59	Technology	CISCO	13,317	2	7	-18%	-15
60	Financial	Commonwealth Bank	13,083	3	7	N/A	New
61	Financial	BANK OF CHINA	12,982	2	6	-26%	-24
62	Retail	THE HOME DEPOT	12,968	2	5	31%	27
63	Financial	ICICI BANK	12,665	2	2	-15%	-10
64	Retail	eBay	12,662	3	8	18%	18
65	Cars	HONDA	12,647	3	3	-11%	-9
66	Apparel	ZARA	12,616	3	3	22%	20
67	Soft Drinks	pepsi ***	12,598	4	4	-3%	-4
68	Oil & Gas	PetroChina	12,105	1	10	7%	10
69	Alcohol	Heublein	11,838	3	8	N/A	New
70	Logistics	FedEx.	11,723	4	9	0%	3
71	Telecoms	Airtel	11,531	3	8	N/A	New
72	Financial	usbank	11,488	3	2	9%	12
73	Technology	SIEMENS	10,676	2	3	-11%	-3
74	Financial	SBERBANK By your side	10,649	3	5	25%	25
75	Oil & Gas	BR PETROBRAS	10,560	1	5	-21%	-14

*** The Brand Value of Pepsi includes Diets

**** The Brand Value of Red Bull includes sugar-free and Cola

***** The Brand Value of Sony includes Playstation 3

#	Category	Brand	Brand Value 2012 (\$M)	Brand Contribution Index	Brand Momentum Index	% Brand Value Change 2012 vs 2011	Rank Change
76	Retail		10,506	3	4	-16%	-11
77	Oil & Gas		10,424	1	3	-17%	-13
78	Insurance		10,174	3	9	-3%	5
79	Financial		10,064	2	1	-16%	-10
80	Soft Drinks	****	9,984	3	6	8%	13
81	Cars		9,853	2	6	-2%	7
82	Financial		9,760	2	1	-38%	-35
83	Financial		9,627	2	3	-4%	4
84	Telecoms		9,572	3	8	-18%	-9
85	Telecoms		9,553	3	5	-12%	-5
86	Technology	****	9,444	4	4	-10%	-1
87	Retail		9,310	2	6	1%	7
88	Telecoms		9,273	3	8	N/A	New
89	Retail		9,206	3	9	26%	New
90	Telecoms		9,191	3	9	-4%	1
91	Fast Food		8,852	3	8	8%	New
92	Financial		8,644	3	3	-28%	-24
93	Oil & Gas		8,599	1	8	6%	New
94	Telecoms		8,562	2	3	-27%	-20
95	Financial		8,546	3	2	-25%	-18
96	Cars		8,519	3	6	15%	New
97	Telecoms		8,449	3	6	-27%	-21
98	Retail		7,836	3	5	-43%	-39
99	Insurance		7,813	2	5	-7%	New
100	Logistics		7,601	3	5	N/A	New

Source: MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

Top Risers

Facebook led the 2012 BrandZ™ Top 100 Most Valuable Global Brands in brand value appreciation, a status it also claimed in the 2011 ranking.

With a 74 percent increase in value, Facebook ranked Number 19 this year. It first appeared in the ranking in 2010.

Burberry, Hermès, Starbucks and IKEA also appeared in the Top Risers ranking for the second consecutive year. The rate of brand value growth increased for Hermès and remained even for Starbucks and IKEA. For Burberry and Facebook brand value grew at a strong but slower pace than last year. Overall, the 2012 Top 20 Risers grew just 35 percent in value compared with 63 percent a year ago.

Only one BRIC market brand—Russia's Sberbank—made the 2012 Top 20 Risers compared with three BRIC brands last year. Facebook was the only technology brand compared with five technology Top Risers last year when technology was the most represented category. Apparel was this year's most represented category, with five brands.

Strong performance in most markets, and sales growth from both new and existing stores, drove the brand value increases of Ralph Lauren and Hugo Boss. With their focus on fast and affordable fashion, UNIQLO and Zara were well positioned as consumers sought value. Value also explained the presence of the fast food brands Domino's Pizza, Tim Hortons and Starbucks in the Top Risers ranking.

But value was not the entire story, especially for Starbucks, which celebrated its 40th anniversary by refreshing the brand with a revised logo that both affirmed the brand's coffee roots and widened its focus. The Top Riser luxury brands also reflected value

#	Brand	% Brand Value (\$M)	Brand Value Growth
1	Facebook	33,233	74%
2	Hermès	19,161	61%
3	MasterCard	20,759	53%
4	Ralph Lauren	5,086	51%
5	Starbucks	17,072	43%
6	Clinique	3,418	43%
7	Rolex	7,171	36%
8	Visa	38,284	34%
9	HUGO BOSS	3,257	33%
10	The Home Depot	12,968	31%
11	Domino's	797	29%
12	UNIQLO	3,689	26%
13	IKEA	9,206	26%
14	adidas	3,863	25%
15	Tim Hortons	3,346	25%
16	Sberbank	10,649	25%
17	Audi	4,703	23%
18	Dove	4,696	23%
19	Zara	12,616	22%
20	Burberry	4,090	21%

Source:  MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

and quality, but at quite a different price point than a cup of coffee. Both Hermès and Rolex reinforced their elite status, while Burberry's in-store and online marketing innovations made the brand more accessible to a new generation.

For Home Depot and IKEA, the rise in brand value reflected both the strengthening of the housing market and operational improvements implemented during the recession. In the financial category, the strong brand performance of Visa and MasterCard suggested that customers sustained trust in these brands

despite a low opinion of banks, with exceptions such as Sberbank, the Russian bank in the process of transforming from a Soviet-style institution to a consumer-facing brand.

In personal care, Dove and Clinique benefited from overall brand strength and growth in BRIC markets. Audi's brand value increased for similar reasons, as customers chose high quality at a lower price relative to the competition. Sales in China remained strong, in part because Audi is a brand of choice for fleets of official Chinese government cars. 

Newcomers

The influence of fast growing markets again forms a common theme uniting newcomers to the BrandZ™ Top 100 Most Valuable Global Brands.

The newcomers include two Chinese brands: Sinopec, the oil and gas giant; and the traditional Chinese clear liquor, Moutai. Airtel and MTN are telecoms from India and South Africa, respectively. MTN, the first brand from Africa to appear in the BrandZ™ Top 100, operates in more than 20 countries across Africa and the Middle East.

Commonwealth Bank of Australia benefited from business interests in fast growing Asian markets, especially China, Indonesia and Vietnam. The growth of KFC depended much more on results from its roughly 3,700 Chinese outlets than on the 4,780 fast food restaurants it operates in the US, its home market.

DHL, the German-owned international express delivery and logistics company, also experienced strong results in fast growing markets, as did

Ranking	Brand	Brand Value (\$M)
55	Sinopec	13,940
60	Commonwealth Bank	13,083
69	Moutai	11,838
71	Airtel	11,531
88	MTN	9,273
89	IKEA	9,206
91	KFC	8,852
93	Chevron	8,599
96	Volkswagen	8,519
99	State Farm	7,813
100	DHL	7,601

Source:  MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

Volkswagen. In contrast to much of its competition, the German carmaker also performed well in Europe despite the economic uncertainty that depressed car sales.

IKEA entered the BrandZ™ Top 100 as the housing market strengthened somewhat and consumers in struggling economies responded to IKEA's value-for-money, ready-to-assemble furniture proposition. The brand also enjoyed strong sales in China.

Celebrating its 90th anniversary in 2012, State Farm introduced its first new logo since 1953. It expects the new simplified design to be more easily identified in digital media, which is increasingly important, as more insurance is sold online. Meanwhile, the brand sustained its high profile in the US with extensive TV advertising. Chevron reported record earnings in 2011, in part because of high crude oil prices. 



MTN, the first African brand in the BrandZ™ Top 100 Most Valuable Global Brands, emerged in Mandela-era South Africa. Operating at the intersection of social change, culture and business, the brand today touches the aspirations of 170 million subscribers in 21 countries across three continents.



Category Changes

With a few exceptions, the aggregate brand values of the 13 categories studied in the 2012 BrandZ™ ranking changed only moderately, reflecting the flat 0.4 percent growth of the Top 100 overall.

Six categories increased and six declined, while the financial category remained level. Only three categories appreciated by more than 10 percent—luxury, fast food and apparel. Only insurance declined by more than 10 percent.

This balance of positive and negative brand value changes contrasts with the BrandZ™ 2011 results when all categories appreciated in brand value. Of the categories that grew in value this year, only two—apparel and oil and gas—outpaced the improvement of a year ago.

Apparel, up 13 percent, compared with a 10 percent rise in 2011, benefitted from the excellent financial performance of certain brands and a return to spending, although discounting pressured margins. Oil and gas improved 8 percent in value in the BrandZ™ 2012 ranking compared with just a 1 percent improvement in 2011, when BP declined sharply following the Gulf of Mexico disaster. In the BrandZ™ 2012 ranking, the appreciation of other brands and the addition China's Sinopec contributed to the growth in category brand value.

The two categories that appreciated most in brand value in the 2012 ranking—luxury and fast food—represent opposite poles of consumer spending. Both categories appreciated 15 percent and reflected spending attitudes reshaped by the recession. Luxury rose because as the economy strengthened a sense

Category	% Brand Value Growth 2012 vs 2011
Luxury	15%
Fast Food	15%
Apparel	13%
Oil & Gas	8%
Technology	2%
Soft Drinks	1%
Financial Institutions	0%
Beer	-1%
Personal Care	-5%
Retail	-5%
Cars	-7%
Telecom Providers	-7%
Insurance	-16%

Source: MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

of entitlement replaced spending embarrassment. The category also benefited from sales in China.

Fast food climbed as core customers remained and new customers traded down to a more affordable eating out experience. Brands also improved menus with healthier options and continued to develop breakfast business. Aggressive expansion in fast growing markets drew new customers for whom the brands were aspirational.

The number of natural disasters last year, combined with global economic trends, explains the 16 percent decline in brand value for insurance. Each of the 13 categories in the BrandZ™ 2012 ranking felt the combined impact of the global economy and category-specific factors (Please see the category reports that begin on page 48). **Z**

Brand Contribution

Brand Contribution is the distinctive advantage of the BrandZ™ ranking.

It's an assessment of how effectively a brand differentiates from its competitors, generates desire and cultivates loyalty. Derived from extensive consumer research, Brand Contribution is among the measurements included in the calculation of brand value. (Please see the methodology on page 97).

High Brand Contribution is an enduring competitive strength. In fact, all but three of the brands in the 2012 BrandZ™ ranking of Brand Contribution leaders also appeared last year. Coca-Cola and two Chilean retailers, Falabella and Sodimac, debuted this year. One of South America's largest retailers, Falabella operates department stores, supermarkets and specialty outlets, including the Sodimac home improvement chain.

High Brand Contribution most often is found in categories, such as luxury, where the emotional connection to the consumer is more salient than any functional benefit. In the 2012 BrandZ™ ranking of Brand Contribution leaders, six of the 15 brands listed are in the luxury category. Interestingly, six other brands are from fast growing markets and represent categories other than luxury.

Looking at the results another way, of the brands rated highest in Brand Contribution, 40 percent are in luxury and 40 percent come from BRIC countries and other fast growing markets. Fast growing market brands comprise

#	Brand	Brand Value (\$M)	Brand Contribution
1	Moët & Chandon	4,217	5
2	Sodimac	3,318	5
3	Baidu	24,326	5
4	Skol	4,698	5
5	Brahma	2,359	5
6	Pampers	18,299	5
7	Louis Vuitton	25,920	5
8	Hennessy	4,596	5
9	Natura	3,307	5
10	Guinness	4,044	5
11	Hermès	19,161	5
12	Rolex	7,171	5
13	CHANEL	6,677	5
14	Coca-Cola	74,286	5
15	Falabella	5,263	5

The Brand Contribution Index measures the unique role brand plays in driving earnings and is measured on a scale of 1 to 5, with 5 being the most positive.

Source:  MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

20 percent of the BrandZ™ Top 100. These accomplishments reflect the rising stature and value of brands in fast growing markets.

Along with Falabella and Sodimac, three other Latin American brands, all from Brazil, appear among the 15 brands in the 2012 BrandZ™ Brand Contribution ranking: the beers Skol and Brahma and Natura, a cosmetic brand. The highly valued Chinese search engine Baidu is the other brand from a fast growing market. 



Interestingly, six brands listed are from fast growing markets and represent categories other than luxury.

Regions

Brands based in North America grew in value last year or declined only slightly.

This result contrasts sharply with results in Continental Europe, the UK, Asia and Latam, where many more brands declined.

Twenty-six, more than half, of the regional brand leaders declined in value in the 2012 BrandZ™ Top 100 Most Valuable Global Brands, compared with only nine declining brands in the 2011 ranking.

This finding reflects the global economic and political forces that impacted brands last year. The relative strength of the brands based in North America underscores the correlative point: brand strength matters. It's a sturdy tiller no matter which way the currents are running.

The North American brands are, with one exception, the Top 10 most valuable global brands. The list includes Apple, IBM and Google as well as McDonald's and Coca-Cola. It's not an accident that six out of the 10 have Brand Contribution scores of 4 or 5, the highest possible. Brand Contribution measures

the impact on earnings made by brand itself, exclusive of finances or other factors. Similarly, these brands score high on Brand Momentum, a measurement of future earnings potential.

The category mix in each region affected the brand value fluctuations. The North American ranking comprises mostly technology and telecom brands. In contrast, retail, finance, and oil and gas—categories experiencing pressure—dominated the UK ranking, in which eight of 10 brands declined. Despite Europe's troubled economy, half of the brands in the regional ranking improved in value. Half of the brands are in apparel and luxury, categories that grew in value.

With the exception of Japan's Toyota and NTT DoCoMo, a telecom, and the Korean brand Samsung, the Asian

ranking is made up of Chinese brands. While the general decline in brand value reflects the slowdown of the Chinese economy, the brand appreciation of Baidu, the search engine, and the social network Tencent/QQ, points to the driving power of technology.

The Latam results indicate how the slowdown in Brazil impacted brands, but it also reveals the residual strength of Brazilian brands such as the beers Brahma and Skol and Natura, the cosmetic. The introduction into the retail ranking of two brands from Chile, Falabella and Sodimac, and the presence of Telcel and Corona from Mexico, confirmed how Latam is broader than a Brazil phenomenon. Most important, five of the eight Latam brands scored 5 in Brand Contribution and another brand scored 4. **Z**

Top 10 North America

#	Brand	Brand Value 2012 (\$M)	Brand Contribution Index	% Brand Value Change 2012 vs 2011	Rank Change
1	Apple	182,951	4	19%	0
2	IBM	115,985	4	15%	1
3	Google	107,857	4	-3%	-1
4	McDonald's	95,188	4	17%	0
5	Microsoft	76,651	4	-2%	0
6	Coca-Cola*	74,286	5	1%	0
7	Malboro	73,612	3	9%	1
8	AT&T	68,870	3	-1%	-1
9	Verizon	49,151	3	15%	1
10	GE	45,810	2	-9%	-1

Source:  MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

The Brand Contribution Index measures the unique role brand plays in driving earnings and is measured on a scale of 1 to 5, with 5 being the most positive.



The North American brands are, with one exception, the Top 10 most valuable global brands.

Top 10 Continental Europe



Despite Europe's troubled economy, half of the brands in the regional ranking improved in value.

#	Brand	Brand Value 2012 (\$M)	Brand Contribution Index	% Brand Value Change 2012 vs 2011	Rank Change
1	Deutsche Telekom	26,837	3	-10%	0
2	Louis Vuitton	25,920	5	7%	2
3	SAP	25,715	3	-1%	0
4	BMW	24,623	4	10%	1
5	Hermès	19,161	5	61%	New
6	Movistar	17,113	2	-37%	-4
7	Mercedes-Benz	16,111	4	5%	1
8	Orange	15,351	2	-13%	-2
9	L'Oréal	13,773	4	-12%	-2
10	H&M	13,485	2	4%	0

Source:  MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

The Brand Contribution Index measures the unique role brand plays in driving earnings and is measured on a scale of 1 to 5, with 5 being the most positive.

Top 10 Asia



With the exception of Japan's Toyota and NTT DoCoMo, a telecom, and the Korean brand Samsung, the Asian ranking is made up of Chinese brands.

#	Brand	Brand Value 2012 (\$M)	Brand Contribution Index	% Brand Value Change 2012 vs 2011	Rank Change
1	China Mobile	47,041	4	-18%	0
2	ICBC	41,518	2	-7%	0
3	China Construction Bank	24,517	2	-4%	0
4	Baidu	24,326	5	8%	1
5	Toyota	21,779	3	-10%	-1
6	Tencent/QQ	17,992	4	19%	4
7	Agricultural Bank of China	17,867	2	6%	1
8	NTT DoCoMo	15,981	3	3%	1
9	China Life	14,587	3	-25%	-3
10	Samsung	14,164	3	16%	New

Source:  MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

The Brand Contribution Index measures the unique role brand plays in driving earnings and is measured on a scale of 1 to 5, with 5 being the most positive.



The Latam results indicate how the slowdown in Brazil impacted brands, but also reveals the residual strength of Brazilian brands such as the beers Brahma and Skol and Natura, the cosmetic brand.



Retail, finance, oil and gas—categories experiencing pressure—dominated the UK ranking, in which eight of 10 brands declined.

Top 8 Latin America

#	Brand	Brand Value 2012 (\$M)	Brand Contribution Index	% Brand Value Change 2012 vs 2011	Rank Change
1	Petrobras	10,560	1	-21%	0
2	Telcel	8,449	3	-27%	0
3	Falabella	5,263	5	N/A	New
4	Corona	5,114	4	-6%	1
5	Skol	4,698	5	3%	2
6	Sodimac	3,318	5	N/A	New
7	Natura	3,307	5	-28%	-1
8	Brahma	2,359	5	18%	0

Source: MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

The Brand Contribution Index measures the unique role brand plays in driving earnings and is measured on a scale of 1 to 5, with 5 being the most positive.

Top 10 UK

#	Brand	Brand Value 2012 (\$M)	Brand Contribution Index	% Brand Value Change 2012 vs 2011	Rank Change
1	Vodafone	43,033	3	-1%	0
2	HSBC	19,313	3	-14%	0
3	Tesco	18,007	4	-18%	0
4	Shell	17,781	1	17%	0
5	BP	10,424	1	-17%	0
6	Standard Chartered	10,064	2	-16%	0
7	O2	8,562	2	-27%	0
8	Barclays	5,961	2	-32%	0
9	Dove	4,696	3	N/A	New
10	M&S	4,327	3	-18%	-1

Source: MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

The Brand Contribution Index measures the unique role brand plays in driving earnings and is measured on a scale of 1 to 5, with 5 being the most positive.

Brand Personality: Unlocking key traits for success and value



By Peter Walshe
Global BrandZ™ Director



Every brand has a personality.

It's part of how consumers perceive the brand and how the brand differentiates itself from the competition. Accurately understanding brand personality is

important to brand success. That's why we created a vocabulary for quantifying and describing brand personality. Recently we've added a related visual language called Brand Toys (Please see sidebar).

Being able to measure something as important—but as intangible—as brand personality enables brand owners to ask important questions that can strengthen competitive advantage:

- What is the brand's personality?
- Is it unique and can it become more unique?
- Is the personality consistent worldwide? If not, how does it vary?

Understanding brand personality also helps select the most appropriate message and media, or more effective and suitable sponsorships or partnerships. Ultimately, understanding a brand personality enables the brand owner to deliver a consistent brand experience that connects with consumers and leaves a deeper and more sustainable impression.

Brand personality characteristics often suggest a brand's latent appeal. When

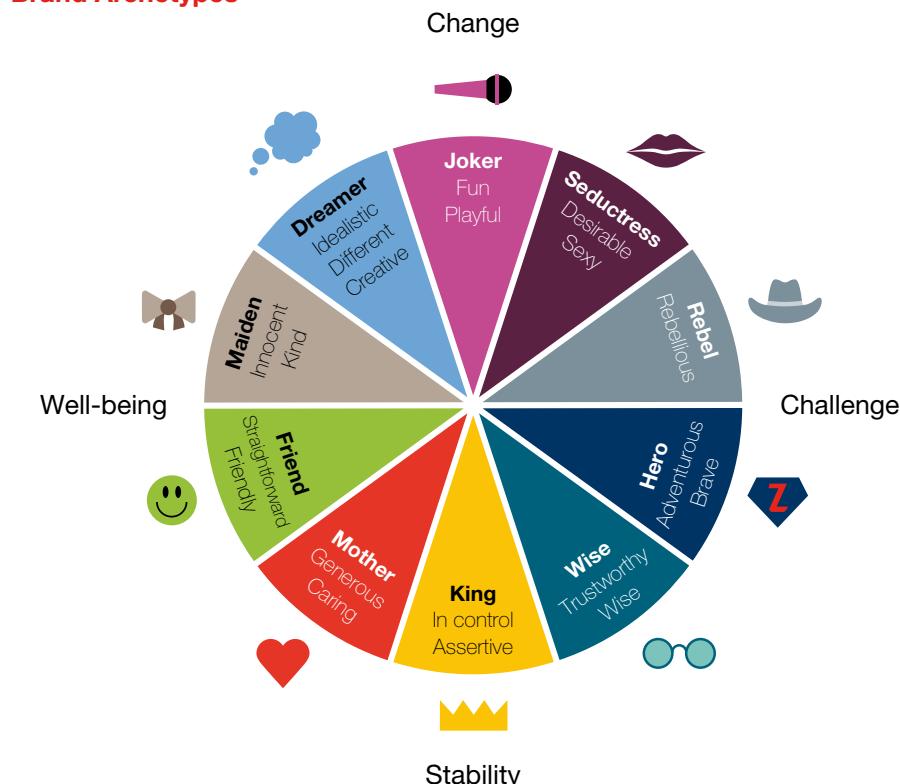
identified and cultivated they can effectively guide the creative tone of communications. For example, Mercedes is relatively "assertive" and "in control," while BMW is more "sexy" and "desirable." The brands have different and differentiating personalities. Mercedes confidently plays on its heritage with the fitting tagline, "The Best or Nothing." In contrast, "The Ultimate Driving Machine" accurately captures the BMW personality.

Background

As part of our extensive and on-going global BrandZ™ research, we measure the personality of thousands of brands. We base the research on authoritative psychological personality profile testing. Adapting the results to be relevant for brands, we ask, if the brand were a person what kind of personality would it have?

We begin with 20 personality characteristics. Then we combine the characteristics into 10 brand personality archetypes (Please see the illustration). For example: The related personality characteristics "generous" and "caring" combine into the brand personality archetype "Mother." Similarly, we

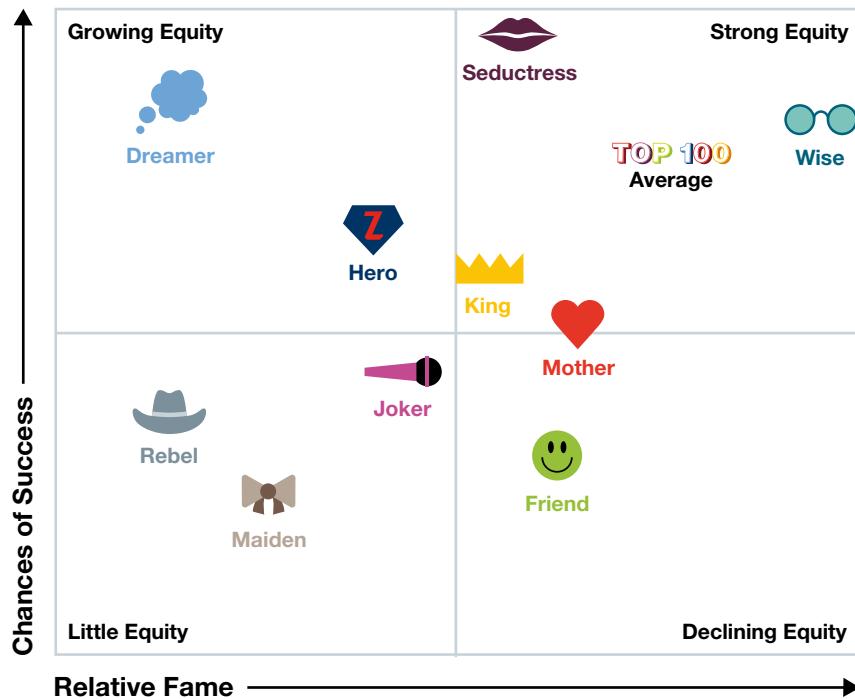
Brand Archetypes



Brand personality characteristics are combined into 10 brand archetypes, which are then arranged around two axes.

Source: BrandZ™ data

Strength of Character



Brand archetypes correlate with success and equity.

Source: BrandZ™ data



Understanding a brand personality enables the brand owner to deliver a consistent brand experience that connects with consumers and leaves a deeper and more sustainable impression.

use the brand archetype “Hero” to represent brands that are “adventurous” and “brave.”

Brand archetypes

Then we take one more step. After combining brand personality characteristics into brand archetypes, we show how the archetypes relate to each other by lining them up along two axes: the polarities of one axis are stability and change; the other, well-being and challenge. For example: The archetypes “Dreamer” and “Joker” are associated with change, while “King” and “Wise” are more about stability. Similarly, the archetype “Mother” represents a mix of stability and well-being, while a “Seductress” is both challenging as well as a potential driver of change.

Archetypes and success

Brand archetype doesn't by itself determine success. And successful brands can fit anywhere on the spectrum of archetypes. But inevitably some brands are just more compelling. The recent BrandZ™ Strength of Character analysis of over 14,000 brands worldwide identifies several archetypes that, in diverse ways, are associated with brand success.

The “Wise” archetype (particularly trustworthy) is most unequivocally correlated with brand success. “Wise” brands include Google, China Mobile and Visa. The Seductress brand (sexy and desirable) is more of a specialist but revels in being distinct, different and attractive. It describes L’Oreal, Louis Vuitton and Zara.

In contrast, the “Maiden,” “innocent,” and “kind,” is not as strong. Many retailer own brands fit this brand archetype. “Friend” brands are “friendly” and “straightforward”, and usually very well known. They include Airtel, the Indian telecom, Home Depot and KFC. But “Friend” brands generally are declining in equity.

Archetypes and equity

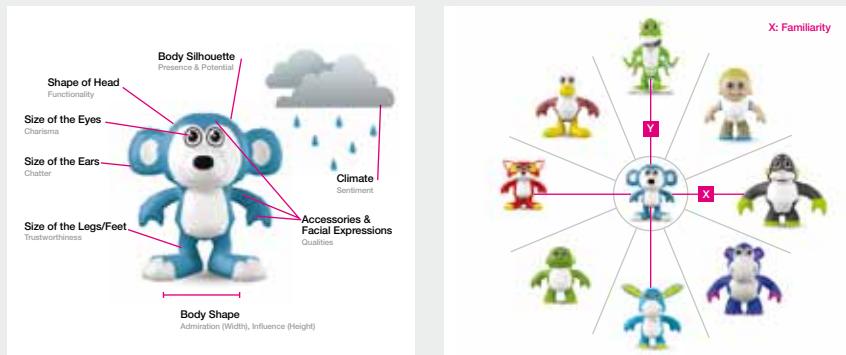
Brand archetypes correlate with brand equity. Brands with these archetypes—“Seductress”, “Wise,” “King” and “Mother”—typically have strong brand equity. In contrast, brands with “Joker,” “Rebel” and “Maiden” archetypes have lower equity. There are exceptions, of course, but the rule is useful (Please see chart).

On average, the BrandZ™ Top 100 most valuable global brands fall in the middle

Brand Toys provide a new tool for understanding brands

As visual representations of brand personality, Brand Toys stimulate creative thought that can lead to new marketing and strategic insights.
www.brandtoys.com

Brand Toys are created based on brand personality characteristics from BrandZ™ data combined with an index of social media buzz. This information dictates the Brand Toy's size, shape and expression. Eyes widen to indicate charisma, while height increases and legs thicken to project trustworthiness, for example. Various body shapes signify the brand's potential and its familiarity. Expressions change or accessories are added to suggest various qualities. Depending on style, a hat might symbolize assertiveness or caring.



A brand's personality is illustrated by the size and shape of the Brand Toy's ears, eyes, head, legs and feet and facial expression as well as by a hat or other accessory.



For example: BrandZ™ data says Coca-Cola is particularly "desirable," "adventurous" and "fun." The Coca-Cola Brand Toy has the sunniest disposition, a "smiley" badge, a "lipstick" kiss on its cheek and is clearly a fun toy. The Brand Toys visualization is as effervescent as the drink. It overflows with smiles. Although the Coca-Cola brand is more than 125 years old, its Brand Toy reflects the ever-youthful image that

helps Coca-Cola hold its own in brand value with newcomers such as Google, Amazon and Facebook. It commands a good price premium but is rated as very well priced because of the immense desire the brand creates. Happiness for the shareholders comes in an investment that is Coca-Cola shaped.

In contrast, UPS, which is particularly "in control," "trustworthy" and "wise," is an approachable hulk, with thick trustworthy legs, bright open eyes suggesting considerable charisma, and a careful tie and prize winning ribbon, which also recognizes trust. The Brand Toy is holding a timepiece to show reliability and punctuality in taking care of you and your shipping.



of the Strong Equity quadrant of the Strength of Character map, between the "Wise" and "King" with a strong dose of the personality characteristic "desire," which is an aspect of the "Seductress" archetype. In personality, the Top 100 brands are on average, significantly more "in control," "assertive," "trustworthy," "wise" and "creative."

In terms of brand archetype, the Top 100 can be summarized as "Wise Kings." This summary is especially true of the B2B leaders. IBM, is a "King" because of its high levels of "trust" and "wisdom" together with its "idealistic" positioning. Exxon Mobile is also a "King" but less "idealistic" and much more "assertive," while Royal Bank of Canada is an "in control" "King."

As noted, there are exceptions to the rule and they include some of the most valuable brands that define their category. As the approachable "Joker," Facebook is "fun," "playful" and "friendly." The "Dreamer" Apple is "creative," "adventurous" and "desirable." Red Bull, the "Rebel," is "adventurous" and "brave," if a bit "arrogant." Being "straightforward," which implies honesty, is a key characteristic of the "Friend" archetype, which describes Amazon because of its great service, range and recommendations. Being seen as "generous," "kind" and "caring" makes Colgate the ultimate "Mother" brand archetype. **Z**





Apparel



Despite pressure to discount, some of the strongest brands, such as Zara and H&M, enjoyed relative success receiving the full markup because consumers, perceiving value, switched to these brands.

Value wins sales as discounts, rising costs squeeze margins

Shoppers expected a discount.

Retailers complied, driving sales if not building loyalty. In search of the best value for money, consumers often visited more locations, physical or online, and spent across multiple brands.

To discourage this recession-conditioned bargain hunting behavior, brands experimented with various pricing strategies while maintaining quality. Some retailers lowered the opening price somewhat but later offered less of a discount when putting the merchandise on sale.

Higher sourcing costs complicated these efforts to preserve margins. This double hit of discount pricing and rising costs especially hurt small independent apparel brands. Some discounters suffered if an exclusive focus on price limited the value message.

Certain brands excelled

Despite the pressure to discount, some of the strongest brands, such as fast fashion leaders Zara and H&M, enjoyed relative success receiving the full markup in part because consumers, perceiving value, switched to these brands.

H&M also gained sales by encouraging women to cross-shop and purchase items for their children. A strategy usually associated with grocery retailing, apparel brands increasingly promoted cross shopping to increase share of wallet.

Nike successfully emphasized discounting in at least part of its line. The discounts may have appealed to people trading up to Nike, and its reputation for innovation, from the private label brands they purchased during the recession.

With its combination of youthful style and price, Uniqlo drew shoppers seeking value for money. The Japanese brand intensified its presence abroad, opening several additional stores in Manhattan including a flagship on Fifth Avenue.

Spending caution prevailed

While spending caution affected most demographic groups, some middle-aged people with disposable income increased their apparel purchasing, not only for themselves but to help ease the financial strain on their grown children and grandchildren. And some of the upscale brands showed strength.

Calvin Klein ascended to the Top 10 in brand value this year. Part of PVH Corporation, whose holdings include Tommy Hilfiger, Izod and Arrow, Calvin Klein's success resulted from its heavy investment in global marketing, \$300 million worldwide, and careful cultivation of the brand in fashion magazine advertising and editorial.

The brand also benefited from its presence in both mature and fast growing markets. It derived just over half its revenue in North America, about a quarter in Europe and 17 percent in Asia. Over 750 Calvin Klein stores worldwide, operated by more than 40 licensees, also drove awareness. Its outlet stores offered value. To gain more control over the brand, Calvin Klein bought back franchises.

Store presence drove sales

Ralph Lauren, which also bought back franchises, increased sharply in brand value as more affluent shoppers returned, at least in the US, where the brand has its widest exposure. Of the more than 100 full-price Ralph Lauren brand stores worldwide, 60 are located in North America with the rest evenly distributed in Asia and Europe. Around 10,000 department stores and other locations carry the brand. And around 6,000 of those are in the US. The brand also experienced strong online sales and benefitted from almost 200 factory outlet stores.

Movers and shakers



Apparel
Up 13%

		Brand Value \$M	Brand Contribution	Brand Momentum	Brand Value Change
1	Nike	16,255	4	9	17%
2	H&M	13,485	2	7	4%
3	Zara	12,616	3	3	22%
4	Ralph Lauren	5,086	4	7	51%
5	adidas	3,863	4	6	25%
6	UNIQLO	3,689	2	8	26%
7	HUGO BOSS	3,257	4	6	33%
8	Next	2,973	3	5	16%
9	Metersbonwe	1,395	3	9	-4%
10	Calvin Klein	1,183	3	9	N/A

Source: MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

Brand Contribution measures the role brand plays in driving earnings on a scale of 1 to 5 (highest).

Brand Momentum measures the prospects for future earnings on a scale of 1 to 10 (10 highest).

The rise in the Hugo Boss valuation reflected the brand's strong financial performance, with worldwide sales up 19 percent, led by a 34 percent increase in Asia and a 24 percent rise in the Americas. But sales rose by a healthy 15 percent even in the troubled economy of Europe. The brand-owned retail stores primarily drove the growth. The brand added 85 stores during 2011, ending the year with a total of 622. It too bought back franchise operations.

Customer touch points added

Technology tools added excitement to sales and marketing as apparel fashion apps became, literally, an important customer touch point. A Nike app used GPS that enabled runners to

track their pace, distance and location. Adidas shoppers could use an app that provided local store locations, inventories and coupons.

In a Moscow store, Top Shop introduced an augmented reality mirror that enabled shoppers to see how they looked in a garment without the hassle of trying it on. Macy's added an augmented mirror to its flagship Manhattan store in late 2010. Customers select an item of clothing displayed on an iPad application and view themselves in the mirror wearing the item.

Relatively late to ecommerce, Zara introduced its US site and H&M planned for a 2012 launch. Social shopping sites also influenced apparel sales. By posting photos of merchandise to a variety of social shopping sites,





By posting photos of merchandise to a variety of social shopping sites, shoppers could gain fashion advice or help locating hard-to-find items.

shoppers could gain fashion advice or help locating hard-to-find items.

The developing markets experienced relatively strong sales, with China's Metersbonwe, which serves a young urban audience, appreciating in brand value. In contrast, the Li-Ning brand value declined as it unsuccessfully attempted to pitch the sportswear brand toward youth. Prominent in China, with merchandise in more than 8,000 outlets, Li-Ning continued its international expansion effort, entering India and launching a US website. **Z**



Insight: Apparel

Price, brand drove sales

"In the last year, in the apparel category, we saw that people bought fewer items. This behavior was essentially driven by price. Alongside increased sourcing costs this price incline is also driven in the discounted market where people are trading up to buy that more expensive branded good at a discount."

Julie MacPherson,
Client Manager, Kantar
Worldpanel, London

KANTAR WORLDPANEL

SPOTLIGHT

APPAREL BRANDS YOUNGER THAN MOST, BUT THE GAP IS CLOSING

The average year of founding of the Top 10 apparel brands is 1963, which makes their average age 49 compared with an average age of 68 for the BrandZ™ Top 100.

The apparel brands are aging, however, while the average age of the Top 100 is declining with the introduction of new technology brands.

All of the Top 10 apparel brands were established in the twentieth century, as they were when we first valued them in 2006.

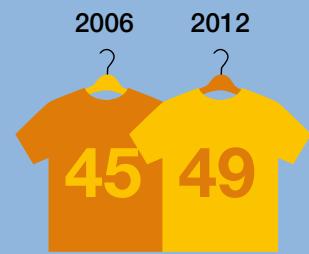
The oldest apparel brand then was H&M, which was established in 1947. Hugo Boss, started in 1924, now is the oldest brand in the BrandZ™ apparel ranking.

Brand Toys: Zara & Uniqlo

Unique brands deliver great value



Affordable fashion and trendy chic are in. Zara and Uniqlo are both rated very good value because they are unique and deliver excellent brand experiences. BrandZ™ data classifies Zara as a "Seductress," being very "sexy," "creative" and "playful" in character. Additionally, Zara achieves excellent user recommendation scores. Uniqlo, also well recommended by its users, is quite different in personality being seen as "caring," "kind" and "generous" and thus a "Mother." The Brand Toy visualizations show Zara as quite cool, wearing the trendy shades, and Uniqlo as particularly trustworthy, having large solid legs. The flowers in the hand of Uniqlo Brand Toy show kindness. No wonder both brands rose in value in the 2012 BrandZ™ ranking.



Source: BrandZ™ Data

BRANDZ™



Beer

Brands positioned for faster growth worldwide

Brands advanced growth plans last year, amid regulations, competition and economic uncertainty.

In the largest transaction, South Africa's SABMiller acquired Foster's Group, the Australian Brewer. It also completed, in March 2012, a strategic alliance with Anadolu Efes, a Turkish company, for marketing in Turkey, Russia, Central Asia and the Middle East. SAB is the world's second largest brewer after Belgium's AB-InBev. The two conglomerates each market more than 200 beer brands.

They attempted to grow sales of both global brand leaders and brands with targeted geographic or demographic appeal. Sales of AB-InBev's global brands—Budweiser, Stella Artois and Beck's—grew by over 3 percent. Miller

Genuine Draft and Peroni are among the global brands of SABMiller. Its key regional beers include Coors Light and Miller Lite, marketed in the US in a joint venture with MolsonCoors.

Regionally, AB-InBev continued to enjoy success with Bud Light, which reclaimed its number one position in brand valuation based on its strength in the US, where it sponsored the NFL (National Football League). To reinforce Budweiser, the brand introduced a new visual identity, using a bow tie shape taken from its graphics heritage.

These activities took place in a challenging environment for beer sales in developed markets. The trend away from on-trade drinking continued, particularly in the UK, and many retailers discounted brands to drive traffic. Governments promulgated regulations to curb binge drinking, the troubled economy hurt premium brands and the rising interest in wine impacted brands at all levels.

Insight: Beer

Building global brand portfolios



"I think one of the most interesting trends in the beer category over the last 12 months has been that of global branding. As the big players get bigger and bigger they are creating portfolios out of brands that come from all over the world to create really appealing brand offers to consumers."

**Nick Cooper,
Managing Director,
Millward Brown Optimor**

 **MillwardBrown
Optimor**

Movers and shakers



		Brand Value \$M	Brand Contribution	Brand Momentum	Brand Value Change
1	Bud Light	8,368	4	7	17%
2	Budweiser	7,514	4	6	-15%
3	HEINEKEN	6,058	4	5	-8%
4	Corona	5,114	4	7	-6%
5	Skol	4,698	5	7	3%
6	Stella Artois	4,529	4	6	0%
7	Guinness	4,044	5	7	17%
8	Brahma	2,359	5	7	18%
9	Miller Lite	2,313	3	8	-9%
10	Beck's	1,554	4	6	-20%

Source: MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

Brand Contribution measures the role brand plays in driving earnings on a scale of 1 to 5 (highest).

Brand Momentum measures the prospects for future earnings on a scale of 1 to 10 (10 highest).



Beer
Down 1%

Bud offered an app that discounted the cost of beer on very hot days. Once the temperature reached a certain heat index the app issued the user a discount redeemable at local pubs.



Looking to fast growing markets

Seeking faster growth and less regulation, the major brewers focused much attention on the BRICs and other fast growing markets. In partnership with China Resources Enterprises, SABMiller announced plans to introduce Miller Genuine Draft in central China. In a joint venture, SABMiller and China Resource Enterprises produce Snow, China's leading brand and one the world's most consumed beers.

Heineken invested heavily in China in the premium segment, using both the Heineken brand and local brands. Heineken expects Brazil and Mexico to drive a substantial proportion of future growth. AB-InBev owns Brazil's popular beer brand leaders, Brahma, Skol and Antarctica. It launched Budweiser in Brazil during 2011.

The larger brewers also sought more opportunities in Africa and India. SABMiller already operates in more than 30 African countries, generally with its French joint-venture partner, Castel. Guinness is well received in Africa where it is seen as a premium drink and a virility enhancer. Although Africa's poor transportation and cooling challenge most beers, it does not disadvantage Guinness because the brand is intended for consumption at ambient temperature.

Regulations reach fast growing markets

But even the fast growing markets became more challenging. United Breweries, which leads the Indian beer market in popularity with its Kingfisher brand, introduced Heineken last year. But local regulations slowed the Indian expansion of SABMiller and the other

SPOTLIGHT**BREWERS FOCUS**
EXPANSION ON FAST GROWING MARKETS

Although drinking beer remains strong in certain mature markets, such as Germany, brewers increasingly feel challenged by regulation, competition and the growing popularity of wine.

The major brewers are focusing attention on opportunities in China, India and other fast growing markets where they're both promoting global brands and acquiring local brands.

Consumed beer in the last 12 months

Source: Global TGI



global brewers. An increase in taxes on imported beers contributed to a growing interest in local microbrews in Indian cities.

Turkey strengthened restrictions on alcohol marketing and considered raising the drinking age as part of the government's Islamic reform program. Russia prepared for legislation, to take effect in July 2012, banning television advertising of beer and restricting sales of beer at night.

Russian beer brands, including the market leader, Baltika, which is owned by Carlsberg, are expected to shift some marketing investment to sponsorship. Meanwhile, Baltika continued to leverage the brand by marketing to multiple audiences naming all the beers Baltika and simply numbering the variations to reach more underserved groups.

Beer innovates in social media

Because of regulations restricting advertising in traditional media, beer brands have become some of most innovated practitioners of social media. Heineken last year launched an interactive mobile app called Heineken Star Player. Tied in with the brands sponsorship of European football, the app engages users in the game real time with opportunities to score points through quizzes and commentary on game action.

Bud offered an app that discounted the cost of beer on very hot days. Once the weather reaches a certain temperature, the Budweiser Ice Cold app issued the user a discount redeemable at local pubs. Many generic beer apps called attention to the category, including a beer calorie counter and an app named simply iBeer that simulates a tall cold glass of beer on a smart phone screen. Users create a foamy head by shaking the phone and pretend to drink by tilting it.

Some innovation was real rather than virtual. Brazil's Brahma beer introduced a can that converts into a cup. Instead of pulling a ring tab to open a small spout, the user removes the entire top. The can is called Brahma Copaço or Big Cup. **Z**

Insight:
Beer**Added regulation pushed innovation**

"One of the things I believe is most prominent in the beer category is the growth in regulation that limits traditional advertising. It creates a genuine opportunity for brands to be more innovative in their communications to their consumers."

Lara O'Shea,
Director, Business Planning,
Mindshare Luxury, London

MINDSHARE LUXURY MSL

Brand Toys: Brahma

A fun friend to invite to your party



The advertising for Brahma tends to play on the fun and humor that is bottled within this brand. It is an excellent example of a brand that wears its personality on its sleeve and as a result it is highly trusted and approachable. Brahma only entered the BrandZ™ Top 10 beer ranking last year. In the 2012 BrandZ™ ranking it achieved the greatest percentage value increase in the beer category. And it's moving up in the rankings. Consumers rate Brahma as extremely good value and it is fifth highest of all brands in Brand Contribution. In a crowded marketplace, as in a crowded party, it is the attractive personality that stands out. The Brand Toy illustrates Brahma's friendliness with the happy face button. The hat symbolizes assertiveness.



Economic ups and downs drove stop and go sales

Cars sales accelerated in the US but slowed in China and stalled in Europe.

Because of supply chain globalization and just-in-time inventories, most brands experienced shipment delays after the flooding and Fukushima nuclear accident in Japan and flooding in Thailand. Toyota and Honda suffered the most serious supply disruption.

Movers and shakers



		Brand Value \$M	Brand Contribution	Brand Momentum	Brand Value Change
1	BMW	24,623	4	5	10%
2	Toyota	21,779	3	5	-10%
3	Mercedes-Benz	16,111	4	4	5%
4	Honda	12,647	3	3	-11%
5	Nissan	9,853	2	6	-2%
6	Volkswagen	8,519	3	6	15%
7	Ford	7,025	2	4	-5%
8	Audi	4,703	4	5	23%
9	Hyundai	3,598	3	6	N/A
10	Lexus	3,392	2	4	-7%

Source: MillwardBrown
Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

Brand Contribution measures the role brand plays in driving earnings on a scale of 1 to 5 (highest).
Brand Momentum measures the prospects for future earnings on a scale of 1 to 10 (10 highest).

Toyota, however, regained some of the trust lost during the uncontrolled acceleration problems of two years ago, which was eventually attributed to driver error. The Toyota Motor Corporation received the most awards for dependability in the J.D. Power and Associates dependability study.

Detroit returned to the car business. As the US economy recovered, carmakers marketed fuel-efficient family sedans rather than SUVs built on truck frames. This downshift in size resulted in part from the need to meet government fuel-efficiency standards. To drive sales and profit, carmakers reduced costs and built products with improved style, technology and driving experience. Consumer demand was the highest since 2006, according to Kantar Media.

The Korean brands Hyundai and Kia continued to fortify their presence worldwide. With distinctive combinations of quality, design and price, Hyundai challenged competitors at all model levels. It entered the BrandZ™ ranking of the most valuable global car brands.

VW also experienced strong global results. Sales of VW passenger cars rose 13.1 percent overall, led by a 22.2 percent increase in North America. Even in Europe, where car sales declined in most country markets except Germany, VW sales improved 12.3 percent. Global scale enabled the brand to deliver a premium image at a competitive price. With a 15 percent increase in brand value, VW ascended into the ranks of the BrandZ™ Top 100 Most Valuable Global Brands.



Cars
Down 7%



Many brands loaded cars with sophisticated technology, including voice-activated communication and entertainment, which enhanced driving pleasure. In some ways, cars became the ultimate mobile device.

Insight: Cars

**Detroit
came back**



"I'm excited about what I'm seeing in American cars. They obviously went through a very rough time, but by all appearances they are on their way back. They will be competing on a global scale and they will be doing it much smarter and better."

**Hayes Roth,
Chief Marketing Officer,
Landor Worldwide, New York**

Landor

Insight: Cars

**Designing
for youth**



"The key trends I see emerging include fuel economy and technology, particularly as it relates to in-car connectivity and the importance of tackling the youth market. Unlike earlier generations, young people don't necessarily hold vehicles as their number one 'want.'"

**Donna Hultquist,
Director of Brand Strategy,
Team Detroit**

 Team Detroit

Growth varied by brand and market

Sales momentum in the US varied according to brand. GM reported record profits. Ford sales slowed but the brand enjoyed a reservoir of good will because it had rejected the government bailout. In an ongoing industry trend to reduce the number of brands, Ford shed the Mercury, which it had introduced in 1938.

The Chrysler-Fiat arrangement seemed to be working, too. Chrysler enjoyed a massive turnaround into profitability, with the introduction of the first cross-platform effort of Chrysler and Fiat, the Dodge Dart, which shares styling with the Alfa Romeo Giulietta. This development highlighted the efficiencies gained from the globalization of the car industry. Europe's troubled economy impacted Fiat sales, however. And weakness in its German-based Opel division prompted GM to consider collaborating with other European automakers as a way to cut costs.

Although auto sales in China slowed, the country remained the world's largest auto market and a critical volume-driver for several Western brands, including Audi,

VW, Mercedes and GM, which positions itself in China with a good, better, best range of Chevy, Buick and Cadillac. Auto sales in China grew 2.5 percent year-on-year to 18.5 million units. GM's China sales rose 8 percent to 2.6 million vehicles. A Chinese government plan to exclude import brands from the list of vehicles approved for official use potentially would impact the international players.

Early in 2012, China's Chery Auto and Jaguar Land Rover established a joint venture to sell the JLR brands and a new brand in China. India's Tata Motors, meanwhile, continued to learn from its acquisition of Jaguar Land Rover, and it repositioned its inexpensive Nano to make the entry-level car seem more aspirational.

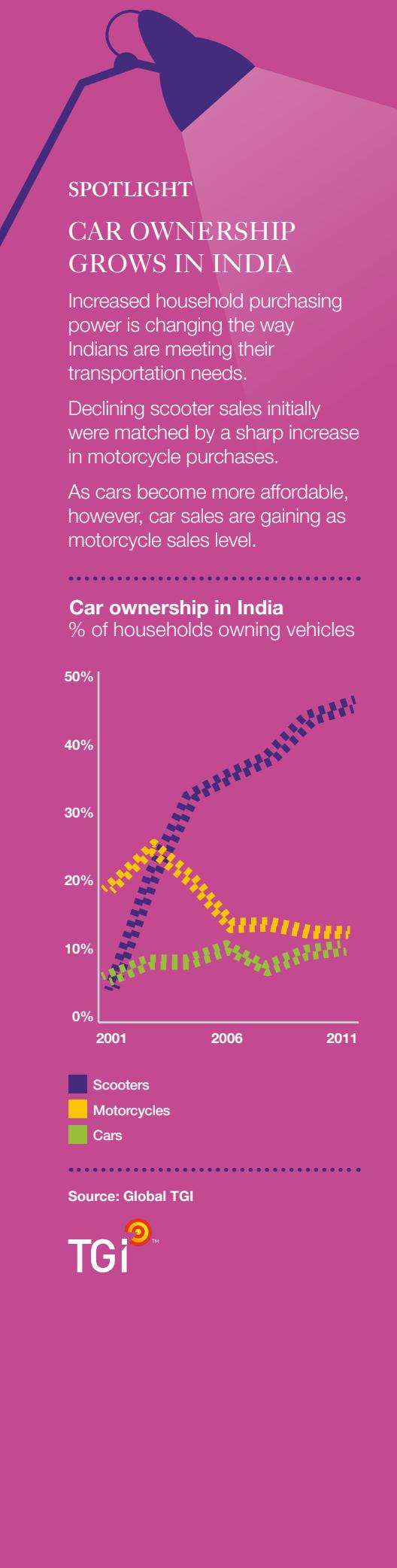
Technology went mainstream

At the other end of the market from Nano, luxury brands offered more affordable vehicle options, impacting some of the mid-market entrants, particularly in Europe. Within the sector, Audi continued to make inroads, at the expense of Mercedes, based on

both design, attention to details and engineering improvements. With several new model introductions, unit sales of BMW rose more than 12 percent to 1.4 million, setting a sales record with growth in all regions, especially Asia.

Ironically, luxury cars may have experienced a negative impact from the rise in car quality overall. Because of generally improved performance, attention to design and the availability of sophisticated technology, factors that usually define luxury were available more broadly and less expensively.

Many brands loaded cars with sophisticated technology, including voice-activated communication and entertainment, which enhanced driving pleasure. Some included features like lane-changing alert that improved driving safety. Innovations in collision-avoidance technology generally differentiated the luxury brands. In some ways, cars became the ultimate mobile device.



The car industry faces future demographic challenges. Among socially networked youth, cars become less necessary for staying in touch with friends. For them, cars do not define personal status as they did for their parents.

Fuel-saving alternatives explored

Hybrid sales remained steady, led by Toyota's Prius. While electric car development continued, the technology remained impractical for the mass market because of the limited driving range, inadequate power and the lack of a battery-recharging infrastructure. Two plug-in cars, the Nissan Leaf and Chevy Volt, missed sales targets. The Chinese BYD brand, which received several billion dollars from investor Warren Buffet three years ago, continued its development of electric cars but shifted some attention to buses and other commercial vehicles.

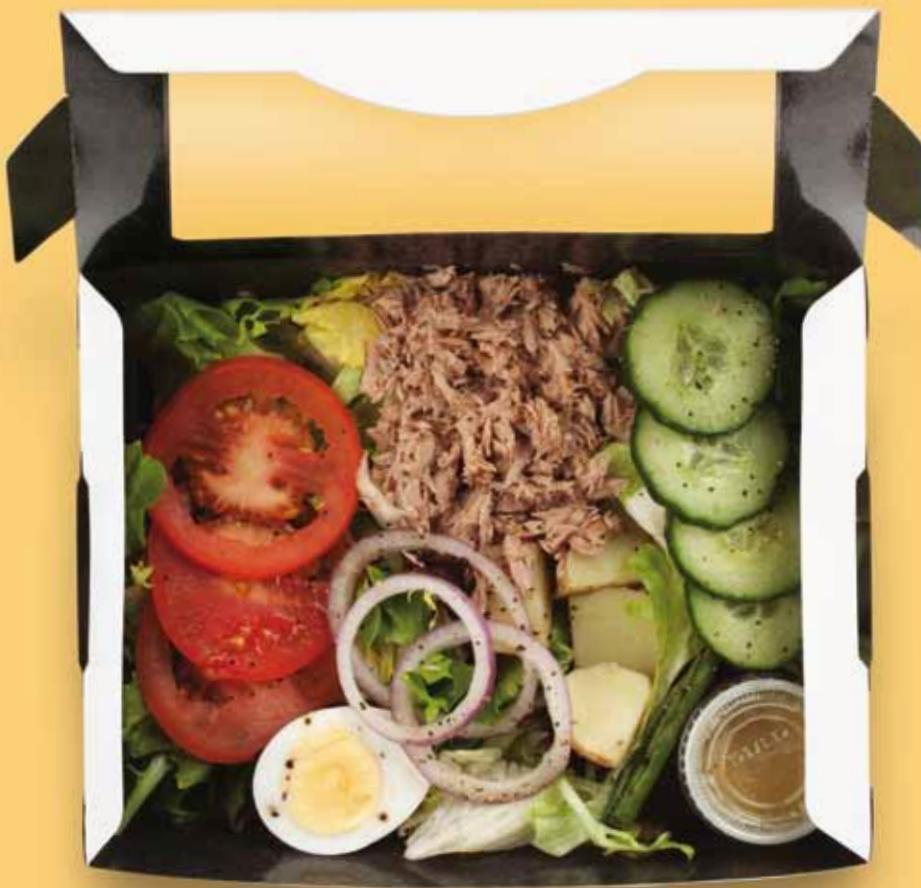
The car industry faces future demographic challenges. Increased urbanization may reduce dependence on cars as people turn to public transportation or car sharing arrangements to reduce traffic and pollution. Also, among the socially networked youth, cars become less necessary for staying in touch with friends. For them, cars do not define personal status as they did for their parents. And a computer or mobile device is much more affordable. **Z**

Brand Toys: Hyundai

Getting talked about



A newcomer to the BrandZ™ Top 10 most valuable car brands, Hyundai has been gaining value because of its great value positioning. Five-year warranties in many markets, together with an increasingly stylish line-up of new models, have helped to underline the delivery of the brand's quality promise. The brand is felt to be relatively "playful" and "innocent" as well as "brave." These brand personality characteristics combine to make Hyundai a very approachable "Hero." The vast ears on the Brand Toy symbolize the high chatter that the brand attracts. The glasses indicate that the brand is different.



Fast Food

Chains scrambled to add new meals and cut calories

Taco Bell prepared to roll out First Meal and Wendy's, the hamburger chain, offered egg sandwiches, as more chains entered the breakfast business.

The addition of new meal times was one of several strategies that QSR (Quick Service Restaurants) implemented to drive sales during the economy's slow recovery. Taco Bell's First Meal balanced its Fourth Meal, the late-night snack the chain introduced in 2006.

Breakfast was among the reasons that McDonald's reported its highest same-store increases since 2006. In the US, same-store results increased 7.1 percent, in Europe, 7.3 percent and 6.9 percent in Asia, the Middle East and Africa. On the strength of these results McDonald's planned to open 1,300 new units this year and remodel 2,400.

Pressured to hold prices while commodity prices increased, the QSRs also continued to improve their menus, décor and service to draw diners from the somewhat more upscale family restaurant segment. Several chains experimented with snacks. Subway added more Café outlets. McDonald's began testing baked goods in certain US markets, in 2012.

The success of Starbucks inspired the move to breakfast and coffee. In its 40th anniversary year, Starbucks expanded the brand focus with the introduction of a revised logo that retained the iconic mermaid but removed the word coffee. Total revenue increased 9 percent to \$11.7 billion and same-store sales improved 8 percent. The company ended the year with about 17,000 locations, including 6,216 outside the US. It also accumulated almost 30 million Facebook "Likes."

Wendy's became number two in the US

In August, Burger King deposed its king character. By yearend it ceded the number two total sales rank in the US

Movers and shakers



Fast Food
Up 15%

		Brand Value \$M	Brand Contribution	Brand Momentum	Brand Value Change
1	McDonald's	95,188	4	8	17%
2	Starbucks	17,072	4	9	43%
3	Subway	14,843	4	8	4%
4	KFC	8,852	3	8	8%
5	Pizza Hut	5,397	3	8	2%
6	Tim Hortons	3,346	4	8	25%
7	Taco Bell	2,045	3	6	9%
8	Wendy's	1,722	4	6	-14%
9	Domino's	797	2	4	29%
10	Arby's	344	3	5	N/A

Source: MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

Brand Contribution measures the role brand plays in driving earnings on a scale of 1 to 5 (highest).
Brand Momentum measures the prospects for future earnings on a scale of 1 to 10 (10 highest).

burger chain segment to Wendy's. Burger King operated around 7,500 restaurants in the US and Canada, roughly 1,000 more than Wendy's, and compared with more than 14,000 McDonald's US outlets.

The three major burger chains each employed what they termed a "barbell strategy," offering a mix of both bargain and premium items to satisfy core customers while appealing to those trading down from more expensive family dining to fast food for a more affordable eating-out occasion. McDonald's prospered in this environment.

Brands more dependent on the traditional fast food customer, felt the impact of high unemployment among young men. Burger King's North American same-store comparisons improved but remained negative. They declined 0.5 percent worldwide with Latin America

and Asia compensating for negative results in North America.

Domino's Pizza catered to the value-hungry consumer with two special pizzas priced under \$10, which it promoted with traditional advertising and mobile apps for ordering. Mobile and online ordering comprised 30 percent of sales for Domino's.

Healthier choices offered

The chains continued to offer healthier meal options, responding to parental concerns and publicity, in the US, surrounding Michelle Obama's "Let's Move" campaign to fight obesity and encourage health and wellness. The word "healthy" appeared on menus 86 percent more frequently in the US, according to Technomic, a Chicago-based research firm.



McDonald's launched Champions of Play, a global ad campaign about children's health and linked to its Olympics sponsorship. Based on local competitions, the chain planned to send children from around the world to visit the 2012 Summer Games in London. Starbucks planned to add bottled juices to its offering.

Subway, maintained its reputation for healthier options. It reduced the sodium content of its meals and provided nutritional and caloric intake information. And it continued its international growth, ending the year with about 36,500 outlets in 100 countries. Like its competition, however, it was helpless to improve the high level of unemployment that impacted business all day, especially the key lunch meal.

BRICs drove strong growth

The appeal of Western brands and an expanding middle class continued to drive the popularity of fast food in fast growing markets. Yum! Brands, owner of KFC, Pizza Hut and Taco Bell, with more than 37,000 restaurants worldwide, credited overseas sales, especially in China, for balancing domestic weakness. Same-store sales grew 19 percent in China last year, compared with 1 percent growth in the US and 3 percent outside the US overall, except for China.

Yum! opened 656 restaurants in China during 2011, and 905 in other international locations. During October 2011, Starbucks opened its 500th store in Mainland China. Starbucks and Dunkin' Donuts planned to open their first Indian restaurants this year. McDonald's and Yum! Brands expect to accelerate growth in India. Yum! plans to open 500 KFC outlets in India during the next four years. ⁷

Insight: Fast Food

Healthier sales with breakfast



"I think really the key issue this year is pretty much breakfast, adding a day part, and we're starting to see a bit of a change happen as a consequence, as some revenue picks up."

Philip Herr, Senior Vice President, Millward Brown



Brand Toys: Domino's Pizza

A voracious appetite



The Domino's Pizza Brand Toy is a friendly "Joker." You can see it in the eyes. It's also quite creative, as indicated by the paintbrush in the Brand Toy's hand. Not only has this toy enjoyed quite a few large pizzas, but so have more and more customers in China and other fast growing markets. The improvement of the Domino's Pizza recipe for its crust and sauce two years ago has clearly paid off. The appetite for this brand is growing as it makes itself available in different regions of the world and innovates with online ordering and convenient delivery.

SPOTLIGHT

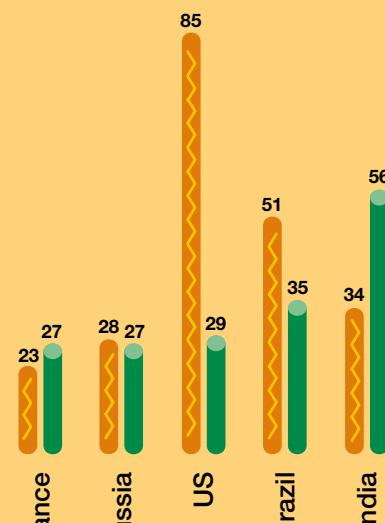
HEALTHY EATING BEHAVIOR VARIES

How consumers feel and act regarding food health concerns varies. Although 29 percent of US consumers said they always think of the calories in the food they eat, 85 percent ate in a fast food restaurant during the past year.

In contrast, 27 percent of consumers expressed awareness of calories in France and Russia, but respectively, only 23 percent and 28 percent of consumers, ate in a fast food restaurant.

The disparity may be explained by the proliferation of fast food options in the US, healthier options in fast food restaurants and cultural differences, including the preference for local cuisine in certain countries.

Eating habits



█ % of people who have consumed fast food in the past 12 months

█ % of people who always think of the calories they eat

Source: Global TGI



Financial Institutions

Banks

Regulations, lack of trust challenge banks

Banks earned profits, but not affection.

Financially stressed Americans and Europeans resented an industry with a short memory. Having been rescued by public funds, the banks seemed unwilling to extend credit to a public and small businesses in need of financial help.

The Occupy Wall Street movement galvanized this disenchantment. But consumers didn't abandon their banks, mostly because switching seemed more painful than staying. In fact, when Occupy Wall Street planned a bank transfer day for November 2011, few people participated.

Consumer complacency ended with a social media rebellion sparked by the Bank of America announcement of a

new five-dollar fee each month that a customer used a debit card. The bank reversed its position after a few days of online criticism. Wells Fargo and Chase also backed away from similar plans.

The fees were to compensate for revenue streams lost to stricter regulations. As certain transactions became less profitable, the banks invested little in new product innovation and focused instead on service delivery systems, such as online and mobile banking. Exposure to Eurozone debt required UK and Continental European banks to prudently increase their capital reserves, which reduced funds available for lending.

Many banks turned their attention to more affluent customers and greater ROI potential. The banks offered incentives, such as banking relationship managers, to these so-called "high value," mass

affluent customers. But even affluent customers remained skeptical of the advice received from financial institutions.

Seeking profit opportunities, US banks prepared to reenter the business that fomented the financial crisis - mortgages. The move coincided with a new US government home refinancing program.

Challenging environment brought mixed results

Within this challenging environment, only a few brands appreciated in value. Wells Fargo completed the acquisition of Wachovia in a systematic way that helped retain exiting customers and acquire new ones. The complicated merging of the two banks took place over 18 months. It featured clear customer communication and ultimately combined the service orientation of Wachovia with the



Movers and shakers



Finance

No change
in brand value

		Brand Value \$M	Brand Contribution	Brand Momentum	Brand Value Change
1	ICBC	41,518	2	9	-7%
2	Wells Fargo	39,754	3	3	8%
3	Visa	38,284	4	9	34%
4	China Construction Bank	24,517	2	4	-4%
5	MasterCard	20,759	4	8	53%
6	American Express	20,198	4	3	18%
7	HSBC	19,313	3	3	-14%
8	Agricultural Bank of China	17,867	2	4	6%
9	RBC	17,225	4	3	0%
10	TD	14,561	4	3	-14%
11	Commonwealth Bank	13,083	3	7	N/A
12	Bank of China	12,982	2	6	-26%
13	ICICI Bank	12,665	2	2	-15%
14	US Bank	11,488	3	2	9%
15	Sberbank	10,649	3	5	25%
16	Standard Chartered	10,064	2	1	-16%
17	Citi	9,760	2	1	-38%
18	Scotiabank	9,627	2	3	-4%
19	Chase	8,644	3	3	-28%
20	Santander	8,546	3	2	-25%



**Insight:
Finance**
**Adding value,
not resentment**

"I think the big trend for financial services brands in this current year is going to be about restoring confidence and overcoming resentment through utility. It's going to be about adding value to consumers' lives instead of making money on money, which is where a lot of cultural resentment is coming from. It's going to be about fairer and more transparent business behavior as it relates to consumer, merchants, shareholders and other stakeholders."

Robert Rakowitz,
Managing Director
Communications Planning,
Mindshare, New York



Source: MillwardBrown
Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

Brand Contribution measures the role brand plays in driving earnings on a scale of 1 to 5 (highest).

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Russia's Sberbank enjoyed the results of an ongoing roll out of new brand prototypes that are more targeted to specific customers and much more customer-friendly than the Soviet-era versions they replaced.

technological expertise of Wells Fargo. In addition, Wells Fargo emphasized investment services that appealed to higher value customers.

Commonwealth Bank of Australia benefited from its proximity to fast-growth Asian markets. Specifically, the brand invested substantially to improve technology and productivity and expand in Indonesia, China and Vietnam. In contrast, US Bank benefitted from expansion closer to home with the acquisition of a New Mexico regional bank in 2011. In January 2012, US Bank entered an agreement to buy a medium-size Tennessee bank. These banks also were less exposed to products that precipitated the financial crisis. This conservative approach also characterized RBC.

HSBC shifted away from the tagline "World's Local Bank," as a strategy. Instead, based on its strong presence in both developed and developing markets, HSBC is intent on being a commercial world bank, a facilitator and beneficiary of world trade and globalization. It is honing its focus on Asia and gradually quitting markets where it lacks scale. HSBC pulled back from retail banking in the US and Russia in 2011, and plans to quit Japan and South Korea in 2012.

TD acquired Commerce bank, which enjoyed a reputation for strong service and convenience. Capital One prepared to acquire ING Direct, in an effort to combine a well-established online banking presence with retail presence. Although Chase and Citi enjoyed strong

financial results, they continued to suffer reputational fallout from the banking crisis, as did the major investment banks.

Slowed BRIC momentum impacted brands

Russia's Sberbank enjoyed the results of an ongoing roll out of new brand prototypes that are more targeted to specific customers and much more customer friendly than the Soviet-era versions they replaced. Sberbank expanded its footprint into Central and Eastern Europe with the acquisition of Volksbank International.

As the rate of growth slowed somewhat in the BRIC countries, banks no longer could depend on those economies to balance difficulties in Europe or North America. And global interconnectedness exposed banks to new dynamics, such as reduced export of commodities from Brazil because of lower demand from China.

Economic dynamics and currency fluctuations impacted Itaú, Brazil's largest bank, as well as Spain's Santander. Latin America generates over 50 percent of the Santander's profit; Brazil alone accounts for 28 percent. The sovereign debt crises of Spain and Portugal also affected Santander's results.

The Chinese banks continued to look abroad for expansion. During 2011, ICBC, the country's largest bank, received a license to open in Mumbai. At the same time, India's ICICI experienced higher credit costs, which moderated profit growth.

Next generation, new opportunities

The banks needed new opportunities, but few sufficiently prepared for the next generation of customers who may reject traditional banking services in favor of transactions performed instantaneously and with a mobile device. In an approach successfully pioneered by Chase, some banks began to accept checks photographed with a mobile device and emailed for deposit using special security codes.

Technology opened the possibility of new competition from outside the financial industry. Google, telecoms and retailers, such as Walmart and Target, attempted to develop mobile payment systems. China Mobile invested almost \$800 million in 2011 to set up a unit called China Mobile Finance. The move followed the purchase of a bank in 2010.

Mobile payments have become popular in parts of Africa without extensive banking infrastructure. But the concern that personal data is vulnerable to interception by Near Field Communications so far has inhibited public acceptance of mobile payments in North America and Europe.

While extensive legacy technology slowed the ability of banks to integrate their full offerings in consumer-friendly ways, non-traditional financial firms, such Mint in the US and Spain's Tú Cuentas, already aggregated diverse personal financial records into easy-to-use dashboards. **Z**

Credit Cards

Brands added new products, mobile options



Insight: Finance

Seeking new revenue ideas

"I think that as banks and card companies have found increasing pressure on their abilities to charge money through swipe fees, they've turned their attentions to alternative sources of revenue like pre-paid products that enable the companies to reach a different segment of the population and get extra money from doing so."

James Cleaver,
Planning Director,
Ogilvy, New York

Ogilvy

Credit card brands avoided much of the consumer anger and distrust that impacted other financial brands.

Having partnered with banks and persuaded consumers to regard them as a gateway to the good life, the brands sought the warmer glow of the technology sector. Visa described itself as "a global payments technology company." MasterCard chose this phrase, "a technology-driven, global payments company."

The brands benefitted from the ongoing trend away from cash to the more frequent use of credit and debit for purchases both large and small, for a vacation cruise or a tall latte. And not immune to some of the regulations and restrictions on fees that affected financial institutions, the brands devoted much attention to developing programs to drive new revenues.

Amex targeted holiday purchasing

In the second year of its Small Business Saturday promotion, Amex drove significant revenue for the brand's small merchant customers. Held in the US on the Saturday after Thanksgiving, at the kickoff of the holiday gift-buying season, the program rewards Amex cardholders with a \$25 credit on their statement when they shop with small merchants.

The initiative drove additional revenue for Amex, benefited cardholders with savings, and helped small business Amex customers. It also helped strengthen Amex's relationship with small businesses. Amex launched a pre-paid card, which did not carry any fees and was expected to have broad appeal.

MasterCard, Visa open mobile wallets

MasterCard collaborated with Google and Citibank on the Google Wallet mobile payment initiative. Google Wallet users carry virtual versions of their Citi credit card information on their mobile devices and pay by transmitting the information at payment terminals equipped with NFC (Near Field Communications). MasterCard also formed a joint venture with Telefónica to provide mobile payment solutions in Latin America.

In another transaction innovation, MasterCard marketed PayPass, a facility designed to speed up transaction time, especially at checkouts. Payments are processed by quickly tapping a card rather than swiping it and waiting for a delayed response.

Visa accelerated the development of Visa Digital Wallet. Separately, it entered a mobile payment partnership with Vodafone. Announced in early 2012, the Vodafone program will launch in Europe. The brand also formed a strategic



The brands benefitted from the ongoing trend away from cash to the more frequent use of credit and debit for purchases both large and small, for a vacation cruise or a tall latte.

SPOTLIGHT**CARD ISSUERS
SEEK CREDIT
FIRST-TIMERS**

The level of credit card ownership varies by country.

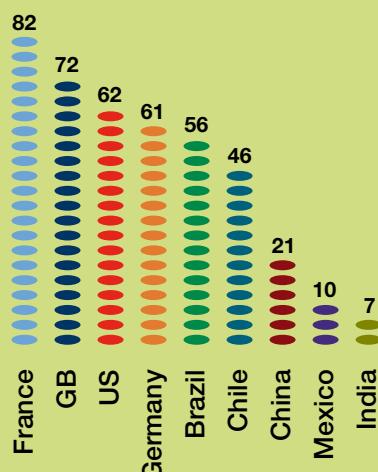
It's expanding most rapidly in the fast growing markets, such as Brazil and Chile, as banks issue cards to lower income individuals, many of whom are receiving bank credit for the first time.

In Chile, many of the major retailers issue widely accepted credit cards to people in all economic levels.

To increase credit card distribution in the US, banks also are attempting to reach lower income consumers. US banks are developing new products, including prepaid cards.

Credit card owners

% of population



Base: 18+
Source: Global TGI



partnership with Intel to create mobile payment options.

A sponsor of the Olympics since 1986, Visa spent much of 2011 preparing for its sponsorship of the 2012 Summer Games in London. All credit card ticket purchases must be made with Visa. During the Olympics, Visa and Samsung plan to introduce a mobile payment app for making contactless transactions at the point of purchase.

Brands continued to differentiate

Meanwhile, known to consumers as options for paying for goods and services, the brands continued to aggressively explain their points of differentiation. Amex, actually a bank rather than a payment system, pitched its exclusivity. With its "Priceless" campaign, MasterCard associated itself with special occasions. Visa stressed its the day-to-day indispensability, using the strapline, "Life flows better." **Z**

**Insight:
Finance****Industry faced
new threats**

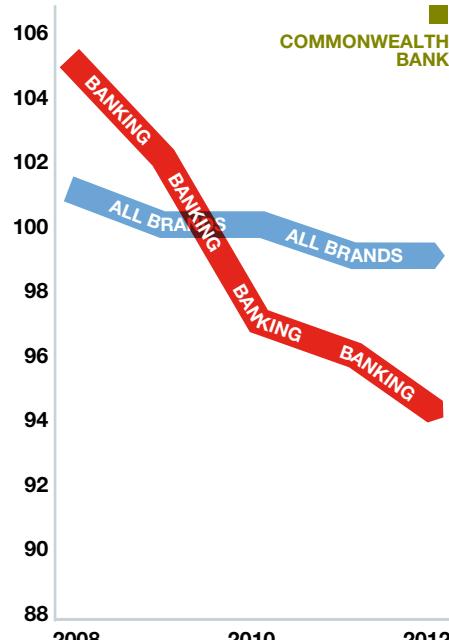
"Considering possible threats to the financial category, I think one of the really interesting things is that they'll come from a number of different places. So, some threats will come from new kinds of competitors, new kinds of categories or people moving into payment spaces or banking spaces or they could come from completely different industries or from peer-to-peer."

**Sarah King,
Managing Director,
The Futures Company, London**

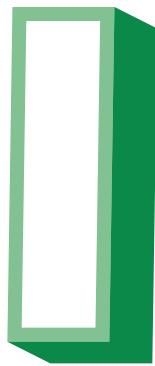
the
futures
company

**Brand Toys:
Commonwealth Bank****Leading by example**

In a world where consumers mistrust financial institutions, Commonwealth Bank (of Australia), a newcomer to the BrandZ™ Top 100, is an exception. Showing strong leadership and rated highly responsible, the brand is significantly more trusted than many other banks. The necktie on the Brand Toy indicates that the brand is straightforward, while the clock it's holding says "in control." The impact of these characteristics is indicated in the chart below. The blue line shows the overall decline for brands in all categories. The red line traces the especially steep decline experienced by bank brands. In contrast, the green dot shows that Commonwealth Bank is more trusted today than banks were five years ago before the financial crisis. Commonwealth Bank is poised to capitalize on the strength of its brand across the fast growing economies of Asia.

Trust and Commonwealth Bank

Source: BrandZ™ Data



Insurance

Debt, disasters, upheaval formed perfect storm

A perfect storm of economic uncertainty, the specter of new regulations, payouts for major disasters, political upheaval and heightened competition impacted insurance industry results last year.

These factors touched all varieties of insurance—property and casualty, life, B2B and perhaps to a lesser extent, health—and they elicited a variety of reactions.

The European sovereign debt crisis weakened the investment portfolios of many major insurers. Major earthquakes in New Zealand, Turkey and Japan—followed by a tsunami and nuclear crisis—required payouts that exceeded expectations. The year also included extraordinary weather-related events, such as Hurricane Irene in the eastern US and tornados in the Midwest.

Insurers planned for Solvency II, rules promulgated in Brussels that require EU

insurance companies to maintain larger reserves to protect solvency. Meanwhile, insurers competed fiercely, facing the disruptive effect of online sales and aggregators, and struggling to improve distribution channels.

The key question was whether to sell direct or go through partners and intermediaries. With no single right answer, the insurers experimented with various approaches, attempting to improve the brand experience by simplifying purchasing.

They followed a linear logic. By winning in search, the brands expected to increase their share of quotes and convert the quotes into an increase in policies signed. As an added benefit, a shift to direct online sales could reduce reliance on agents and the size of commissions.

Strengthening the direct channel

To maximize search results and capture more leads, Allstate last year purchased an insurance aggregator called esurance. Esurance provides online visitors with quotes from Allstate and Allstate competitors because, as the website's

Movers and shakers



		Brand Value \$M	Brand Contribution	Brand Momentum	Brand Value Change
1	China Life	14,587	3	9	-25%
2	Ping An	10,174	3	9	-3%
3	State Farm	7,813	2	5	-7%
4	CPIC	3,387	2	9	-7%
5	AXA	3,333	1	1	-5%
6	Allianz	2,866	2	6	-45%
7	GEICO	2,733	2	7	-2%
8	Zurich	1,891	2	6	-7%
9	MetLife	1,858	2	2	-18%
10	Allstate	1,496	2	5	-20%

Source: MillwardBrown
Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

Brand Contribution measures the role brand plays in driving earnings on a scale of 1 to 5 (highest).
Brand Momentum measures the prospects for future earnings on a scale of 1 to 10 (10 highest).

headline explains, “The key to saving is comparing, and you can do all the comparing you need right here.”

Ensurance complements the Allstate brand website and the brand’s agent network. And it enables Allstate to compete in the direct channel with companies like Progressive and Geico. The Progressive value proposition is about easy, transparent one-stop shopping where the consumer can obtain several quotes from competing companies. While Progressive may not always win the business, it receives a high share of quotes.

In the life insurance business, Metlife expanded its distribution into the midmarket by investing heavily in developing a website option for purchasing term life insurance without face-to-face agent involvement. The online approach addressed the fact that

the US is relatively underinsured as a nation.

Also, simplifying life insurance with the online option lowered a barrier to purchase. Selling direct should make life insurance accessible to a younger, technology-oriented generation more comfortable engaging online than completing paper questionnaires. The online option potentially lowers costs and helps advance Met’s brand proposition of providing the right coverage at a reasonable price.

In B2B, Zurich similarly invested heavily in digital as a supplementary channel to its agent-generated business, in an effort to more effectively reach small business owners. Zurich intended to influence risk managers at small businesses to make the brand become a larger part of the decision process.



Insurance
Down 16%

Financial turmoil, other factors impact insurers

Regardless of how insurers attempted to improve their results, however, too many factors last year were beyond their control. France's AXA credited the diversification of its business for generally protecting it from these vicissitudes. But financial results for many brands reflected their vulnerability to political conditions and market fluctuations.

Those factors in part account for a 46.2 percent decline in net income for Allianz, the Germany-based insurer. China Life anticipated a profit decline of over

40 percent. Although the investment portfolio of Ping An performed well, a one-time accounting adjustment for the consolidation of Shenzhen Development Bank negatively impacted profits. Ping An, China's second-largest insurer, intends to acquire Shenzhen Development Bank as part its strategy to become an integrated financial services company.

Insurers mostly escaped at least one of last year's hazards, the ongoing erosion of brand reputation in the financial sector. Less public than the banks, insurance brands emerged less vilified. **Z**

SPOTLIGHT

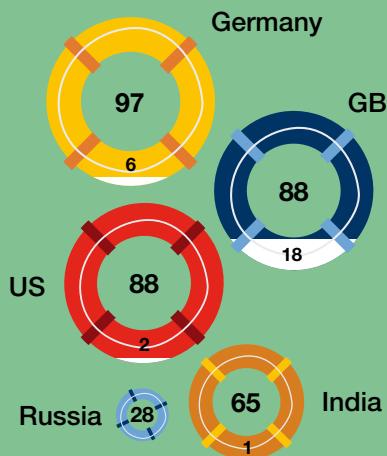
ONLINE INSURANCE BUYING INCREASES

Individuals in developed markets are more likely to be insured than people in developing markets. In developed markets, consumers increasingly are purchasing insurance online rather than through an agent, the traditional channel.

This Internet disintermediation is most pronounced in the UK. But the global trend is clear in BrandZ™ data, which shows that the number of consumers searching for information online more than doubled during the past six years, increasing to 12 percent in 2011, from 5 percent in 2006.

The proportion of brands recommended by users increased over the same period, from 43 percent to 49 percent, according to BrandZ™ data.

Insurance customers % of people with insurance



Bought online

Source: Global TGI, BrandZ™ data

Insight: Insurance

Brands consider distribution models



"Many of the brands are struggling with the question of what's the right model for distribution. Do I go through two-step distribution channels? Do I go through partners and intermediaries? Do I sell direct? How can competing channels best coexist? There isn't a clear single answer. In a lot of cases it depends on the type of insurance, and whether direct is growing more rapidly than sales through agents."

**Harvey Kipnis,
Regional Director,
Ogilvy One NA**

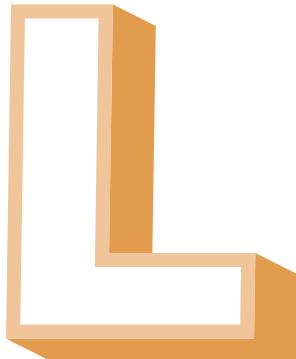
Ogilvy

Brand Toys: China Life

King of the Jungle



China Life, the most valuable insurance brand in the world, is a great friendly gorilla of a Brand Toy with thick, trusted legs, a winning smile and a caring hat. The BrandZ™ data suggest that it is a "King" that justifies its price premium because it is "desirable," "in control" and "assertive." You know where you stand with a brand like this and the no-nonsense persona underlines brand trust in a category that, in essence, is about delivery of promises. In a category that tends to have lower levels of Brand Contribution, China Life scores very well. And in spite of losing value this year (because of financial reasons rather than the brand), the brand is poised for a good future with a very high Brand Momentum score.



Luxury

Feeling entitled, consumers spent on luxury goods

Luxury brands expanded their presence with new stores, e-commerce and extensive advertising.

Having endured several years of economic difficulty, North Americans and Europeans who could afford luxury indulged. More people of average means engaged with luxury brands, purchasing an affordable item, if possible. And luxury brands continued to enjoy healthy sales in China and other fast growing markets with expanding middle classes.

Increased urbanization also contributed to the demand for luxury. And in both developed and developing markets, luxury increasingly was less about bling and more about appreciating craftsmanship and sharing the pleasure. Consumers focused less on collecting luxury labels and more on creating a unique personal look that often mixed luxury brands with more affordable options.

International travel increased the appetite for luxury in fast growing markets and drove category sales. The impact was large enough to earn the label TLC, Traveling Luxury Consumer. Travelers purchase about half of all the luxury goods sold in Europe, according to Goldman Sachs, with Chinese travelers accounting for about 18 percent of European luxury sales.

Although luxury goods predominately remained the domain of European and North American brands, several luxury brands originated in Brazil and Russian luxury brands started to appear. Even in China, where the upwardly mobile display luxury to denote status, consumers demonstrated a high level of brand knowledge and appreciation for craftsmanship.

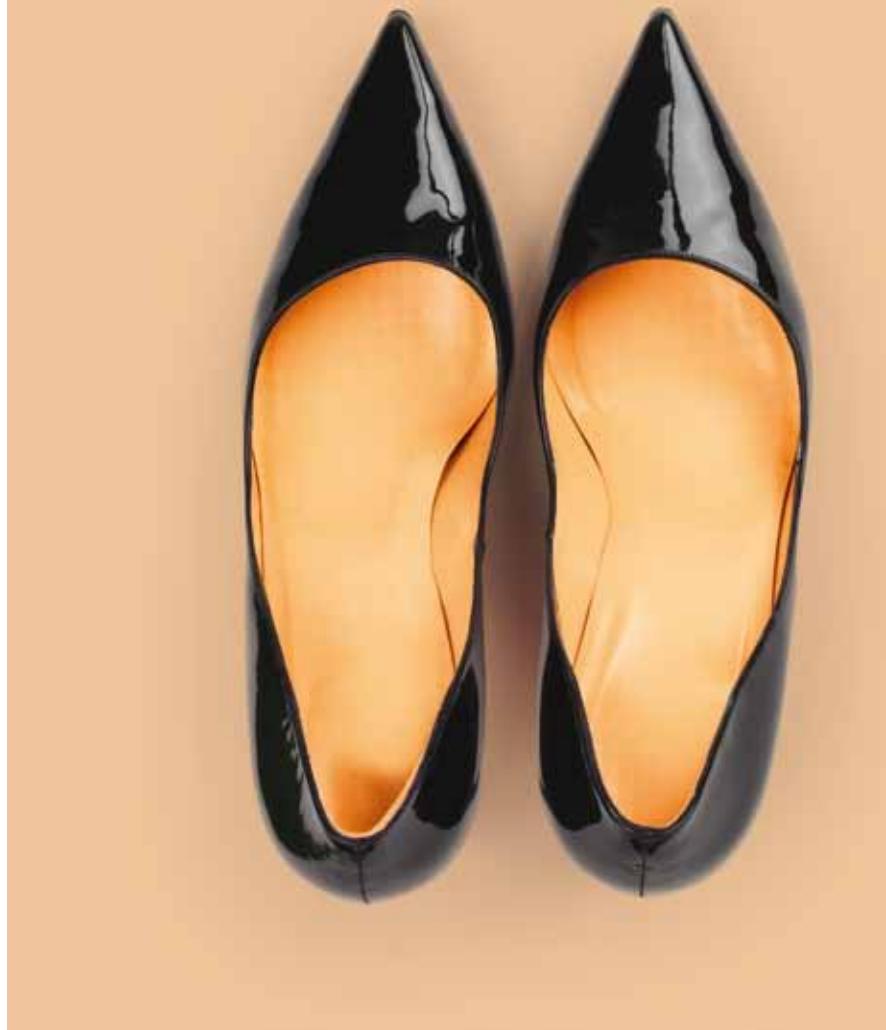
Meanwhile, luxury brands continued to struggle to reach the right balance between protecting the exclusivity that to an extent defines luxury, and making the brand experience accessible to a wider audience.

Building on quality and exclusivity

In its determination to reject a takeover by LVMH, Hermès reflected the characteristics traditionally associated with luxury: heritage, craftsmanship, elite access and strong emotional appeal. Hermès operating income increased 32.5 percent to €885.2 million (\$1.2 billion) on sales growth of 18.3 percent to €2.8 billion (\$3.8 billion).

The result reflected strong performances in most regions, led by Asia (excluding Japan), which was up by 29 percent and the US, up 26 percent. Even in economically stressed Europe, Hermès sales grew by 16 percent. In contrast, Japan sales were flat, suggesting that economic problems compounded by the tsunami and nuclear disaster impacted the appetite for luxury.

In a similar way, Rolex and Prada emphasized the exclusivity of their brands. Prada owns the Prada, Miu Miu, Church's Shoes and Car Shoe luxury brands. Sales of their brands increased by over 21 percent through the first half of



Movers and shakers



Luxury
Up 15%

		Brand Value \$M	Brand Contribution	Brand Momentum	Brand Value Change
1	Louis Vuitton	25,920	5	8	7%
2	Hermès	19,161	5	8	61%
3	Rolex	7,171	5	10	36%
4	CHANEL	6,677	5	9	-2%
5	Gucci	6,420	5	7	-14%
6	Prada	5,788	5	9	N/A
7	Cartier	4,843	5	9	-9%
8	Hennessy	4,596	5	8	-8%
9	Moët & Chandon	4,217	5	8	-8%
10	Burberry	4,090	4	10	21%

Source: MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

Brand Contribution measures the role brand plays in driving earnings on a scale of 1 to 5 (highest).

Brand Momentum measures the prospects for future earnings on a scale of 1 to 10 (10 highest).

2011, driven by a 35 percent spike in Asia with strong growth in North America and Europe.

Following its IPO (Initial Public Offering) in June 2011 on the Hong Kong Stock Exchange, which raised over €206 million (\$275 million), Prada planned to add about 80 stores annually over the next three years, including a total of 30 stores in China. Most of the openings will be Prada brand stores, reflecting a general trend among luxury brands to assert tighter brand control by shifting away from licensing and franchising. The brand currently operates more than 200 stores worldwide and also distributes through an extensive wholesale network.

Making heritage contemporary and relevant

Burberry extended the brand's appeal, creating a youthful virtual world in which customers experience the brand by viewing fashion shows, for example. The brand added a new twist to its iconic trench coat with Burberry Bespoke, a website facility that enables the customer to assemble a unique trench coat online, selecting style, fabric, color and other individualizing options.

Brands also attempted to unify the advertising and online expressions of the brand with the in-store experience. Louis Vuitton, for example designed a store on Marina Bay in Singapore to resemble a cruise ship, reflecting the brand's travel heritage, which also is celebrated on the LV website.





SPOTLIGHT

LUXURY GAINS IMPORTANCE IN FAST GROWING MARKETS

On average, the consumer's attitude about the importance of luxury remained flat during 2011, compared with 2010, but country-by-country variations occurred.

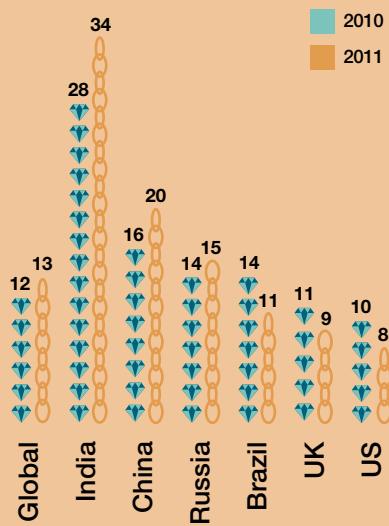
The number of consumers who thought luxury was important increased in the BRIC economies, other than Brazil.

The decline in the US and other European countries reflects financial concerns, but also a recalibration of values coming out of the recession.

Luxury brands generally increased in value in 2011, according to BrandZ™ data, but luxury consumption became more considered and less conspicuous.

Purchasing luxury products: extremely/very important in your personal life

% who agree



The Futures Company: Global MONITOR survey, 2011

the
futures
company

In an effort to widen its audience to younger people, Tiffany launched a site called "What Makes True Love," on which any couple can post a photo of themselves and tell their love story. Dunhill uses an augmented reality application that integrates its print and online experience into a single unified campaign. A mobile device held in front of a Dunhill ad animates it. Chanel used an iPad application to promote its J12 Marine watch series.

To reach new followers brands also experimented with collaboration and co-creation, sometimes with bloggers. Working with the Royal College of Art, Fendi provided teams of students with supplies of leather and challenged them to design works of art for display in the brand's newest London store. **Z**



Insight: Luxury

It was about the experience

"Luxury is a lot more about the experience as opposed to just the products, so it's about fashion shows and it's about what type of girl has this handbag and what type of person wears that dress, who's blogging about it, who's tweeting about it. It's more about the experience as a whole as opposed to just maybe that car, that fine wine."

**Alexis Cuddyre,
Senior Designer,
Digit, London**

DIGIT
SIMPLE
HUMAN
INTERACTION



Insight: Luxury

Broader view of value

"I think there's a shift in how people are approaching luxury. It's much more built around your passions and what you might spend money on. For example, I'd rather spend two grand on an amazing bike than two grand on a handbag that will last one season. I think you can see this in lots of places across the categories, so for example, fine dining has really shifted to a much more informal bespoke way of eating. It's about meeting new people and trying amazing food you've never had, but it's totally done away with white table cloths and the smart napkins and that sort of thing."

**Eleanor Sellar,
Cultural Insight Team,
Added Value, London**

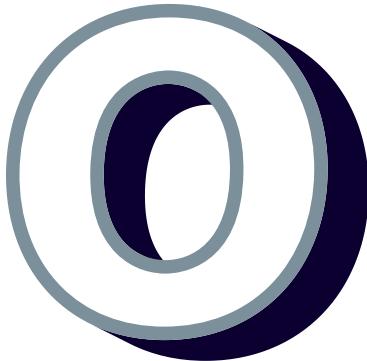


Brand Toys: Burberry

Innovate to succeed



Burberry is different. The Brand Toy certainly looks different. Big legs indicate strong trustworthiness and the open eyes represent charisma. In the world of luxury, this brand is rated an exceptional value. It has an unusual personality that is a mix of a wisdom and rebelliousness. This unique combination underlines its growing appeal, particularly to a younger audience. The brand has innovated with the use of on-line fashion shows open to all, together with the opportunity to order items featured at the show before they're available in store. These initiatives have proven to be a smart way to grow and democratize the brand to a wider audience.



Oil & Gas

Energy challenge became more complicated

Once again, the year's biggest energy story was about disaster.

The Fukushima nuclear accident in Japan followed by roughly a year the Deep Water Horizon oil spill in the Gulf of Mexico. The energy supply drama was heightened by disruption in the oil flowing from Libya during the Arab Spring.

These developments revealed not just the potential environmental impact of supplying the world's energy needs, but the complexity of the endeavor. They demonstrated the category's exposure to the swings of geopolitics and of public opinion and pointed to the one area of consensus—there's no easy answer.

Adding further complication, an ongoing shift in the industry business model potentially diminished the power and profit potential of the major companies. Traditional production-sharing agreements between oil and gas companies and the nations in which they work, increasingly are being replaced with service contracts that limit the company's stake to a dollar-per-barrel price.

The changing practice reflected a power shift away from the energy companies and toward the nations asserting authority over their assets. These nations usually control national oil companies capable of routine exploration. They engage the major multinationals only for the most extreme and risky projects.

Undertaking the most difficult challenges

This evolving industry profit model, where profit depends on undertaking the most challenging work, may benefit certain brands such as ExxonMobile, which are respected for technical expertise.

The pursuit of especially challenging projects also explains in part why the major brands are rushing to explore reserves in Russia and the Arctic, most likely the Bering Sea, following recently resolved border disputes between Norway and Russia. Norway's Statoil has been active off of Greenland, Finland and Russia. BP initially led the way with its failed attempt to link with Russia's Rosnef.

Leading oil and gas companies also focused on the fast growing markets



Insight: Oil & Gas

Rebuilding trust for exploration



"The brands in the oil and gas category have been rebuilding trust and confidence in themselves, among the public and in the governments, after the Gulf of Mexico disaster for BP. Because in the next few years, and indeed next year, they will need to deep water drill and explore places like the Arctic where public acceptance of that activity is incredibly important and can't be guaranteed."

**Robert Alexander,
Global Planning Director,
JWT, London**

J W T

Movers and shakers



Oil & Gas
Up 8%

		Brand Value \$M	Brand Contribution	Brand Momentum	Brand Value Change
1	ExxonMobil	18,315	1	7	8%
2	Shell	17,781	1	3	17%
3	Sinopec	13,940	1	10	N/A
4	PetroChina	12,105	1	10	7%
5	Petrobras	10,560	1	5	-21%
6	BP	10,424	1	3	-17%
7	Chevron	8,599	1	8	6%
8	Gazprom	6,698	1	9	-2%
9	ConocoPhillips	6,012	1	3	-7%
10	Total	5,653	1	4	7%

Source: MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

Brand Contribution measures the role brand plays in driving earnings on a scale of 1 to 5 (highest).

Brand Momentum measures the prospects for future earnings on a scale of 1 to 10 (10 highest).

of Asia. Chevron, in particular, set up extensive resources in Australia as a relatively convenient base for exploring Asian reserves. This kind of exploration requires investment that may not produce a return for a long period of time, if ever. Last year, for example, Shell began production in Qatar, turning natural gas into stable oil products, such as diesel fuel and lubricants. Shell began investing in the relevant technology more than thirty years ago.

With few exceptions, such as Statoil, the majors brands did not focus substantially on alternative clean energy, relative to their investment in fossil fuels, although Shell pursued bio fuels. Instead, companies moved toward gas exploration. Natural gas has become the “bridge” energy to renewables. But it’s never that simple in this category. The

search for gas reserves in shale involves other environmental risks: the possibility of groundwater contamination; and the fact that extracting gas depletes another resource that’s scarce in many parts of the world—water.

Building brands worldwide

With public attention somewhat diverted by economic concerns, brands felt less pressure to communicate about the contentious issue of supplying the world’s energy needs while protecting the environment. Because of the importance of public opinion when negotiating government contracts, most brands engaged in debate, operated blogs and participated in online forums with policy makers, politicians, journalists, analysts and other influencers.



Shell's "Let's Go," Chevron's "We Agree," and Statoil's "Energy Realities," conveyed a similar message: We're working responsibly to solve the challenge of meeting the world's energy needs. BP worked to rehabilitate its reputation by investing heavily along the Gulf coast to repair damage to the environment, businesses and communities, and by extensively publicizing its investment using social media.

ConocoPhillips announced intentions to split into two companies: one focused on less profitable downstream refining and retail businesses and the other on upstream exploration. The new structure may reflect the evolving economics of the industry. In a service contract arrangement retail distribution is less necessary.

Brand communication seemed less of an issue in fast growing markets where energy companies often enjoy more positive reputations. Most Brazilians, for example, regard Petrobras as a local hero driving the nation's economic rise. The Petrobras brand value declined as Brazil's economy faltered, however. The government of Brazil owns a majority stake in the publicly traded company.

Similarly, the Russian public appreciates Gazprom and Lukoil as major contributors to national wealth and job creation. But brand and brand communication is increasing in importance even for state-owned companies as they expand beyond their national borders to regions where they are less well known.

Russia's Gazprom is a strong competitor in Central Europe and Lukoil operates in countries throughout the world, including the US. PetroChina works in Russia, South America, the Middle East and Southeast Asia. **Z**

Brand Toys: Sinopec & PetroChina

Twinned at birth?



Sinopec and PetroChina are the two major Chinese oil and gas brands. But which is which? Only the logos can tell you. With strong support from the Chinese government, these two brands are almost identical from a branding point of view. Differentiation generally is difficult in oil and gas. While the role of brand in the oil & gas is growing, it remains less of a factor than in other categories. Both Sinopec and PetroChina are highly trusted, very wise and extremely desirable. The pink ribbons signify trustworthiness. The result is that both brands are classified as Good Value.

Brand Toys: Petrobras, Shell & BP

Striking contrast?



Petrobras, the Brazilian national oil and gas brand, looks similar to the major Chinese brands. It's trustworthy. The happy badge notes that the brand is friendly. Its slightly elongated head indicates greater perceived functionality than the Chinese brands. In contrast to the Chinese and Brazilian brands, which are state owned or state controlled, the Shell and BP Brand Toys appear to belong to a different family. Their shape indicates a high level of familiarity. The shorter stature of the BP Brand Toy and the downcast look reflect the impact on the brand following the Gulf of Mexico disaster.

SPOTLIGHT

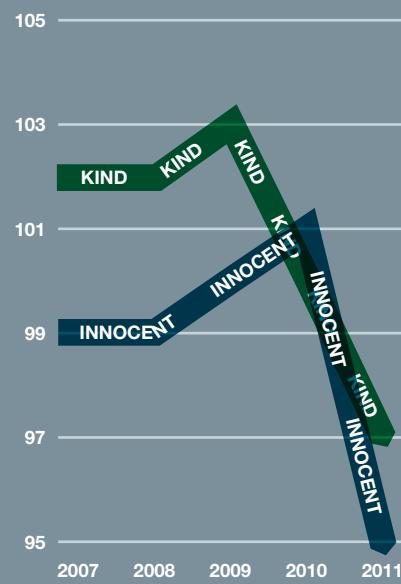
DISASTERS HURT INDUSTRY IMAGE

Not surprisingly, disasters, financial battles and political skirmishes have taken their toll on the image of the oil and gas industry.

These companies are vital to the well being of many economies, but recently they have been viewed as significantly less kind with an even bigger drop in perceived innocence.

Perception of oil & gas companies

(100 = average)



Source: BrandZ™ data

BRANDZ™



P

Personal Care

Smart shoppers expected low prices, more benefits

Personal care remained a consumer priority.

Even as they made fewer shopping trips and eliminated frivolous purchases, consumers bought personal care items, sometimes as affordable luxuries—lipsticks and moisturizers—but also because looking good in some ways became even more important during trying economic times.

Consumers tried to spend less, adopting smart shopping strategies, researching more online and sometimes switching to private label when the functional or emotional benefits didn't seem worth a brand's premium. Consumers also selected more do-it-yourself options that promised salon-quality results for at-home prices.

At the same time, consumers expected multiple benefits. In hair treatment, they selected products that not only beautified hair but also helped compensate for damage inflicted by straightening or other processes. Increasingly, functional

benefits related to health and wellness, a trend also evident in other categories.

The emotional benefit was as much about feeling good as about making the right impression. Some celebrity brand representatives communicated the more inclusive message. When British singer Cheryl Cole presented the glamour of L'Oréal, the tagline was "We're so worth it" rather than the brands usual, "Because I'm worth it." Actor Hugh Laurie conveyed a similar point of view for L'Oréal for men.

Category resists private label

Gillette selected the actor Adrien Brody, intense but not conventionally good looking, as one of its "Masters of Style" to make the brand seem more accessible to men in general and to help make shaving the gateway into skincare and other men's care products, a growing opportunity for brands like Gillette and Dove.

But the cost of replacement blades inspired at least one website to sell low-price blades by subscription. Especially when people feel financially stressed, basic personal care products, like soap or body wash, face a similar loyalty challenge. For certain other personal care products private label is less of a threat.

Women consider face care a high priority, for example, and usually remain loyal to a preferred brand, such as Olay. In feminine hygiene, women might switch national brands but are less likely to select a private label. For other products, like body care, financially pressed consumers are more likely to do without the product than switch to private label.



The emotional benefit was as much about feeling good as about making the right impression. Some celebrity brand representatives communicated the more inclusive message.

Trust and social media

The importance of trust in the personal care category is one reason that North American and European brands dominate the personal care category. The Brazilian brand Natura is an important exception. The brand's claims about health and sustainability gain credibility from its association with Brazil as a nation known for its vast rain forests and natural resources. Trust is especially evident in the global success of Colgate and Crest. Colgate ranks in the Top 10 in TrustR, the BrandZ™ global ranking of brands that inspire consumers to trust and recommend them.

Peer reviews are important for building trust in personal care. While expert testimony remains important, many personal care brands engage consumers in conversation in social media. Social media is especially useful for the global brands because YouTube and other sites reach global audiences.

In marketing Nivea to various demographic segments, the brand reached young people with a social media campaign around the singer Rihanna. Axe, the brand known for expertly using social media to pitch men's grooming products, introduced a new scent, called Anarchy, with a version for men and another for women.

Brands faced ups and downs in BRICs

Developing markets remained critical to the growth of personal care brands. Estée Lauder experienced strong growth in China. Recognized as a leading prestige brand, Estée Lauder is developing facilities to make China what it describes

Movers and shakers



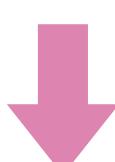
		Brand Value \$M	Brand Contribution	Brand Momentum	Brand Value Change
1	Gillette	19,055	5	7	-4%
2	Colgate	14,948	4	7	5%
3	L'Oréal	13,773	4	5	-12%
4	Dove	4,696	3	6	23%
5	NIVEA	4,642	3	4	-9%
6	Garnier	4,441	3	4	-5%
7	Lancôme	4,154	4	4	-10%
8	Clinique	3,418	4	7	43%
9	Crest	3,379	5	7	20%
10	Olay	3,377	4	5	20%
11	Natura	3,307	5	7	-28%
12	Estée Lauder	3,009	4	6	16%
13	Avon	2,730	4	4	-53%
14	Oral-B	2,501	3	6	-11%
15	Shiseido	2,052	4	6	-15%

Source: MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

Brand Contribution measures the role brand plays in driving earnings on a scale of 1 to 5 (highest).

Brand Momentum measures the prospects for future earnings on a scale of 1 to 10 (10 highest).



Personal Care
Down 5%

as a second home market. The brand also is strong in Russia and Brazil where Clinique, an Estée Lauder brand, also increased its popularity.

Other brands encountered problems in the BRICs, however. Natura expanded its direct sales team in Brazil by more than 14 percent to over 1.1 million agents. Sales improved both in Brazil and worldwide. But Natura's stock price declined by 20.4 percent, roughly following the arc of the Bovespa Index.

Avon's results improved in the fourth quarter after its stock plunged on poor

third-quarter results. Ultimately, revenue gained only 1 percent in 2011, for both internal reasons and difficulties in important markets, including the US, Russia and the company's largest market, Brazil, where Avon experienced supply problems.

Avon maintains direct sales representatives in 65 countries and territories and is present in 42 other locations. The company derives 60 percent of its sales from fast growing markets. Also hurt by a bribery scandal in China, Avon is in the midst of a leadership transition. ^Z



Insight: Personal Care

**Brands spoke
genuinely**

"I would say we've seen a real shift in the way brands are communicating with their target audiences now. It's much more about transparency and having a genuine conversation and we're seeing that through some fantastic digital work that's coming from our brands."

**Sarah Trombetta,
Director, Beauty and Wellbeing
Asia, Hill + Knowlton**

HILL+KNOWLTON
STRATEGIES

Brand Toys: Clinique

Look at me



Clinique is a "Seductress." The brand is seen as "sexy," "assertive" and "desirable," by those who should know, the consumers who shop the category, as measured by BrandZ™ research. The lipstick kiss on the Brand Toy indicates desirability. This brand justifies its price premium by being meaningfully different. Its allergy free products, emphasized by the sales assistants' pure white hygienic laboratory coats, personify the cleanliness and care that the brand offers. The charisma is evident in the large eyes of the Brand Toy. Strongly recommended, the biggest growth brand of the sector stands rooted in large trustworthy feet.

SPOTLIGHT

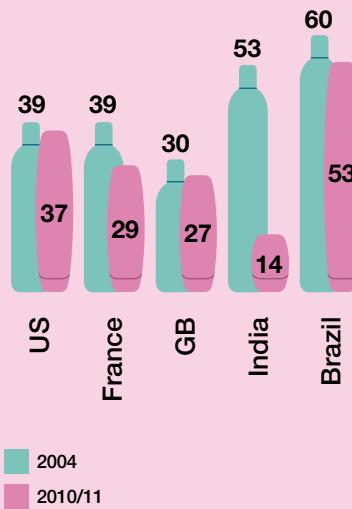
TIME-STRESSED PEOPLE PRACTICE PERSONAL CARE

Regardless of how time-stressed people felt because of their busy lives, personal care remained important, even during the recession.

The barrier to finding time for personal care decreased most in India.

This change was accompanied by a sharp increase in the number Indians who said that they spend a lot of money on toiletries and cosmetics for personal use.

**Because of my busy lifestyle,
I don't take care of myself
as well as I should
2004 vs 2010/11**
% who agree



Source: Global TGI

TGI[®]





Retail

Global economy and e-commerce reshaped retail

Retailers struggled with two powerful forces—the economy and rapidly changing e-commerce.

Demand in fast growing markets helped drives sales for many global retail brands. But Eurozone uncertainty negatively impacted business. And results in the US were mixed, reflecting the bifurcation of the economy into some regions and industries that experienced recovery and others that did not.

Improving sales in the US, and strong results in China, helped move Walmart back to Number 1, ahead of Amazon, as the most valuable retail brand in the BrandZ™ Top 100 Most Valuable Global Brands. Walmart has operated in China for 15 years and is accelerating its move into the country's smaller interior cities, according to Kantar Worldpanel.

The first brands from a fast growing economy, Falabella and Sodimac of Chile, entered the BrandZ™ ranking of retail brands. One of the largest retailers

in South America, Falabella operates department stores and specialty stores, including the home improvement chain Sodimac.

Walmart ended a long period of declining US same-store sales comparisons, suggesting that the brand reconnected with its core customers. Reversing a failed strategy to improve efficiencies and draw higher-income shoppers, Walmart added back around 10,000 stock keeping units, strengthening core categories, both in food and general merchandise.

Walmart's entrance into South Africa, with the purchase of Massmart, a multi-brand wholesaler and retailer, pointed to sub-Saharan Africa as a potential frontier of retail growth. Meanwhile, India affirmed regulations that continued to slow the expansion of multi-brand retailers such as Walmart and Tesco, restricting them to operate in India as wholesalers rather than retailers.

Price and quality won

With a brand value increase of 31 percent, Home Depot enjoyed the greatest improvement in the retail category, restoring value lost during the housing slowdown. Improvements in service and logistics that Home Depot made during the recession prepared the brand to benefit from the housing market recovery.

Like Home Depot, other brands that appreciated in brand value also combined price and quality into propositions that appealed to consumers battered by the economy. These brands included the discount grocers Aldi and Lidl and the warehouse clubs Costco and Sam's Club. IKEA also gained from the improving housing market and from sales in fast growing economies, especially China.

Hypermarkets, such as Tesco and Auchan, benefited from sales in China, but faced a challenge in developed markets because their large stores and expansive product ranges did not convey the price and convenience consumers sought. Carrefour, in particular, struggled. These brands focused attention on opening smaller neighborhood locations.

Insight: Retail

Retailers must engage shoppers



"I think that a lot of retailers are facing up to the fact that the world is omni-channel or multi-channel. The point is that retailers have to realize that they need to engage with shoppers whenever and wherever those shoppers are thinking about purchasing."

**Bryan Roberts,
Retail Insights Director,
Kantar Retail, London**

KANTAR RETAIL

Omni-channel became the new buzzword

And, like most retailers, the hypermarkets also worked to become omni-channel. Omni-channel describes multi-channel retailers present in both the virtual and real worlds with the added ability to reach customers as they move across channels, even simultaneously shopping in the aisle of a physical store while checking the competition on a mobile device.

The growth of omni-channel retailing reflected the disappearance of the linear path to purchase and the emergence of a more complicated constellation of physical and virtual shopping locations. Retail entered a new phase, with attempts to seamlessly integrate physical stores with online e-commerce in all its mobile and computer variations.

In one of the more interesting omni-channel efforts last year, Tesco installed an interactive screen in the Seoul, Korea, subway. Branded Home Plus, Tesco's name in Korea, the installation presented photos of products with the QR code, enabling customers to purchase on the spot for home delivery. The approach reflected a "click and collect" trend among large food retailers, which enables

Movers and shakers



		Brand Value \$M	Brand Contribution	Brand Momentum	Brand Value Change
1	Walmart	34,436	2	5	-8%
2	Amazon	34,077	3	10	-9%
3	Tesco	18,007	4	9	-18%
4	The Home Depot	12,968	2	5	31%
5	eBay	12,662	3	8	18%
6	Target	10,506	3	4	-16%
7	ALDI	9,310	2	6	1%
8	IKEA	9,206	3	9	26%
9	Carrefour	7,836	3	5	-43%
10	Auchan	6,799	3	9	-13%
11	Lowe's	6,022	2	3	-8%
12	Falabella	5,263	5	9	N/A
13	Costco	5,092	2	6	12%
14	Lidl	4,605	1	5	9%
15	M&S	4,327	3	6	-18%
16	Asda	3,881	3	5	-2%
17	Kohl's	3,380	3	4	-16%
18	Sodimac	3,318	5	8	N/A
19	Best Buy	3,271	3	5	-36%
20	Sam's Club	3,193	2	3	9%

Source: MillwardBrown
Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

Brand Contribution measures the role brand plays in driving earnings on a scale of 1 to 5 (highest).

Brand Momentum measures the prospects for future earnings on a scale of 1 to 10 (10 highest).

Retail
Down 5%

customers to buy online and pick up the order at their local store.

Retailers reimagined the store

The benefits of convenience, selection and price continued to drive the growth of e-commerce, as consumers increasingly used Amazon as a search engine to begin their shopping trips. Retailers reimagined the role of physical stores as places to evoke brand experience with a combination of assortment, service, display and design that inspire brand loyalty and purchasing—whether in-store or on a computer or mobile device.

Insight: Retail

Shoppers hunt for the deal



"When it comes to shopping, the hunt for the deal is becoming more of priority for consumers, not just coupon clippers. Couponing is no longer seen as an embarrassment and shopping itself has become a game. Consumers have multiple opportunities to receive coupons and earn rewards through apps like Shopkick and Foursquare."

**Ann McGrath,
Director, Shopper 2 Buyer,
Kinetic Worldwide, New York**



Brands heavily invested in bricks and mortar locations reexamined their strategies. Big box leaders, such the electronics retailer Best Buy, struggled to find a new and distinctive place in the market. At the same time, Amazon attempted to compensate for its lack of physical stores by experimenting with delivery pick-up locations at select 7-Eleven outlets.

Apple emerged as a retailer especially able to project consistent brand experience both on its website and in its physical stores (Please see technology category story on page 87). It ended its 2011 fiscal year with 357 stores averaging \$43.3 million in annual revenue. **Z**

Brand Toys: Home Depot

You can come home with me



The Home Depot seems to be a Brand Toy that is about to hug you. The data say it is a "Friend" who is eminently "trustworthy" and "straightforward." The ribbon on the Brand Toy indicates trustworthiness. The tie denotes being straightforward. These qualities make Home Depot a hugely trusted brand that delivers very good value. Its slogan "More saving. More doing." neatly encapsulates this bond with consumers, which dates back to the founding vision of the brand that emphasized serving customers needing help with challenging home improvement projects. The improved housing market and economic climate in key markets, combined with excellent management, helped the Home Depot achieve the greatest year-on-year brand valuation increase in the retail sector.

SPOTLIGHT

PRICES DECLINE, BUT SO DOES FUN

Retailers had it tough over the last few years and fought the serious waves of recession bravely.

As a result, for the category as a whole across the world, consumers believe that their needs are being met and generally at a better price.

But a lot of the fun disappeared as consumers worked to find discounts during the recession and retailers battled for consumer share of wallet.

Change 2007 to 2012



Source: BrandZ™ data

BRANDZ™



Soft Drinks



Health and energy drinks fizzed, but cola remained flat

Coke talked about happiness. Pepsi emphasized refreshment. Both cola leaders described their drinks as sparkling rather than carbonated, a word the public associated with obesity and unhealthiness.

These consumer concerns continued to moderate carbonated soft drink sales, which declined 1 percent in the US, according to Beverage Digest. Diet Coke remained number two in market share, ahead of Pepsi and behind Coke, a position it achieved in 2010. Mountain Dew, a Pepsi brand, was fourth in US

market share. Red Bull and other major US energy drink companies gained in volume and share, as did Gatorade.

Although immediate economic concerns may have somewhat diminished health as a consumer priority, the issue didn't disappear and remained a long-term strategic challenge for soft drink marketers as more consumers expect beverages that are healthy without any compromise of flavor. Cola's weakened popularity, even among teens and other core customers, also could be attributed in part to the widening choice of non-carbonated alternatives including juices, performance drinks, tea and water with fruit flavors.

The issues of health and obesity, especially significant in the US and UK, received increased attention in Continental Europe (Please see Spotlight on page 86). Late in 2011, Denmark and France imposed taxes on fatty foods. The French legislation

targeted sugary drinks but exempted zero-calorie beverages, which will create a price differential. The cola leaders both reacted to these concerns and continued to aggressively market their brands.

Coke celebrated 125 years

Coke celebrated its 125th anniversary with a global campaign organized around a heritage dating to 1886. It also produced special events that included transforming its Atlanta headquarters skyscraper into a dramatically illuminated digital outdoor billboard and streaming a free concert from Atlanta, featuring stars of the TV show American Idol, which Coke sponsors.

The brand expanded its "Open Happiness" campaign, noted for viral videos in which a Coke machine dispenses Coke as well as fun surprises, such as flowers and balloons. Last year, Coke converted large red trucks into vending machines and sent them into neighborhoods worldwide to "deliver happiness." The trucks became mobile outdoor ads serving free Coke and drawing appreciative crowds. Coke also planned its advertising and social media presence for the London Olympics and

Movers and shakers



Soft Drinks
Up 1%



		Brand Value \$M	Brand Contribution	Brand Momentum	Brand Value Change
1	Coca-Cola	60,286	5	7	1%
2	Diet Coke*	14,000	4	5	1%
3	Pepsi	10,313	4	5	-1%
4	Red Bull	9,984	3	6	8%
5	Fanta	3,998	2	5	-8%
6	Sprite	3,793	2	5	7%
7	Gatorade	3,456	4	4	19%
8	Mountain Dew	2,577	4	5	4%
9	Diet Pepsi	2,285	3	4	-9%
10	Dr Pepper	2,138	4	5	-3%

Source: MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

Brand Contribution measures the role brand plays in driving earnings on a scale of 1 to 5 (highest).

Brand Momentum measures the prospects for future earnings on a scale of 1 to 10 (10 highest).

* Includes Diet Coke, Coca-Cola Light and Coca-Cola Zero.

the European Football Championship during the summer of 2012.

Pepsi recalibrated marketing

Pepsi recalibrated its marketing. Having ceded the second place market share position to Diet Coke a year earlier, Pepsi increased investment in the Pepsi brand, raising its 2011 total ad spending to \$197.8 million, up 33 percent from \$149.1 million in 2010, according to Kantar Media. The brand dramatically increased its presence on network TV for Pepsi and Diet Pepsi, spending a total of \$56 million in 2011, compared with \$10.2 million a year earlier, all dedicated to Pepsi.

Pepsi did not abandon its long-term strategy to provide healthier drink and food options, but it balanced that mission against the immediate imperative of

driving sales and share. It continued the Pepsi Refresh Project in which the brand makes financial grants to charities selected by online voting. At the same time, Pepsi also reemphasized its connection to music, using the line, "Where There's Pepsi, There's Music," and featuring performers like Elton John and Melanie Amaro, a winner on "X Factor," a Pepsi-sponsored program.

Health concerns continued

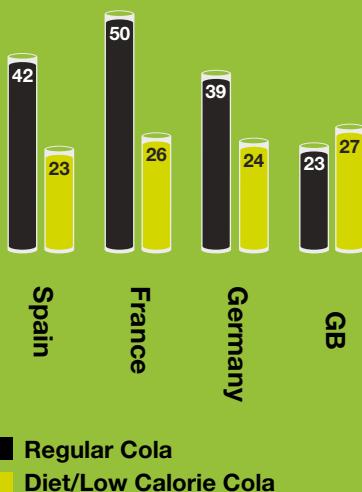
In the search for healthier alternatives, both Coke and Pepsi attempted to develop other beverages including coconut water, which is gaining popularity in North America. Among Pepsi's alternative drink brands are SoBe (teas and fruit juices) and Izze (sparkling juice). Coke's portfolio includes Honest Tea and Vitamin Water.

Pepsi promoted the low-calorie Pepsi Max brand, its competitor to Coke Zero, with a campaign of humorous ads and \$66.5 million in media spending, according to Kantar Media. The Snapple Group introduced Dr Pepper Ten, a low-calorie drink aimed at young men. In a social media campaign called FanDewmonium, Mountain Dew asked consumers to select a new diet flavor by voting for one of two candidates.

Both Coke and Pepsi proved relatively resistant to store brands, even in difficult economic times, because of their distinctive tastes, deep consumer loyalty and affordability. Retailer promotions drove volume at the expense of margins. And private label remained a threat for the soft drink category overall with the improvement in store brand quality.

SPOTLIGHT**COLA POPULARITY
CHANGES WITH
HEALTH CONCERN**

Consumption of regular cola has declined across Europe, while diet and low calorie colas have increased in popularity. They now are more popular than regular colas in Great Britain, where consumption of both drinks has declined. The trend away from regular cola should continue because of the increased focus on health and nutrition.

**Consumption of regular and
diet colas in Western Europe**
% penetration

Source: Global TGI

**Experience mixed
worldwide**

Other carbonated drinks, such as Fanta and Sprite, competed across the world, but facing multiple national brands, their acceptance varied by country. Mountain Dew, which is strong in the US, and Dr Pepper, faced a similar situation. These brands tend to appeal to a younger audience.

Meanwhile, soft drink brands responded to changing shopping habits in the European grocery channel as consumers sought price and convenience. Like other brand manufacturers, Coke and Pepsi increasingly were listed by European discounters whose ranges until

recently focused almost exclusively on private label.

Even with a presence in the discount channel, cola sales are likely to stay flat in North America and Europe, compared with the developing markets. As Coke and Pepsi expand in all regions of the world, brand market share varies by country. Coke is strong in Brazil while Pepsi leads in India and the brands are close in China, according to TGI. Many Indian cola drinkers prefer Thums Up, a spicy tasting local brand with a macho image. Coke purchased Thums Up in the 1990s. Sprite also is popular in India because its lime flavor appeals to local tastes. **Z**

**Insight:
Soft Drinks**

**Performance
drinks grew**



"Energy drinks and sport drinks, especially, in Western Europe and the UK, in particular, are driving a lot of growth in the soft drinks category. We're seeing a lot of exciting new brands coming through, many of which are actually quite small or trendy or from the discounters. This is a real big challenge to the big manufacturers like Coca-Cola or Pepsi because they're going to have to come up with new ways to compete in that market. I think they will be able to do so, but they will have to invest shrewdly in new tactics, like guerilla marketing and digital, to really get it right."

**Thomas Walker,
Account Director, TNS RI
(Research International),
London**

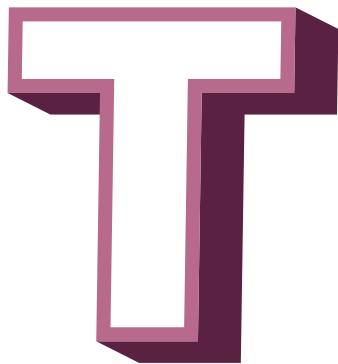
TNS

Brand Toys: Gatorade

A bit of a rebel



In an example of thinking globally but acting locally, Gatorade expanded its international presence by developing new flavors for local tastes. The brand has benefitted from a repositioning begun in 2010 that clarified the product range as a portfolio of pre-exercise, during exercise and post-exercise options. And building on the health trends of today, the brand succeeded with a low calorie drink. BrandZ™ data identify Gatorade as "adventurous" and "different," as symbolized by the Brand Toy's hat and glasses. The brand also is viewed as "brave." Collectively, these personality characteristics form the archetype "Rebel." Brand success has produced financial success. Strong brand value appreciation in the 2012 BrandZ™ ranking made Gatorade the Top Riser in the soft drinks category.



Technology

Consumer

More scale, more sales, more scrutiny

Suddenly, size mattered.

Brands once loved almost unconditionally as prodigy start-ups, faced the consumer scrutiny reserved for large institutions and corporations.

While they enjoyed their smart cars, smart appliances and smart phones, consumers worried that technology brands might be getting too smart and too big. Consumer concerns about intrusiveness and privacy conflicted with their desire for more connectivity, mobility and speed.

The death of visionary Apple founder Steve Jobs coincided with questions about the brand's long-term growth and the labor standards along its supply chain. Grumbling over the cost of Facebook advertising and the company's privacy practices preceded its IPO, scheduled for early in 2012.

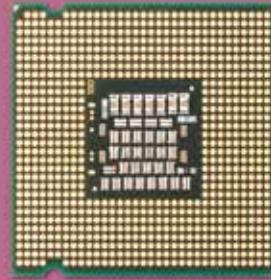
As the world's second most valuable retail brand, Amazon received the same complaints about size and dominance often aimed at Walmart, retail's brand value leader. And while consumers may have agreed with the Google motto, "don't be evil," they questioned how the company would use all the personal information it amasses.

Within this challenging context, and while struggling with regulatory issues, brands continued to innovate. They shifted much of their attention to cloud computing and to developing intuitive and voice interfaces. And they competed with each other as ecosystems attempting to offer the best devices, content and connectivity (Please see the Telecoms story on page 93). The brands mostly generated strong financial results.

Apple sales reached the clouds

With a 66 percent increase in net sales to \$108.2 billion during its 2011 fiscal year, Apple continued to innovate and upgrade, introducing iPad 2 in March and iPhone 4S with Siri voice activation in October, when it also launched iCloud. Apple also added an eighth generation Mac operating system called Lion. The company reached \$500 billion in market value and remained Number 1 in the 2012 BrandZ™ Top 100 Most Valuable Global Brands, with a brand value of \$183 billion.

Distribution of the iPhone expanded in the US when Verizon became a carrier in February 2011, ending AT&T's exclusivity. With 172 million iPads, iPhones and iPods sold during 2011,



Movers and shakers



Technology
Up 2%

		Brand Value \$M	Brand Contribution	Brand Momentum	Brand Value Change
1	Apple	182,951	4	10	19%
2	IBM	115,985	4	5	15%
3	Google	107,857	4	5	-3%
4	Microsoft	76,651	4	8	-2%
5	Facebook	33,233	3	10	74%
6	SAP	25,715	3	5	-1%
7	Baidu	24,326	5	10	8%
8	HP	22,898	3	3	-35%
9	Oracle	22,529	2	5	-16%
10	Tencent/QQ	17,992	4	8	19%
11	Accenture	16,118	3	5	4%
12	Intel	15,633	2	5	12%
13	Samsung	14,164	3	9	16%
14	Cisco	13,317	2	7	-18%
15	Siemens	10,676	2	3	-11%
16	Sony	8,542	4	4	-10%
17	Canon	6,780	2	4	-11%
18	Dell	6,550	3	3	N/A
19	Infosys	6,297	2	6	-23%
20	BlackBerry	6,060	3	3	-75%

Source: MillwardBrown
Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

Brand Contribution measures the role brand plays in driving earnings on a scale of 1 to 5 (highest).

Brand Momentum measures the prospects for future earnings on a scale of 1 to 10 (10 highest).





Brands shifted much of their attention to cloud computing and to developing intuitive and voice interfaces, and competed with each other as ecosystems attempting to offer the best devices, content and connectivity.

Apple continued to lead in what it calls post-PC devices. The company offered over 585,000 apps in its App Store. And it operated around 360 physical stores worldwide.

Google revenue increased 20 percent to \$37.9 billion in 2011, primarily from advertising. Still primarily a search engine, the brand introduced Google+ in June, an attempt to compete with social networks like Facebook by organizing participants into groups with shared interests. Almost 90 million people joined by year's end. The brand closed Google Buzz, however, its attempt to compete with Twitter.

With Google's acquisition of Motorola Mobility, the phone maker is expected to develop mobile devices operating on the Android open platform that Google developed. The combination of device and platform potentially makes Google a rival ecosystem to Apple and other technology leaders. Although Android enjoyed greater global market share than Apple last year, according to Kantar Worldpanel, Apple share was expanding faster, driven by iPhone popularity, particularly in the US.

Facebook prepared for IPO

Microsoft ended 2011 with sales of almost \$70 billion, a record for the company and a 12 percent year-on-year increase. While the company continued to benefit from its legacy PC-focused products, Windows and Office, it was poorly positioned for the consumer shift away from PCs to mobile devices. Windows 8, scheduled for release in 2012, is designed to sustain Microsoft's PC dominance while better accommodating mobile devices with a more cloud-based approach.

Microsoft's Xbox 360 was the best-selling home video game console in the US last year. In a joint venture with Nokia the company developed devices to run on the Windows platform. Microsoft acquired Skype in October.

Founded in 2004, Facebook had 845 million users at the end of 2011. Its revenue for the year was up 33 percent to \$3.7 billion, predominately gained from advertising. With a brand value appreciation of 74 percent to \$33 billion, Facebook was the fastest riser in the 2012 BrandZ™ Most Valuable Global Brands. Facebook prepared for an IPO that was expected to drive its market valuation close to \$100 billion, some speculated. The company, which essentially is about sharing personal information, faced rising concerns about privacy.

Global economy challenged brands

Samsung, the enormous Korean conglomerate, increased sales 7 percent, although net income declined 15 percent, in part because of intense competition and global economic factors. The company's broad range of products—including TVs, mobile devices, cameras, computers and printers and home appliances—positioned Samsung as a potential leader in smart house connectivity. The success of its Galaxy series handset drove a 40 percent year-on-year revenue increase in Samsung's telecommunications division.

Sony was impacted by the flooding and nuclear crisis in Japan and by the flooding in Thailand, as well as by global economic and competitive issues. Following a series of problems, including poor consumer reception for its PlayBook tablet, and a serious system failure in October, profits for BlackBerry



Insight: Technology

Relevant brands most successful

"The temptation for brands has been to try and do too much too quickly with too little success. But the brands that have succeeded have been more relevant, different and engaging than their competitors and they have succeeded in that launch after launch throughout the year."

**Kevin Sugrue, Director,
Millward Brown, London**

 MillwardBrown

maker RIM plummeted to \$1.16 billion from \$3.4 billion a year earlier and the company planned to reorganize.

In China, an important market for global technology brands, local brands also thrived. Tencent, China's largest Internet portal, continued its rapid rise, claiming more than 700 million users for its popular instant messaging service called QQ. Using variations of the QQ brand name, the company also offered news and entertainment, search, gaming and ecommerce.

China's largest search engine, Baidu, prepared to venture beyond China and set up an office in Brazil. The company has a small presence in Japan. Google's exit from China, in 2010, benefited Baidu, and the company's shares appreciated by about 50 percent last year. Chinese consumers appreciated Baidu's familiarity with the subtleties of Chinese language and culture. In the 2012 BrandZ™ ranking, Baidu received one of the highest scores for Brand Contribution, a measurement of brand strength exclusive of financials or any other factors. **Z**

Business

Economy affected B2B as brands shifted strategies

Global economic realities and rapid industry changes impacted many B2B brands last year.

B2B customers increasingly viewed IT spending as an investment in growth rather than an infrastructure expense. The shift mirrored a change in traditional corporate structure, with the CIO responsible for strategic transformation, not simply implementation.

Spending on IT brought new challenges as B2B brands attempted to narrow the gap between the relatively complex technology people encounter at work and simplicity they enjoy on their personal devices. As improving data integration became an important priority, an approach called in-memory computing potentially made access to corporate data stored in multiple silos as fast and easy as a Google search.

Brands introduced in-memory computing

Impressed with benefits of faster and better decision-making promised by in-memory computing, brand leaders offered their versions. The SAP product, called HANA, is a hardware and software

combination produced in collaboration with HP. Oracle introduced the Exalytics In-Memory Machine.

In-memory business applications can have great impact, particularly in high volume, lower margin businesses where profit depends on close cost control. The technology makes the data potentially transparent both to employees within the organization and to external audiences including customers.

A large retailer with thousands of stores and a presence on its website and in social media potentially could share with its customers immediate and accurate in-stock information about every sku in every store and distribution center. A health care provider could coordinate patient records so that all doctors and medical facilities had access to the same information.

IBM remained relevant at 100

The B2B technology brands generally looked at their businesses more strategically. They offered suites of products and services, and pursued the healthy margins in the services consulting part of the business.

Celebrating its centennial year in 2011, IBM became the second most valuable brand in the world across all

categories, in the BrandZ™ ranking. The accomplishment, especially significant for a B2B brand, highlighted the organization's ability to remain relevant, even as technology continued to shift from mainframes, a world IBM created, to the cloud.

IBM last year experienced a seamless CEO transition and continued its "Smarter Planet" strategy, demonstrating the power of artificial intelligence with Watson, the robot that effectively competed against human contestants answering questions on the US game show Jeopardy.

The technology illustrated that artificial intelligence now involves not only the ability to access a database of knowledge, but also to make judgments based on the knowledge and to communicate those judgments. Watson is named for the father and son CEOs, both named Thomas Watson, who led IBM for almost 60 years.

Results varied

Intel enjoyed strong results, with net income up 13 percent to \$12.9 billion on revenue of \$54 billion, an increase of 24 percent. Emerging markets drove growth of its core microchip business, with tremendous opportunity in China because of potential PC growth. Highlighting the importance



IBM last year experienced a seamless CEO transition and continued its "Smarter Planet" strategy, demonstrating the power of artificial intelligence with Watson, the robot that effectively competed against human contestants answering questions on the US game show Jeopardy.

of data security in a world increasingly dependent on electronic data and data transmission, the company acquired McAfee, the technology security specialist.

Cisco completed a restructuring, cutting jobs and eliminating some products, such as its Flip video cameras, in order to focus on its core Internet switching and routing business in anticipation of increasing Internet traffic, especially video, and the emergence of potential competition. The brand marketed Cisco TelePresence, a technology that streams video images to create online meetings.

HP went through a period of uncertainty and business reassessment, retaining a new CEO late in the year. After reversing a decision to eliminate its PC division, the company ultimately defined itself as an IT leader devoted to infrastructure, software and services. Early in 2012 the company announced plans to simplify its operation and focus on its B2B business. For 2011, however, revenue increased by only 1 percent, while net earnings declined significantly and the share price fell 38 percent.

Celebrating its 30th year, Infosys, the India-based global technology services company, with sales offices in 29 countries, experienced a management shift with the retirement of co-founder N.R. Narayana Murthy, who became chairman emeritus. Dell continued to shift its business beyond devices to IT services. Revenue grew 1 percent to \$62.2 billion for the fiscal year. Results were stronger outside Dell's US home market, with revenue from BRIC countries up 15 percent. **Z**

Brand Toys: Google, Microsoft, Apple, Facebook and IBM

Distinctive in purpose



Today's technology jungle is alive with the sounds of competing brands. And in true "survival of the fittest" style, they tend to be quite different one from another. As the Brand Toys show, the top five most valuable technology brands are all distinctive. The more consumer facing Apple, Google and Facebook are highly creative, as suggested by the paintbrush held in their hands. In contrast, the B2B IBM wears a necktie, indicating straightforwardness, and carries a compass, the symbol of "in control." Microsoft, which straddles the consumer and B2B spaces, also carries the "in control" compass, but has a body type that suggests great familiarity. Both the Microsoft and IBM Brand Toys wear the pink ribbon of trustworthiness.

All these brands attempt to be something bigger than just a series of products. Apple is rated the most "adventurous" and exhorts us to "Think Different." The hat and glasses represent these characteristics. Google wears the pink trustworthy badge, reflecting its famous injunction, "Don't do evil." Facebook, known for connecting people, is embued with playfulness and is one of the friendliest brands. The happy face pin on the Brand Toy projects friendliness, and the eyes suggest fun. Microsoft tries to "Be What's Next" and is seen to be very much in control. IBM, rated idealistic and also in control, stands for a brand that is creating a "Smarter Planet."

SPOTLIGHT

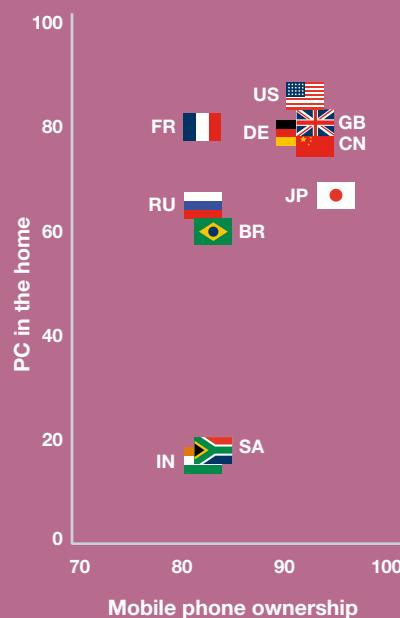
HOME PCS REVEAL TECHNOLOGY DIVIDE

Mobile phone penetration is extremely high in both developed and fast growing markets.

In-home PC penetration, generally an indicator of overall technical sophistication and Internet access, is greater in developed economies, however.

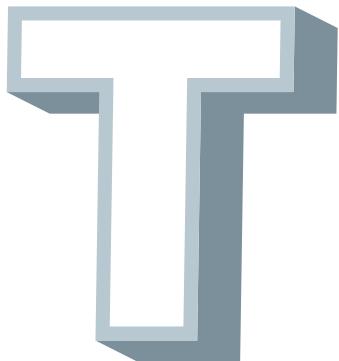
While more than 80 percent of Indians have a mobile phone, for example, less than 20 percent of Indian homes have a PC. In contrast, both mobile and PC penetration in the US are around 90 percent.

PC in the home vs Mobile phone ownership % of population



Source: Global TGI





Telecom Providers

Dumb pipes joined smart ecosystems

Content providers and device manufacturers converged.

In this stage of a long metamorphosis, telecoms, the so-called “dumb pipes” struggling against commoditization, emerged as the indispensable delivery component in emerging ecosystems.

Apple catalyzed the formation of ecosystems when it introduced the iPad in 2010. The mobile device liberated rich content from the home. And telecoms delivered it wirelessly. Last year, two transactions advanced the formation of ecosystems.

Google purchased Motorola Mobility and Microsoft formed a partnership with Nokia. With Motorola, Google can develop smart devices using its Android platform. Nokia will manufacture smartphones running Microsoft’s Windows.

Along with Apple, Google and Microsoft, Amazon also represents an ecosystem (Please see Retail story on page 80). The brand offers content, such as movies and other entertainment, as well as shopping on its Kindle device, which could provide an edge in m-commerce.

Not all telecom growth involved ecosystems. Mobile phone ownership continued to soar in fast growing economies. Ownership in India, for example grew 26 percent just in the three-year period between 2008 and 2011, according to TGI (Please see Spotlight on page 95).

The mobile devices in these markets usually are affordable function phones that enable countries to leapfrog inadequate landline infrastructure and rapidly achieve high telecommunications penetration, over 80 percent in Brazil, India, Russia and South Africa and over 90 percent in China, according to TGI.

This year, MTN, a South African telecom, became the first brand from Africa to appear in the BrandZ™ ranking of the most valuable global brands. MTN operates in 21 countries across Africa and the Middle East. The telecom Airtel became the second Indian brand to appear in the ranking.

Leaders formed partnerships

The rapid growth of mobile, combined with vast subscriber audiences, over 100 million each in the case of Verizon and AT&T, made the telecoms attractive partners. But the telecoms faced the challenge of finding sufficient capacity and forming the most productive partnerships.

Verizon entered a joint venture with Time Warner Cable, an adversary with which it now will cross-sell products. The arrangement was part of a deal in which Time Warner along with Comcast and Bright House Networks, two other cable companies, agreed to sell wireless spectrum to Verizon.

Verizon further expanded its content offering and delivery options, early in 2012, when it entered a joint venture with Redbox, which operates DVD kiosks at retail locations in the US and

maintains relationships with major film studios. Verizon is 45 percent owned by Vodafone, which finally saw a long-term investment pay off with the income boost Verizon enjoyed when it became an iPhone carrier in 2010.

AT&T also spent much of 2011 attempting to increase its wireless spectrum, by planning a merger with T-Mobile, the Deutsche Telekom brand. The strategy ultimately failed when the US Federal Communication Commission rejected the deal, leaving AT&T to explore options for “data throttling,” rationing system access based on customer value.

Competing and collaborating

In a sense, the telecoms shifted toward ecosystems several years ago when they bundled services into “triple plays” of phone, online and cable. Telecoms became brands that customers experienced every time they accessed content, rather than only once a month when they received an incomprehensible bill.

Continuing to evolve as brands requires functioning effectively within ecosystems comprised of diverse cultures and areas of expertise, including engineering, content creation and design. The challenge is compounded for brands like Vodafone, which operates across many country markets. Vodafone and Verizon last year extended their relationship to find efficiencies and to work more closely together on standardizing technology and serving global business clients.

As exemplified by the Verizon arrangement with Time Warner, business effectiveness also requires sometimes competing and collaborating simultaneously. Orange and T-Mobile collaborated in the UK, creating a new brand called Everything Everywhere. It uses the combined offering of Orange and T-Mobile to customize programs that best serve individual customers. This

Telecoms became brands that customers experienced every time they accessed content, rather than only once a month when they received an incomprehensible bill.

Movers and shakers



		Brand Value \$M	Brand Contribution	Brand Momentum	Brand Value Change
1	AT&T	68,870	3	5	-1%
2	Verizon	49,151	3	7	15%
3	China Mobile	47,041	4	9	-18%
4	Vodafone	43,033	3	6	-1%
5	Deutsche Telekom	26,837	3	2	-10%
6	Movistar	17,113	2	4	-37%
7	NTT DoCoMo	15,981	3	6	3%
8	Orange	15,351	2	3	-13%
9	Airtel	11,531	3	8	N/A
10	Telecom Italia	9,572	3	8	-18%

Source: MillwardBrown Optimor

(including data from BrandZ™, Kantar Worldpanel, and Bloomberg)

Brand Contribution measures the role brand plays in driving earnings on a scale of 1 to 5 (highest).

Brand Momentum measures the prospects for future earnings on a scale of 1 to 10 (10 highest).

simplified, personal approach can be compelling in a category often criticized for its complexity and opaqueness.

A sharp rise in capital expenditure, required to expand capacity and meet data demand, will drive collaboration in the construction of 4G infrastructure. While a shared network spreads cost and risk, it also reduces the possibilities for brand differentiation based on network quality, which is significant as the telecoms promote the speed of 4G and 4G LTE (Long Term Evolution).

Struggling to differentiate

And while telecoms collaborate with device manufacturers within ecosystems, they continue to struggle for relative brand prominence. The device generally wins, because consumers decide on their phone or tablet brand before selecting a carrier.

In the UK, Vodafone last year ended its Vodafone 360 service, an attempt add value by offering apps, like search and mapping, along with music and a function that linked a user's address book and social network sites. Along with its Verizon investment in the US, Vodafone maintains more than 40 partnerships in over 30 countries worldwide.

O2, the UK brand of Spain's Telefónica, created special offers connected with events at the O2 Arena, the entertainment complex it sponsors. In anticipation of the London Olympics and the Queen's Diamond Jubilee, O2 planned the creation of free WiFi zones in areas of London expected to attract many international tourists.

In a separate development, the telecoms explored Near Field Communications



**Telecoms
Down 7%**

(NFC), which enable a mobile phone to be used as a wallet for completing financial transactions, such as payment at a retail checkout or texting money transfers. This cashless society already is a reality in parts of Africa as a brand named M-Pesa. The prospect of more activity on mobile devices potentially benefits telecoms, although NFC initiatives have been limited so far.

Competition grew in fast growing economies

Movistar, the Telefónica brand in Spain and Latin America, felt the impact of Spain's economic problems and a slowdown in Latin America and other developing markets. Orange, which also felt the impact of Europe's financial uncertainty, continued to focus on Africa. Of the 32 countries where the brand is present, 17 are in Africa. South Africa's

MTN offered its low-priced phones and calling plans throughout Africa and the Middle East.

The Indian brand Airtel also maintained a strong African presence. In India, Airtel emphasized the strength of its network. Price is especially important in India, since an aggressive promotion by Docomo, the Tata-owned brand. Vodafone in India cultivated a customer care image. Idea focused on value added-services.

Russia is experiencing a step-change in mobile communications with the introduction of bundled service offerings as the three leading brands—MTS, MegaFon and Beeline—struggle to differentiate and grow market share. These brands are squeezed between the state-owned Rostelecom and two newer, privately owned telecoms, Tele2 and Yota. 

Insight: Telecoms Ecosystems emerge



The biggest emerging trend in the telecommunications space was the development of independent ecosystems, Apple being a primary part of that, Amazon as well and Google. These ecosystems bring together devices, content and distribution all in one offering to a customer. Formally, there had been ecosystems without much connectivity across these three areas. But this year was the first time that we were really seeing that and there will probably be more ecosystems in the future."

**David Keefe,
Senior Client Director,
Landor, New York**

Landor

Brand Toys: MTN & Airtel

Dominating the airwaves



With the development of mobile communications across vast continents with minimum infrastructure, MTN, the first brand from Africa, and a second brand from India, Airtel, join the BrandZ™ Top 100. Although many thousands of miles apart, the brands share some key characteristics. Both are highly trusted and get strong user recommendation. As brand archetypes, Airtel is a "Friend" and MTN a "Mother." MTN is more "kind" and "creative." The paintbrush in the Brand Toy's hand symbolizes creativity. Airtel is particularly "friendly" and "caring," as suggested by the nurse's cap. Both brands are highly trusted, as the pink ribbons illustrate. The strong legs also indicate trustworthiness. Both brands gain strong user recommendation and deliver great value from the consumer perspective.

SPOTLIGHT

MOBILE CONTINUES RAPID GROWTH

Mobile penetration continues to increase in fast growing markets. Between 2008 and 2011 mobile expanded by 26 percent in India and 18 percent in Brazil.

Cellular networks enabled some countries, such as India, to leapfrog past the need for landline infrastructure.

The majority of devices in fast growing economies are functional phones, but smart devices are expected to catch on as they become more available and household incomes continue to improve.

Mobile growth 2008 vs 2011
% growth



TGI

*Not the same fieldwork over the years
Source: Global TGI

Resources

● BRANDZ™	Top 100 Most Valuable Global Brands	1998
● BRANDZ™	Top 100 Most Valuable Global Brands	1999
● BRANDZ™	Top 100 Most Valuable Global Brands	2000
● BRANDZ™	Top 100 Most Valuable Global Brands	2001
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● BRANDZ™	Top 100 Most Valuable Global Brands	2009
● BRANDZ™	Top 100 Most Valuable Global Brands	2010
● BRANDZ™	Top 100 Most Valuable Global Brands	2011



Methodology

Brand valuation is a metric that enables brand owners, the investment community and others to evaluate and compare brands.

Brand valuation enables faster and better-informed decision-making because it helps identify where value is derived.

BrandZ™ is the only valuation that peels away all of the financial and other component factors of brand value and gets to the core—how much brand alone contributes.

We start with the corporation. In some cases, a corporation only owns one brand. Therefore, all corporate earnings come from the brand (Example: Red Bull). In other cases, a corporation owns many brands. Therefore, we need to apportion the earnings of the corporation across a wide portfolio of brands (Example: The Coca-Cola Company where we need to allocate earnings to Coca-Cola, Fanta, Sprite and other brands).

Step 1: Calculating Branded Earnings

To make sure we apply the relevant portion of Corporate Earnings to the brand we first obtain financial information from annual reports and other sources, such as Kantar Worldpanel.

Then, by multiplying Corporate Earnings by a metric called the Attribution Rate we arrive at Branded Earnings. Branded Earnings refers to the amount of earnings attributed to a particular brand. If the Attribution Rate of a brand is 50 percent, for example, then half the Corporate Earnings are identified as coming from that brand.

Step 2: Calculating Financial Value

What happened in the past or even what's happening today is less important

than the prospects for future earnings. Predicting future earnings requires adding another component to our BrandZ™ formula. This component assesses future earnings prospects as a multiple of current earnings. We call this component the Brand Multiple.

It's similar to the calculation used by financial analysts to determine the market value of stocks (Example: 6 X earnings or 12 X earnings). Information supplied by Bloomberg data helps us calculate a Brand Multiple. We take the Branded Earnings and multiply that number by the Brand Multiple to arrive at the future earnings potential, which we call Financial Value.

Step 3: Determining Brand Contribution

We now have the value of the branded business, for example the value of Coke or Fanta or Sprite—as a component of the Coca-Cola Corporation. But this value is still not quite the core that we are after. To arrive at Brand Value, we need to peel away a few more layers, such as the rational factors that influence the value of the branded business, for example price, convenience, availability and distribution.

Because a brand exists in the mind of the consumer, we have to assess the brand's uniqueness and its ability to stand out from the crowd, generate desire and cultivate loyalty. We call this unique role played by brand, Brand Contribution.

We have the only brand valuation methodology that obtains this customer viewpoint by conducting worldwide ongoing, in-depth quantitative research, online and face-to-face, building up a global picture of brand on a category-by-category and a country-by-country basis. Our research now covers over two million consumers and more than 50,000 brands in over 30 countries.

Step 4: Calculating Brand Value

Now we take the Financial Value and multiply it by Brand Contribution, which is expressed as a percentage of Financial Value. The result is Brand Value, a figure that's expressed in dollars. What's the significance of Brand Value?

Let's go back to the Coca-Cola Company example. We've isolated the equity of the Coke brand from the rest of the value of the corporation and its other brands. The Brand Contribution of Coke represents a significant source of additional shareholder value that otherwise wouldn't exist. 

The BrandZ™ Distinction

Here are three reasons why this unique methodology makes the Top 100 BrandZ™ Most Valuable Global Brands the world's most robust and reliable ranking of brand value.

1. The BrandZ™ methodology uses consumer-level research—funded every year by WPP—to identify how brand influences purchase decisions. Other rankings rely on subjective opinion or the views of an “expert” panel.

This means that our measure of Brand Contribution is the only one that is entirely objective and consumer based.

2. The BrandZ™ research methodology has been in use since 1998 and has been sales validated.

This means that the causal links between brand strength, sales and profit have been proven over time.

3. BrandZ™ is the world's most comprehensive source of brand equity knowledge and insight.

This means it has unparalleled ability to provide a validated and benchmarked understanding of Brand Contribution, what it is, what it means, and what it represents for a brand.



WPP

WPP is the world's leading communications services group, providing national, multinational and global clients with advertising; media investment management; consumer insight; public relations & public affairs; branding & identity, healthcare communications, direct, digital, promotion & relationship marketing and specialist communications.

WPP companies provide communications services to clients worldwide including 344 of the Fortune Global 500; 63 of the NASDAQ 100 and 33 of the Fortune e-50.

Collectively, WPP employs over 158,000 people (including associates) in 2,400 offices in 107 countries. For further information, visit www.wpp.com

WPP Contributors

Added Value

Added Value offers brand development and marketing insight services to blue-chip companies across all industry sectors worldwide. Everything they do starts with insight and ends with action, in pursuit of healthy brand growth using their global expertise to fuse brand marketing, consumer insight, innovation, and communications optimization to help solve clients' marketing problems.

www.added-value.com

BAV Consulting

BAV Consulting helps businesses assess, drive and monitor the direction of their brands as strategic corporate assets. With use of BrandAsset Valuator (BAV) models and metrics, emotional aspects of brand affinity can be linked to the harder quantitative measures of finance.

BAV Consulting has been measuring brands since 1993 and over 45,000 brands have been evaluated on 75 metrics in over 45 countries.

www.bavconsulting.com

Digit

Digit is a design company that has spent the last fifteen years at the forefront of technology. All of our work is underpinned by our philosophy called Simple Human Interaction. It's all about making technology invisible, and using it to enable people and brands to communicate better.

www.digitlondon.com

eCommera

eCommera is a leading provider of global eCommerce trading solutions that enable brand owners and retailers to sell efficiently and profitably across multiple channels. With an emphasis on strategic customer focus, higher rates of innovation, speed to market and reduced risk, clients benefit from sustainable growth that is ahead of market averages.

www.ecommera.com

FITCH

Founded in 1972, FITCH is a global design consultancy with 12 studios in 8 countries. With the consumer at the heart of everything we do, we offer 2D graphic and 3D environmental design to create a seamless expression of brand at all touch points. FITCH has a strong expertise in retail design.

www.fitch.com

Grey Group

Grey Group ranks among the world's top advertising and marketing organizations. The company operates in 154 cities in 96 countries with 10,000 employees and serves one-fifth of the FORTUNE 500 under the banner of "Grey Famously Effective Since 1917."

www.grey.com

Hill + Knowlton Strategies

Hill+Knowlton Strategies UK (H+K) is one of the leading communications consultancies in the UK and globally. Everyone of our 240+ people in our Soho Square office combines expertise, passion and sector insight with the ability to provide strategic advice and standout creative to deliver outstanding results.

www.hillandknowlton.co.uk

JWT

JWT is the world's best-known marketing communications brand. Headquartered in New York, JWT is a true global network with more than 200 offices in 90 countries, employing nearly 10,000 marketing professionals.

JWT's creative philosophy of making things inspired by the world enables the agency to forge deep relationships with its clients.

www.jwt.com

Kantar Media

Kantar Media provides a broad range of insights to more than 20,000 of the world's leading brands, publishers, agencies and industry bodies, helping them to navigate and succeed in a rapidly evolving media industry. These include: audience research, competitive intelligence, vital consumer behavior and digital insights, marketing effectiveness and online influence.

www.kantarmedia.co.uk

Kantar Retail

Kantar Retail is a world leader in retail insight and consulting solutions. With operations in 15 countries it provides expertise to over 300 of the world's leading manufacturers and retail-related businesses and organizations helping them achieve competitive advantage in the marketplace through unique insights and winning solutions.

www.kantarretail.com

Kinetic Worldwide

Kinetic Worldwide is the world's largest planner and buyer of Out of Home media and the global leader in understanding how brands can connect with people's lifestyles and the environments they engage with.

www.kineticww.com

Lambie-Nairn

Lambie-Nairn has been developing brands that emotionally connect with audiences and deliver business success for over 30 years. Pioneers in the world of branding, we now have 9 offices across Europe, the Middle East and Latin America and work with world renowned brands including O2, BBC, FIFA, Telefónica, ITV and Hotels.com.

www.lambie-narin.com

Landor Associates

Landor Associates is one of the world's leading strategic brand consulting and design firms. Since 1941, Landor pioneered many of the research, design, and consulting methods that are now standard in the branding industry. Landor's holistic approach to branding is a balance of rigorous, business-driven thinking and exceptional creativity.

www.landor.com

Maxus

Maxus is a global media planning and buying agency and has been named the fastest-growing media agency network for the last three years (RECMA 2012). Combining the disciplines of communications planning and customer relationship marketing with real-time data analytics, Maxus focuses on building more profitable relationships between consumers and brands.

www.maxusglobal.com

MEC

MEC is one of the world's leading media agencies. We deliver value by creating, implementing and measuring communication solutions that actively engage people with brands, employing almost 5,000 people in more than 150 offices across 84 countries.

www.mecglobal.com

Millward Brown

Millward Brown is one of the world's leading research agencies and is expert in effective advertising, marketing communications, media and brand equity research. Through the use of an integrated suite of validated research solutions—both qualitative and quantitative—Millward Brown helps clients build strong brands and services.

www.millwardbrown.com

Millward Brown Optimor

Millward Brown Optimor is the global brand strategy and financial consultancy of Millward Brown. The organization helps companies maximize the financial returns on their brand and marketing investments. Millward Brown Optimor developed the methodology and performs the valuations for the BrandZ™ most valuable rankings, including the Global Top 100, the most comprehensive annual ranking of brand value, and the China Top 50.

www.millwardbrown.com

Mindshare

Mindshare is a global media and marketing services network with 113 offices in 82 countries throughout North America, Latin America, Europe, Middle East, and Asia Pacific, each dedicated to forging competitive marketing advantage for businesses and their brands. Mindshare is part of GroupM, which oversees the media investment management sector for WPP.

www.mindshareworld.com

Ogilvy & Mather

Ogilvy & Mather is one of the largest marketing communications companies in the world, providing a range of marketing services including: advertising; public relations and public affairs; branding and identity; shopper and retail marketing; and healthcare communications. Ogilvy & Mather services Fortune Global 500 companies as well as local businesses through its network of more than 450 offices in 120 countries.

www.ogilvy.com

TDI

Team Detroit, Dearborn, MI., brings together five of WPP's largest marketing and communications agencies in one location to provide its clients access to best practices and talent. Team Detroit is the 21st century equivalent of the full-service agency, acting as a portal to provide a single point of contact and accountability.

www.teamdetroit.com

TGI

Established in 1969, TGI (Target Group Index) is a global network of single-source market research surveys conducted face-to-face or online. They provide invaluable, comparable consumer insights into products and services, demographics, media, attitudes and beliefs to aid client marketing and advertising decisions. TGI is present in over 60 countries across 6 continents, conducting over 800,000 interviews annually representing over 1.5 billion consumers.

www.globaltgi.com

The Brand Union

The Brand Union is a global brand agency—a part of the WPP group—with over 35 years of experience. We partner with our clients to discover strategic insights which lead to effective creative solutions that help brands innovate and grow.

www.thebrandunion.com

The Forward Group

Forward is a strategic content marketing agency that creates multi-channel content strategies, and intelligent, fresh, engaging content for brands such as Tesco, Patek Philippe, Standard Life, Fabric and B&Q.

www.theforwardgroup.com

WPP Contributors

The Futures Company

The Futures Company is the leading global foresight and futures consultancy, formed from the coming together of The Henley Centre, HeadlightVision and Yankelovich. Through a combination of subscription foresight services and custom research and consultancy, we help clients unlock new sources of growth and take control of their futures.

www.thefuturescompany.com

The Partners

The Partners is a brand strategy, design and innovation agency that puts outstanding creativity into action to drive business success. From our offices in London, New York, and Singapore we deliver award-winning creative ideas for businesses including Samsung, Deloitte, Vodafone, eBay and the BBC.

www.the-partners.com

TNS

TNS advises clients on specific growth strategies around new market entry, innovation, brand switching and stakeholder management, based on long-established expertise and market-leading solutions. With a presence in over 80 countries, TNS has more conversations with the world's consumers than anyone else.

www.tnsglobal.com

Visible Technologies

Visible is the leader in social media monitoring, analytics, and services for enterprises globally. Visible's award-winning technology and expertise helps businesses analyze social media conversations to better understand consumer preferences, market dynamics, competitive strengths and weaknesses, and other information critical to a company's reputation and brands.

www.visibletechnologies.com

VML

VML is a full-service, global digital marketing agency with major operations on five continents. Recognized in 2012 by Advertising Age as one of the top 10 standout agencies in the U.S., VML has been delivering creative solutions at the intersection of marketing and technology since its founding in 1992.

www.vml.com

Brand Valuations

Bloomberg

The Bloomberg Professional service is the source of real-time and historical financial news and information for central banks, investment institutions, commercial banks, government offices and agencies, law firms, corporations and news organizations in over 150 countries.

www.bloomberg.com

BrandZ™

BrandZ™ is the world's largest brand equity database. Created in 1998 and continually updated, BrandZ™ is an invaluable resource, containing data on brands gathered from interviews with over 2 million consumers in 41 countries and covering more than 200 different categories.

www.brandz.com

Kantar Worldpanel

Kantar Worldpanel is the world leader in consumer knowledge and insights based on continuous consumer panels. Its High Definition Inspiration™ approach combines market monitoring, advanced analytics and tailored market research solutions to deliver both the big picture and the fine detail that inspire successful actions by its clients.

www.kantarworldpanel.com

With thanks

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Our Brand Toys

www.brandtoys.com

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Ken Scept is a professional writer specializing in articles and reports about retailing and marketing. He began his career as a reporter and editor for a leading US publisher of retailing journals and developed international publications, research, conferences and retail study tours before starting his own business.

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Cecilie Østergren is a professional photojournalist whose extensive travels in China resulted in two in-depth photo series, one on Mongolian Coalminers and one on the roots of Kung Fu. She has collaborated with Danish book publisher Politikens Forlag on three occasions, producing travel books across India, Greece and Denmark, her native country.

Powered by BrandZ™

WPP offers an ever-expanding library of in-depth but practical studies to help grow brand strength and value in today's rapidly changing global marketplace.

Commissioned by WPP with research conducted by Millward Brown, BrandZ™ is the world's largest brand analytics and equity database. Created in 1998 and continually updated, BrandZ™ is an invaluable resource, containing data gathered from more than 2 million interviews about over 7,000 brands in 40-plus countries. BrandZ™ informs marketing decisions with salient metrics and analytics available exclusively to WPP clients through their WPP agencies.

To learn more about BrandZ™ data or studies please visit www.brandz.com or contact any WPP group company or:

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BrandZ™ Top 50 Most Valuable Latin American Brands 2012

This inaugural report examines brand developments and opportunities in some of the world's fastest growing economies.

(Release date: June 22, 2012)

BrandZ™ Top 50 Most Valuable Chinese Brands 2012

The report profiles Chinese brands and includes commentary on the growing influence of Chinese brands at home and abroad.

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Get the BrandZ™ Top 100 Most Valuable Global Brands, China Top 50, and Latina America data, brand news and a lot more on your smart phone.

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TrustR is a new metric for understanding and strengthening the bond between consumer and brand.

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ValueD is a critical tool for finding the most productive balance between Desire and Price.

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