Interbrand

Creating and managing
brand value™

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Best Global Brands 2009

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The Definitive Guide to the World's Most Valuable Brands

Creating and managing
brand value™

Interbrand

Insights and opportunities for the future
Profiles of the top 100 brands
Focused industry reports

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About Interbrand

Interbrand began in 1974 when the world still thought of brands as just another word for logo. We have changed the dialogue, redefined the meaning of brand management, and continue to lead the debate on understanding brands as valuable business assets.

We now have nearly 40 offices and are the world's largest brand consultancy. Our practice brings together a diverse range of insightful right- and left-brain thinkers making our business both rigorously analytical and highly creative. Our work creates and manages brand value for clients by making the brand central to the business's strategic goals.

We're not interested in simply being the world's biggest brand consultancy. We want to be the most valued.

About Best Global Brands

Voted one of the three most influential benchmark studies by business leaders, Best Global Brands is our annual report published in partnership with *BusinessWeek* on the world's most valuable brands. It offers our insights into how these global organizations create and manage brand value.

We pioneered the technique for valuing brands in 1984 and have continued to improve upon our methodology and set the pace for other approaches. Our valuation techniques have long been recognized by businesses, academics, and regulatory bodies as uniquely valuable strategic tools. Today, we have conducted over 5,000 valuations for clients to provide guidance in managing their most valuable asset–their brand.

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Past Present Future

The economic events of the past year are beyond all previous experience, unless you happen to remember the 1930s. We have watched the markets repeatedly decline, mainstay businesses fail, and unemployment rates approach record highs. To say it has been a difficult year is a huge understatement. We are only now seeing the first signs of improvement. Although many questions remain unanswered as to whether this is the start of something long-term, or simply a temporary respite, one thing is for certain: There is still a long and unknown road to prosperity ahead.

The world is changing and we are collectively resetting our priorities. Surely, these changes are presenting the most potent opportunities in living memory. Indeed, it is an exciting time.

The most apparent emergence is a new moral standard on business behavior and risk. It seems that on a daily basis we are redefining our expectations, setting new standards of transparency, and increasing our ability to interact with one another globally. Our tolerance for both companies and individuals to say one thing and do another is rapidly diminishing.

It's all about trust

In times of rampant change, brands remain a powerful source of continuity and trust. While this year has been a difficult one for brands and entire categories, the fundamental purpose of brands is to create loyalty and preference over the long-term. Brands provide a degree of security in times of economic instability; and in times of prosperity, brands offer opportunity.

Words like trust, permission, clarity, and consistency, seem more meaningful than ever before. Brands reduce risk and it was risk that got us here in the first place. In a post-economic crisis environment, we will think twice about the relationships we took for granted in the past. That's a massive opportunity for brands that embrace values like trust, permission, clarity, and consistency; and a huge threat to those who fail to live by those standards.

Brands in the new age of responsibility

While no one can say with absolute certainty which brands will lead in the new economy, we can look to our 100 most valuable brands with a degree of confidence. In the pages that follow we offer Interbrand's view of how brands will thrive in the new economy. In a decade of valuing the Best Global Brands, and nearly four decades of consulting for many of the world's most recognizable brands, we can say with certainty that brands seem to matter more to business success with every year that passes. This trend is evident and there are a number of opportunities we can point to for how brands are faring in our fast changing world.

From a consumer perspective, there are two trends that stand out above others. There is an increasing requirement for brands "I can trust" and an exponential shift in social and consumer networking. Our declining trust in governments and institutions over the past three decades is fast being joined by cynicism towards business, and financial businesses in particular.

From a corporate perspective, the demands for responsible and sustainable activity will only increase over the coming years. We are all pushing towards products and services that fulfill the most comprehensive definitions of what we might say are highly abused concepts. The broad and unclear use of "sustainability" to encompass everything from carbon footprints to eco-friendly packaging will be met by the transparency of the Internet. As such, brands and the businesses that manage them will not have any place to hide.

Finally, from a competitive perspective, tough markets demand differentiation and value-add like never before. If your brand isn't clear and compelling, you will quickly become lost in a sea of price-based competition. As if that isn't enough, the economic realities of late will accelerate the gravitational shift towards the fast developing markets.

In this new global economy, there are opportunities as well as difficulties out there for all of us. The strong will survive and that may be enough. The best, however, may even prosper.

Regards,

Jez Frampton
Global Chief Executive
Interbrand

The Cleansing Fire

Opportunities for advancement and reinvention

By Josh Feldmeth and Helen Isakovich

2008 was a year of bad medicine. Yet for all its very real economic pain, there exists within the crisis an opportunity.

Remember the last time you needed cough medicine and the store was out of your favorite cherry flavor? What a nightmare! But you took it anyway, because medicine, even if it doesn't taste great, can heal. 2008 was a year of bad medicine.

Yet for all its very real economic pain, there exists within the crisis an opportunity. It is the permission to change, the necessity to innovate, and the potential to find new, robust undergrowth beneath the current fallout zone. For many brands, 2008 will prove to be a cleansing fire, one that created competitive distance for the strong and provided a chance for the weak to cast off the strategies, inefficiencies, and cultures that have kept them down. So what lessons can we learn from the cleansing fire, both from today's crisis and its predecessors?

Lesson 1: Emerging from the smoke requires a clear focus

The fashion retail megabrand baton has now officially been passed, from Gap to a couple of much stronger European players. In the past two years, Zara has surpassed Gap and H&M to become the largest retailer in both the U.S. and Europe, while H&M earned its place as the top retail brand in the world. What's the common thread? Focus. Zara is best known for supply chain innovations that bring new fashions to market in lightning-fast time. But there's much more to Zara's success.

Zara has a clear vision for what the brand must deliver: styles that are fresh off the runway, a constantly changing assortment that gets customers excited to shop often, and a sense of urgency to quickly buy before stores sell out. Everything Zara does supports this vision. From its supply chain that produces new styles on a weekly basis, to the collaborative design input drawn from market specialists, buyers, designers, and front-line employees, to impulse-friendly price points–Zara clearly delivers its brand vision.

Then there's Gap. Years ago, Gap occupied a global positioning as a fashion staple. But this once iconic brand has lost this positioning. Why? A lack of focus. Assortments have consistently missed the mark and the brand did not evolve with its customers. Marketing dollars, celebrity endorsements, and even the RED campaign failed to reinvigorate consumers who found fashion-forward, lower-priced options at Zara and H&M much more appealing.

Apple is the classic example of retaining focus through market cycles. From the MacBook to the iPhone to the iPod, Apple's products and services all build on the idea that "man should not be subservient to machine." This strategy has allowed Apple to thrive even in economic downturns, and it's a lesson for Gap. Had it not lost focus on the brand, Gap's core equity of "essential style" likely would have served it well through this most recent crisis.

Lesson 2: Invest more, not less

Pop-quiz: What do a US $19,000 Rolex gold watch and a US $19 bottle of Tide Ultra Clean Breeze scent liquid detergent have in common? Answer: just about everything. Dominant market shares, a clear brand image, irrationally devoted fans, price premiums, long-term growth, and so on. Completely different categories, but with identical results. What's the secret?

Everyone knows Rolex as a triumph of Swiss precision. Not everyone knows that Tide is biochemical masterpiece, without technical peer in the detergent world. This is the point. Behind both of these strong brands are unquestionably strong products with a tradition of innovation. And they continue year after year to invest in customer-focused innovation. Do you want an iconic global brand? Then never stop innovating.

The crisis has been tough, but the best brands continue to leverage and improve their strong products. Heinz invested in consumer health and wellness. Kellogg's leveraged worldwide innovation teams to ramp up quality. Campbell's strengthened its iconic brand by going low-sodium. Duracell rediscovered the emotional consumer territory of the premium battery segment. Kleenex brought the private label fight directly to consumers through its "feel the difference" campaign, and sales are up 30 percent in developing and emerging markets. Like P&G with Tide, these high performing consumer brands have fared well through a difficult year because they have the goods: demonstrably superior propositions fueled by years of consumer-focused innovation.

A lack of sustained investment will eventually show itself. Take the bottled water business, a category facing declining demand. Nestlé, the global leader, is pulling back on category investments, marketing 2009 as a year of "stabilization." It's unwise to criticize from the sidelines, but considering the mounting pressures in the category and the examples of Heinz, Kellogg's, and others, now would seem the time for more boldness not less. For example, a strategy like local sourcing could differentiate the brand today and grow its long-term value tomorrow.

A precedent was set in the late 1980s–1990s recession when Nike was a secondary player in its market. Unlike Reebok, which cut costs to survive the recession, Nike took an aggressive approach, tripling its marketing investment, strengthening its brand, and growing sales from US $270 million in 1985 to over US $3 billion in 1991. By the end of the recession, Nike's profits were nine times higher than before it began, leaving Reebok well behind.

Lesson 3: Be consistently committed to renewal

By now the GM eulogy is common knowledge. From Fortune 100, to bankruptcy; from 50 percent share, to somewhere behind Toyota. From the company that once sold half of the cars on block, to the company forced into a yard-sale with Saab, Opel, and Hummer. 2008 marks the end of the torturously obvious yet somehow inevitable collapse of an industrial powerhouse.

But even bad medicine is still medicine, and the crisis of 2008 was just what GM needed to put its now-smaller house of brands back in order. For its next move, GM should look to Toyota, a company that not only eclipsed GM as the largest auto company in 2008, but also a brand that lives the principle of renewal.

Today, Toyota represents value, reliability, and green innovation. Previously it stood for small, defect-free cars at a good price. This change is the result of a commitment to brand renewal. From the product of Japanese Total Quality Management, to the life-affirming optimism of its "Every Day" campaign, to its current incarnation as the harmony point between "man, nature and machine"–the Toyota brand, true to its current tagline "Moving Forward," has continued to evolve.

GM was incapable of renewal and it bankrupted the company. But the market has now brought GM the medicine it could never find within. It has forced GM to reform. GM has been gifted a chance to jettison brands that it has never understood (Saab), those that had lost their way (Pontiac), and brands that had never found a second act (Saturn). This is a moment of creative destruction: a chance for GM to clear its head of a really big hangover (Hummer), make sustainable arrangements with unions and pensioners, and instill a customer-value proposition in every part of every car, under brands with real potential, like Cadillac and Chevrolet. Sure, tough medicine for GM. But 2008 very well may prove to be the refiner's fire in which GM forged a new and essential discipline: brand renewal.

Lesson 4: Strong brands grow from the core

McDonald's made fast food a staple of the American diet and evolved the McDonald's brand into a global icon. But its crisis predated the current credit crunch. Obesity, diabetes, heart disease: a public health outcry and the perception that fast food restaurants were largely to blame.

McDonald's was forced to reevaluate its core as the external tagline "I'm lovin' it" did not explicitly deflect the image of overindulgence in tasty (but unhealthy) foods. McDonald's responded by articulating a brand promise. "Simple, easy, enjoyment" expresses the classic McDonald's proposition–good foods, delivered quickly, that keep consumers feeling young. But it goes further by giving the brand permission to translate that promise into something more relevant for today–fresh salads, new store formats, and better coffee. McDonald's has successfully evolved because it grew from the core.

What about Starbucks? A brilliant core idea: baristas, coffee theater, a lounge-like environment. "Your third place" captured the essence of the brand and allowed customers to experience coffee in a revolutionary way. However, the urge to grow outstripped Starbucks' home turf. Stores spread like wildfire, and so too did its menu of offerings. With line extensions in sandwiches, smoothies, hot and cold breakfast options, and snacks, it became difficult to see how Starbucks was any different than the millions of deli-style venues around the world.

In 2008, Starbucks returned to its roots, rehiring former CEO Howard Schultz and tasking him to close stores, slow expansion, and get back to basics. However, these changes are still not apparent in-store and it will likely take time for Starbucks to reoperationalize its assortment and customer experience. Will it be too late, or will this cleansing fire return the brand to its former strength?

The cleansing fire of 2008 presents strong brands with an opportunity to advance their lead and gives weak brands a means by which to reinvent their business and brand strategies to get them back on track. History proves that having clear focus, making investments in brands, being committed to renewal, and growing from the core all help to strengthen brands and get them through difficult times.

Are You Building Brands for a Seamless World?

How brands can take advantage of the Internet as a business accelerator

By Andy Bateman and Nora Geiss

The Internet has changed the way that people access the world. It's an obvious statement by now, almost cliché. But the implications have not yet been fully realized, because the Internet has so fundamentally shifted human behavior that it has created not just a new way to access the world—it has created a new world altogether.

In this world, we are just past the inflection point of a radical evolution in the way business is done. Your customers want in. They want to know what you're working on. They want to know what your purpose is and what you're here for. They want to get beyond the basics of products and services. Your customers no longer just expect to have a hand in how you communicate your brand, but in how your business delivers. And opening up to this new expectation of customer intimacy can take your brand to exponential levels of engagement—or completely destroy it.

The time to take action isn't now. It was yesterday. So the question is, as Twitter would put it: What are you doing?

Everything connects

For so long we've been bifurcating our attention between what's digital and what's not. But the truth is that the way people experience the world is much more seamless. It's a world in which the regular old analog world and the digital world have come together. This seamless integration has transformed our everyday experiences and expectations.

In this seamless world, you walk into a Starbucks for a coffee and pluck a new song out of the air with your wireless device. You show up at the Toyota dealership with the exact specifications to buy a new Prius—complete with the discount you expect (thanks to Aunt Shelley's note on Facebook) and the financing plan that works best for your budget (thanks to the top three car financing blog posts recommended by Technorati). You feel complete, furious impatience when it takes three separate tries to log on to the Boingo wireless hotspot at the airport.

The seamless world is an altered state. As David Weinberger notes in his book *Everything is Miscellaneous*, this new way of experiencing the world is not constrained by the same laws of time and space as the objects and stores with which we are familiar. Digital removes these physical barriers. Now, we are more intimately connected than ever to more information, to more people, to more opinions, more often, and we enjoy this connectedness with an immediacy, a sense of shared ownership, and a capacity for co-creation that was previously impossible.

Getting intimate with your customers—let me try!

This heightened access to information and people has increased our expectations for the level of access we have to brands. That brands no longer "control the conversation" is old news. What most brands are still grappling with is the fact that individuals want to have *more* than control of the conversation. They want to influence what they buy; they want to have control of some aspect of production (traditionally known by the five P's: Product, Price, Place, Promotion, and Package). They would like to see the imprint of their individuality on the product or service a brand offers them. They crave social value, utility and stylish design, and an experience that makes the products and services personal and meaningful.

We've seen signs of desire for intimacy growing over the past few years, with more and more people *opting in* to the conversation of their own accord to build a deeper kind of influence on the brands they love. Coca-Cola has over 3.5 million fans on Facebook who *want* to share stories, add comments, and receive notices (even as simple as "Have a happy weekend!") from the brand. Zappos has over one million followers on Twitter, who regularly offer suggestions. Consumers have made the full transition from the days of the 1950s, when people were happy to passively enjoy information as it was pushed out to them via radio or television. People today have a proactive, interactive, "go find out" mentality. They seek out information on brands, products, and services from multiple (and often third party) sources, and explore and challenge this information to create their own informed opinions and make their mark.

Interbrand's 2001 book, *branding@thedigitalage*, observed that brands that recognize this mentality and proactively offer up control of a least one of the five P's of production better connect with their audiences. This has clearly become truth: eBay lets its community control price. Nike created NikeiD so consumers could design their own product. YouTube draws more viewers than the big networks in part by sourcing content from the viewers themselves, but also because it enables people to view content in whatever place best suits the need. This includes on a blog, through email, or embedded in a social network page—thus increasing its audience by pulling

eyeballs through other channels. And software companies like SAP that open up their software to developer networks offer control of both product and promotion, because the developers promote what they've made—using SAP source code—across the SAP Community Network and beyond.

All four of these brands (counting YouTube as a part of Google) are in the top 10 of the Engagementdb 2009 report (*http://www.engagementdb.com*), which ranks the top 100 Best Global Brands in terms of which are the most engaged with their communities through social media: blogs, social microblogs (like Twitter), and social networks (like Facebook). According to the report, the most highly engaged brands (or "Social Media Mavens") saw company revenues grow by 18 percent over the last 12 months. The least engaged companies saw revenues plummet six percent on average over the same time period. While the precise factors of social media use vary from brand to brand, it's clear that offering control + proactive engagement = financial returns.

Why are control and engagement so powerful? Together they help to meet and exceed the high expectations for access to forge a truly intimate relationship among individual, community, and brand. By allowing your audience to get inside, share in the creative process, and co-create, you essentially extend your company to include a passionate group of brand evangelists, who will genuinely spread the good word about what you do because they are part of that process and that product. And in the seamless world, genuine evangelism is king.

You must do something—but do it smart

Before you engage, consider these major areas of risk.

Do nothing. Sure, brands no longer control the conversation. Opting to join that conversation is still a choice. But by opting not to join in, you do more than sacrifice your voice and your opportunity to build evangelism. You become an obvious obstacle to progress with people eager to opt in to the conversations. They'll do it with or without your acknowledgement that they exist. The risk that they'll loudly resent your resistance is real.

Do everything—without a plan. By completely giving up control, one risks losing the consistency that is critical to building a strong brand. Steamrolling from analog into digital without a clear, single-minded purpose that your audience can internalize and use to focus their dialogue and innovation is likely to destroy your brand, rather than accelerate it. Do it only halfway. To truly engage, you have to deliver content and functionality. This is the engine of the new creativity. Make it sleek, make it fun, and make it beautiful. If it doesn't enhance how your customers engage with the world, chances are it will fail.

The new rules for building brands in the seamless world

For brands that want to take full advantage of the Internet as a business accelerator rather than a mere channel to market, here are three clear and present prerequisites:

1. **Have a purpose.**
   Know what value you offer to society, not just to the economy. Because people expect you to be of more value than just economic value, they want a relationship with you based on what you stand for and what you believe in. That's the basis of social exchange and you should build your brand around this on the Internet. It demonstrates your legitimacy. In the broader sense, it also allows you to facilitate and talk beyond mere products and services.

2. **Be prepared to talk a lot more about what you are working on, not just what you make.**
   Recognize that people are not satisfied with being talked at or passively listening; they want to know beyond what's now to what's next. Foster that intimacy by sharing more than ever before. Hint at what's alpha, invite feedback on beta, and keep the conversation going to facilitate improvement over time.

3. **Embrace co-creation.**
   Embrace the one-to-one, one-to-many, many-to-many, non-linear sharing that is the nature of networks. Prepare your business to operationally respond to the people who want to engage. Offer up control of some of the five P's. Let people try out and make things up for themselves if you want to engage and succeed with your customers. Let them in.

If the Internet has taught us anything, it's that democracy rules. The Internet and everything on it, is *ours*. And if it's ours, then we want to have a say in it. This is just as true for Facebook with over 200 million users as it is for any other brand. And just because you are an off-line brand, you don't get off the hook. So get involved and allow your brand to really engage.

Acting Like a Leader

The art of sustainable sustainability

By Jez Frampton and Tom Zara

Sustainability has become a catchphrase, applied to anything from cars to economics to agriculture. It is everywhere: in magazines, newspapers, corporate brochures, and on the front and back of consumer packaging. It is used so much and in so many contexts, that its meaning has become muddled and diffused.

And nowhere is confusion more visible than among marketers. While many understand the moral obligation of going "green," most lack a clear definition of what sustainability means to their brand. This represents a missed opportunity to create a meaningful proposition and long-term value.

Sustainability, brand, and behavior

The 1987 United Nations World Commission on Environment and Development report "Our Common Future" defined sustainability as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." In other words, behave responsibly, don't take more than your share, and put back what you use.

While this may seem like a simple enough request, in reality it demands a profound change in perspective. After all, as consumers, we are used to making day-to-day choices based on what we want and need at that moment, and sustainability demands we do just the opposite: It asks that we consider our individual actions as part of a sustainable whole. This is in part, why, according to Deloitte, 95 percent of shoppers say they would consider buying a green product, but 47 percent of shoppers see green products and don't purchase them.

While changing behavior is no easy task, brands have an opportunity to help forge a better future. They can influence behavior by informing the choices we make both rationally and emotionally. Brands have an opportunity to contribute to the sustainability movement in a visible and demonstrative way by creating demand for products and services that better our world.

Sustainability and brand value: a changing landscape

And yet, more than an opportunity, devising a smart sustainability strategy is a necessity. This is because sustainability is not just another trend. A number of factors are contributing to a changing landscape in which sustainability figures prominently.

The first is the increased pressure on individuals to "do good." This was perhaps best distilled by U.S. President Barack Obama when he hailed this era the "new age of responsibility." His words hit a nerve with the general public–not just in the U.S. but globally as well.

Awareness is also on the rise. While purchase decisions may not yet reflect this, consumers are thinking about the excesses that led to today's economic situation and are actively beginning to seek out a "less is more" lifestyle.

Even more than raised awareness, regulatory pressure is forcing more organizations to conduct business in a sustainable way. As a result of these regulations, sustainability is even becoming a cost of entry to doing business.

This is evident in Europe, where, 14 years ago, the packaging directive known as 94/62EC proposed new restrictions on manufacturers, including reduced packaging weight and an increased use of recycled materials. Despite a continuous growth of packaging units in the European market, the French environment and energy management agency ADEME confirms that package waste is now decreasing as a result of this measure and a major part of the manufacturers' investment is dedicated to recycling.

Regulatory pressure has also impacted India. In July 1998, the Supreme Court ordered the Delhi government to implement compressed natural gas (CNG) or LPG (autogas) fuel for all autos and for the entire bus fleet in and around the city. Delhi observed a dramatic improvement in the quality of air with the switch to CNG. Pakistan and Sri Lanka have seen similar results since they each passed their own CNG law.

In addition to regulation and the increased pressure to do good, incentivization is also changing today's landscape. In Switzerland, the government has imposed strictly enforced recycling and anti-littering regulations. Further, citizens are given a financial incentive to recycle as much as possible, since recycling is free. As a result, Switzerland has become one the top recyclers in the world. The incentivizations have reinforced good behavior as well, sparking interest in citizens who voted for even more environmental regulations.

Change is also being motivated by profit. ENERGY STAR, the joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy, helps save money and protect the environment through energy-efficient products and practices. Businesses have jumped on board because of both the cost-saving benefits and prestige.

Lead, don't follow the pack: how to create the right sustainability practice for your brand

Regulation, incentivization, profit, raised awareness, and an obligation to do social good are changing the landscape and working together to create real, lasting change. Businesses need to act now to create a sustainability initiative relevant to their business, or lose out.

Unfortunately, many businesses do not know where to begin when creating a sustainability practice. A March 2009 National Environmental Education Foundation Business and Environment Program study shows that for most companies, there is no single department that is entrusted with sustainability implementation. In fact, only one in 10 employees who participates in these programs feels completely prepared to tackle sustainability head on. (*Fresh Marketing 2008*) The majority want more education and resources on corporate sustainability.

Other businesses have implemented initiatives in a haphazard manner. Feeling the pressure to follow, they have looked to others–the few leaders that have taken charge in recent years–and mimicked their practices. While these companies may be getting away with riding coattails for the time being, as awareness increases, more businesses will be held accountable by public expectations and government regulations. A line between those who are sustainable and those who are not will become abundantly clear. Businesses that have simply "greenwashed"–said but not done–will be identified immediately and cast out, not just by environmental groups, but by the general public as well. We'll increasingly see sustainability becoming a table stake rather than a differentiator. Sustainability will become ingrained in the fabric of how all companies do business; they will not be able to do without it.

That's why it is so important to craft a distinctive, relevant, and lasting sustainable proposition that will differentiate your brand. Do the right thing and do it right. It is not about saying that you are going to build a proposition that separates you from the rest; it's about building a proposition that is right for your brand and relevant to your industry.

Sustainability through the lens of brand

If you look at any of the Best Global Brands, you'll see that the top brands create value by generating demand, reducing risk, and securing future earnings for their business. They do this by translating to customers what is relevant in today's world and influencing buying behavior. Due to distinct offerings, they develop a strong relationship with customers, and this leads to repeat purchasing. We need to begin to view sustainability with the same lens.

If we can combine the rigor of branding with the necessary aspirations of sustainability, we can begin creating long-lasting impact that is not only necessary, but also inevitable. Real change–the kind we've seen brands influence–will come about when we see corporations start actively integrating and managing sustainability as part of their business strategy and delivering it through the brand strategy.

This does not mean just reporting carbon emissions and showing transparency. While these are great steps, they do not contribute to changing behavior. On the other hand, if businesses begin intercepting consumers' lives, approaching sustainability as they do brand, making their products and services the vehicles to deliver the message, they will create change. Indeed, the brands that have the most successful sustainability initiatives are changing and innovating their products and services to support the message.

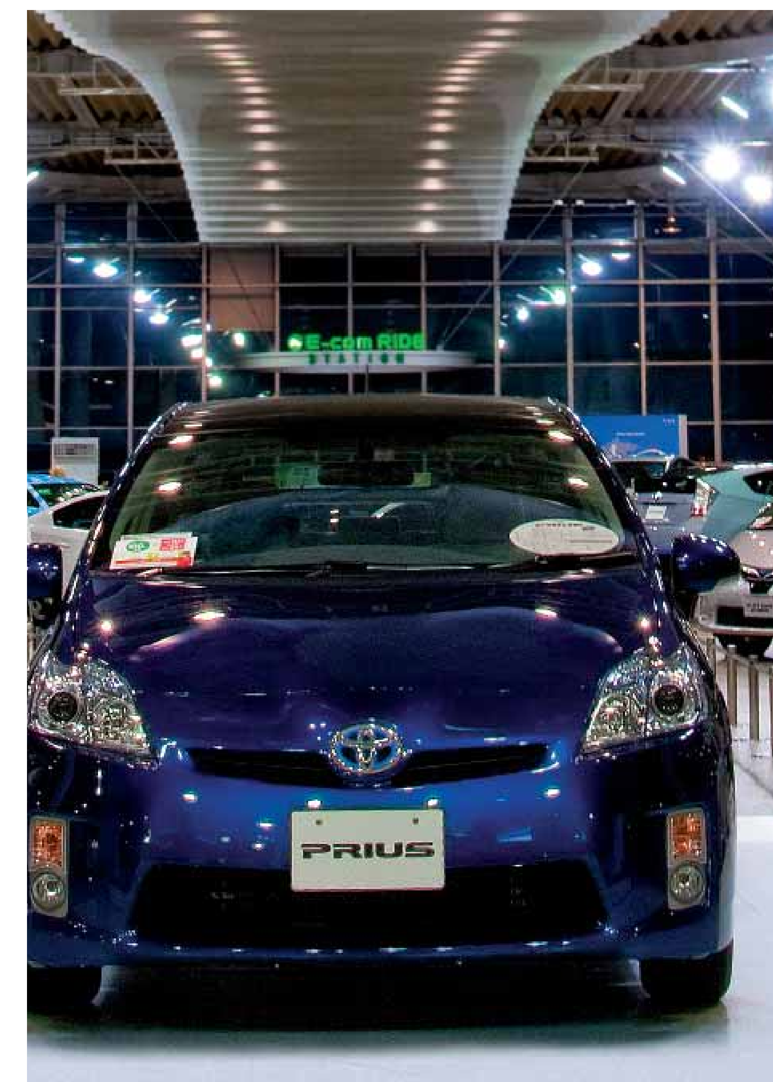
Where to start

While no formula will be the same for every business, three essential points should be taken into consideration.

1. **Set the highest standard for your industry.**
   While there's no one-size-fits-all formula, you can plan and execute against the realities of the business that you are in. Your goal should be to actively and consistently uphold the highest standards in your industry and continue to push your success to higher standards. This is the definition for sustainability that's sustainable.

2. **Measure the impact of your actions.**
   This is no small task, particularly in this economic climate when market values are fluctuating. However, you can measure the effectiveness of your sustainability efforts through the impact your brand has on influencing behavior. This is where you will derive the most value.

3. **Communicate your platform appropriately.**
   Communicate your platform appropriately so that you are always "saying what you do and doing what you say." Today's socially conscious consumer is increasingly holding brands accountable. A balanced message that communicates your aspirations but acknowledges reality is the right approach.



Shifting Attitudes Towards Wealth

A return to luxury's core values

By Jean-Baptiste Danet, Stuart Green, and Manfredi Ricca

The impact of the recession on consumers' shopping habits

Across the globe, a considerable amount of wealth has evaporated during the past months, a substantial part of it having shown to be debt in disguise. The so-called wealthy consumers have disappeared, negatively affecting the luxury sector. The impact on these producers may not yet have been correctly estimated as it is momentarily hidden by no-refund cancellation policies and long waiting lists.

The shift has helped boost discount brands, which are seeing new opportunities in the market. Many consumers are making the switch to cheaper alternatives such as private label brands, low cost airlines, factory outlets, and increasing online research and online shopping. Many are simply trading down, buying when items are on promotion, or delaying purchases. Some markets have even seen consumers take advantage of declines in currency valuations. South Korea's currency has fallen so dramatically against the Japanese yen that thousands of Japanese consumers are regularly taking the two-and-a-half-hour flight to Seoul.

In Western markets, the rise of the hi-lo consumers–people who save on what is less relevant to them so they can indulge in what they find to be truly meaningful–has made discount shopping not a sad compromise, but a joyful form of smart allocation. By improving store environments and offering better service, hard discounters have found new consumers who are comfortable and even proud of "buying at a low price." While discount has always existed, it is no longer a question of budget, but cleverness. And yet, the current economic climate shouldn't be viewed as a cause, but a catalyst for change. Even before the crisis, consumers were increasingly growing more cost-conscious and aware, carefully thinking about spending and becoming more discriminating about their choices. For some time now, the concepts of value (what your brand does) and values (what your brand believes in) have been strongly connected. In the current marketplace especially, it is no longer enough for a business to seem ethical and authentic to secure a brand's future–it must actually deliver.

The rise of the new consumer

What has emerged over the past years in Western markets is a new consumer whose attitude towards wealth has shifted from a question of "what to buy" to "why buy," and from purchasing power to an empowered purchase. Economic, social, and environmental concerns have brought issues such as sustainability, wealth distribution, and resource protection to the top of the agenda. As a result, an ostentatious form of luxury appears completely out of sync with a global quest for sobriety, wisdom, and a greater sense of purpose. In Western markets, even consumers who can afford luxury goods are refraining from purchasing, in fear of being ostracized for their lavish spending.

The wave of accessible luxury and the new rich have forced long-standing European luxury brands to find ways to emerge from this democratization–mainly by engaging with customers who can afford them not just economically, but also intellectually. By catering to an élite that doesn't just have the power to buy, but is also fully aware of the authenticity, legacy, and excellence that sets these brands apart, it is no longer about the wealthy, but wealthy connoisseurs. This marks a return to 19th century French and Italian luxury, which was about craftsmanship, unique "savoir faire," and selling a lot to the few. This is a reversal from the recent past, which saw many luxury brands selling more to more people for less.

Asia: the lasting desire for luxury

It is important to note that while Asia's luxury market has also been impacted by the recession, this trend is less pronounced in the region. In Asia, sensitivity towards wealth generally applies more to notable public figures who are expected to act as role models, rather than the average wealthy individual. (The one exception here is Japan, where owning luxury items may not be quite as special as it used to be.) Unlike in Western markets, the change in spending habits may not reflect real attitude changes across Asia. Instead it reflects circumstantial changes, as consumers indicate their intention to resume spending once the recession is over.

Although consumers are trading down and choosing house brands over branded items when it comes to functional items such as groceries and basic needs, quality remains important when it comes to personal items that demonstrate social status. Rather than refraining from spending, Asian consumers are taking advantage of the economic downturn or merely delaying their purchase until the economies feel more secure.

How to adjust to the realities of the economic environment

Just as discount labels have been affected by the recession and shifts in consumer spending, luxury retailers and manufacturers have also been impacted negatively. The brands that did not see these signs before the crisis or make moves to adjust are struggling the most.

The luxury brands that made measurements and consumer tracking a priority before to the crisis are the ones surviving. They have already predicted shifts in spending ahead of time and, in many cases, already addressed the issue of how to woo the elusive, average consumer, who sits between the discount consumer and the high-end target group. They have also shown why it is necessary to adjust to changes in consumer spending habits in a tough economy. Some of these adjustments include:

1. **Positioning for authenticity and value**
   Brands need to position themselves as providing genuine value and real benefits to consumers. They need to focus on physical or tangible differences, as opposed to intangible messages. Luxury brands should focus on heritage or craftsmanship. They need to re-emphasize the brand's real value to customers. They need to entice consumers, rather than make price cuts.

   Says Gucci CEO Patrizio di Marco, "Leading brands define themselves through the experience they afford their customers. Over the coming years that experience will need to become even more distinctive."

2. **Strike the right balance**
   This is critical, both in communications, and execution such as product lines and staff training. Brands must be sensitive to the changes in the consumer mindset and economic environment. They need to defend their position and take advantage of the situation to reach out to a wider consumer base.

   However, at the same time, it is perhaps even more important for brands to be empathetic and reassuring to their existing customers. This is essential to sustaining brand loyalty at a time when consumers are more likely to switch to cheaper alternatives. This might involve over-investment in customer relationship management, with an even greater focus on customer service, or enhancing loyalty programs, rather than discounting.

   While the two points may seem to contradict one another, it is possible to strike the right balance. Many luxury brands are successfully investing in their retail networks with the ultimate goal of reaching a wider audience, while also offering an outstanding experience to their core aficionados.

3. **Avoiding limbo**
   Striking the right balance between accessibility and premium status has proven to be quite a challenge for luxury brands. Brands that diversified to a larger audience when times were good are suffering. Tiffany & Co. initially benefited from opening stores in malls across America but is today seeing the effects of brand dilution. Wealthy consumers are more likely to purchase their jewelry from a brand that has maintained its exclusivity, like Cartier. The average consumers have cut out luxury spending altogether. Too high end to be mass, too mass to be high end–this is a difficult limbo to reemerge from.

4. **The importance of communities**
   Google symbolizes how communities reshape the way we see, investigate, and rationalize our world. As a result, it is also a symbol of the way we discuss, choose, and reject brands–even luxury brands. For many decades, luxury brands influenced popular consensus. Today, luxury does not hold that same power. Communities, not necessarily the élite, create influence and consensus. These same communities will refuse luxury as a dogma. Think of Apple's iPhone, possibly the first non-exclusive brand in history. It transcends any other smartphone in terms of the desire it ignites, if not of ease of use and functionality. As a result, it generates the same long lines we once saw outside of upscale fashion boutiques.

As the concept of luxury evolves, the true opportunity for luxury brands will be to focus on the roots and meaning of their excellence. Prada has continued to invest in its own stores with the goal of owning the purchase experience and ceremony. While it has embarked on the Prada Transformer, a structure that is designed to accommodate a series of events in Seoul in 2009, this initiative is not about stretching the brand. On the contrary, it is about reinforcing its essence by letting its artistic angle play out. It is about depth and substance, not breadth and surface.

The Experience Revolution

Brands that touch the five senses *By Leslie Butterfield*

Ask yourself this question: What has been your best-ever brand experience? Maybe it was staying at a Four Seasons hotel, stepping into a Mercedes-Benz, handling a Jaeger-LeCoultre watch, or owning your first iPod. Or maybe it is a memory of opening a cold Coke on a hot day, flicking a Tic Tac mint into your mouth, or your first visit to McDonald's.

These experiences are all personal, emotional, and tangible. This is what makes them special. Great brand experiences like these offer customers a multitude of benefits: tactility, reward, visual pleasure, functional excellence, and a sense of flattery, simplicity, or inner peace. The list is long, and the feelings are often profound. In the end, though, our daily lives aren't defined by special occasions–they are defined by what is continuously present.

The post-digital age

In 2009, no brands have been more present in our lives than those in the digital sphere. Google, Microsoft, Apple, Facebook, Twitter, and YouTube have pervaded our waking hours. As they have brought us all the benefits of immediacy, connectedness, and information, they've also subtly shifted our worldview and our brand priorities.

We are now overwhelmed with messages. According to Deloitte, the average office worker checks his or her email over 50 times per day and sends more than 160 messages. A Google search reveals that we receive around 1,000 commercial messages a day. Evidence suggests that this information gradient is getting steeper. Is this an insatiable appetite, or will there be a limit to how connected we can be–or want to be?

Maggie Jackson, in her book *Distracted: The Erosion of Attention and the Coming Dark Age*, believes that the never-ending stream of phone calls, emails, instant messages, text messages, and tweets interrupts and stifles creativity. This degree of interruption, she claims, is strongly correlated with stress and frustration. Indeed, recent studies show that information workers now switch tasks an average of every three minutes throughout the day.

So while we reap the benefits of the digital age, we probably need to recognize that the speed and volume of our communication have changed the way we interact with each other. Our language is more curt, our expectations more immediate. We don't have time to be as nice as we once were.

Many brands have reflected these changes. In the rush to be digital, they have overemphasized these channels at the expense of real human interaction. The risk is that consumers become desensitized. That's why there is now the beginning of a move the other way–not a backlash, but a turning toward more real, human, and meaningful connections.

In the U.K., for example, live events like festivals and concerts have never been more popular. Last year an estimated three million people went to one of the 500 different festivals on offer. These people are on a mission to experience the sights and sounds but also the smells, touches, and tastes of real events. They want to immerse and enjoy, not just be entertained.

Getting back to basics

For many brands, the instinctive reaction to this trend has been to look for new and smarter ways to connect with consumers through technology. Dove has invited women to produce their own TV ads for the launch of the new Dove Cream Oil collection. Creative, interactive, multilayered websites like LEGO or Wrigley also bridge the gap between the real and virtual worlds.

But not enough brands are paying attention to tangible human interactions or to what true brand experiences entail. It's an obvious point, but by definition the digital world is restricted to just two senses: sight and sound. It's clear that no amount of time on a Mercedes-Benz website will give consumers a true sense of what it feels like to close a car door, smell the brand-new leather interior, or run their hands over the dashboard.

Consumers need these memorable, multisensory experiences to fully engage with a brand. Brands need to get back to basics and create more experiences of this kind. When they do, the rewards are huge. NIKETOWN, Apple Stores, the Samsung Experience, Mercedes-Benz World, Disney Stores, and LEGOLAND are all testimonies to the power of this strategy of giving people new, 3-D brand experiences around a known product.

But brand response is about more than just "opening a shop"–and anyway, that may not be at all appropriate for some brands. If you're a telecom brand, for example, your shops are probably focused on selling phones and dealing with customer contracts and enquiries. So where do you turn if you want to create an uplifting brand experience?

Brands leading the movement

For T-Mobile (part of Deutsche Telekom) the answer is a multi-level strategy. It does all the things you'd expect from a major mobile network brand: advertising, e-mail promotions, DM offers, loyalty schemes, and running its own shops. But it also does something that no one else in its sector has done: bring people together, at short notice, for spectacular, live, flash mob events that celebrate music, youth, and (of course) the T-Mobile brand. The last one, in London's Trafalgar Square, attracted nearly 15,000 people. The audience, singing the Beatles' "Hey Jude," was featured in a TV commercial that was shot, edited, and broadcast on national TV within 24 hours.

Even bigger was the Nike+ Human Race event last year. Nearly 80,000 people in 142 countries took part in the event. Hosted by Nike in 25 cities, but taken up spontaneously by many more, this truly was a global celebration of the Nike spirit. Immersive, personalized, multisensory, and 3-D, it was a brand experience to remember.

Brands on the right track

Not all brands can go this far, but there are still plenty who are tapping into this "Experience Revolution," seeking to engage all the senses around their offer.

- Moët & Chandon, brand leader in champagne, opened a Moët Bar in Macao and a number of Ateliers Moët in cities around the world where people can interact with the brand in person.
- Camper, the fashion shoe brand, expanded its core concept into stylish, laid-back hotels in Barcelona and Berlin.
- Nestlé opened a Nespresso Boutique in Paris, creating a full, 3-D experience for the brand.
- Illy introduced the pop-up Galleria illy in New York, Milan, and Trieste in line with its mission to integrate the brand with the world of art and culture.
- Dolce & Gabbana opened a fashion-inspired restaurant, D&G Gold, in Milan.

Engaging the five senses: challenge yourself

Engaging all five senses to make your brand more effective and memorable is often easier said than done. If you're a retail brand, well, the world is your oyster–you really can create your own unique experience across the senses. If you're a product brand, the path isn't as intuitive. However, this doesn't mean that product brands can't find ways to use tactility, sound, and smell.

For instance, BMW spends a lot of time and money on designing sounds and textures–not just shapes and functions–for their products. Smell, too, can be a selling point. Research conducted many years ago in France suggests that childhood memories of the smell of a car's interior (particularly the leathery smell of luxury cars like Jaguar) could still be a powerful purchase trigger in adulthood!

Other brands have been using smell to their advantage as well. Nespresso Boutique Bar features a Gallery of the Senses, an "olfactory route" through the brand. Samsung has developed a "Brand Sensory Identity" system that embraces not just visual elements but also sonic devices, sound palettes, product and packaging texture guidelines, and fragrance signatures.

Virtual brands experience the greatest challenge here. How can they create their own touch, smell, and taste experience given their limits? While difficult, there are ways to do this if brands think outside the box. Perhaps T-Mobile's flash mobs can offer a hint to the way forward.

The Experience Revolution

Interbrand is taking its examination of the customer journey a step further, analyzing the role that the senses can play throughout that journey. This might take the form of a sensory audit, an analysis of sensory touchpoints, or even a holistic view of the "sensory customer journey." This type of analysis is necessary if you want your brand to succeed.

The increased desire among consumers for authentic experiences is a reality. More and more consumers will react against the blizzard of digital distractions that pervade our lives and leave us feeling a little frustrated and empty. They are going to want to fill that void with real experiences. They'll turn toward brands that offer multisensory events, locations, and occasions–anything that reconnects them with other people in person, not remotely.

And this "Experience Revolution," as we've called it, isn't just about the senses but also about emotions: not just transient emotions like happy or sad but deep emotions like community, belonging, feelings of self-worth, and individuality. Brands that can use real experiences to tap into these kinds of emotions will open up a wellspring of goodwill, loyalty, and, ultimately, value.

Decoding Shopper Behavior

Creating a memorable retail experience

By Bruce Dybvad and Kelly Crouch

By its narrowest definition, a store is a distribution point, a location for the purchase transaction. Yet when the store is creating an experience, it is more akin to an event, engaging the shopper's energy with shapes, lighting, textures, sounds, and smells that swirl around its distinctive merchandise presentations. It reaches the imagination through the senses to speak to both wants and needs, delighting the customer. A brand can really be at its best in retail.

However, because there are so many moving parts and pieces of the supply chain and thousands of decisions that happen before the shop doors open on any given day, retail also presents a brand's greatest challenge. It demands organizational and creative genius focused around a compelling brand idea. To complicate matters, today's consumer is wary and changeable.

This is why, especially in these turbulent times, retail brands need to adapt to shoppers evolving needs to entice them through the doors. By renewing trust, they can find ways to maintain or even increase profitability.

Customers have limited patience and forgiveness, so the basics must be right

Trust in our institutions has eroded and customers are frustrated. Customers are shopping for what they need versus what they want and aren't interested in endless choices. They don't want to deal with clutter, additional shopping trips, or risk disappointment in new item trials.

For retailers, this means if the basics aren't in place, or if the experience is not what shoppers need now, shoppers will be quick to defect. Even if they must cut costs to compete, stores must still work to get the basics right, and maintain the expected service level.

Carrefour is working to get the basics right. In response to the budget-minded customers who are disinclined to drive out of town to its hypermarkets, Carrefour is leveraging customer data to adjust its store offerings to better cater to its clientele. It is seeing success through more careful produce selection, a reduction in non-food items, and increased focus on its small-format Carrefour City stores, which are located in city centers, where budget-minded shoppers are more likely to shop now.

In keeping with the new "less is more" sensibility, a few of the largest retailers, such as Walgreens and Wal-Mart, are expected to slice the assortment of their stores by at least 15 percent. Businesses have found that eliminating certain products can lift sales and profits in part by cutting excess inventory and opening up shelf space for house brands. Interestingly, to accommodate today's customer, many brand manufacturers have announced that they will invest in their most stable, familiar brands with strong value propositions, rather than introduce new items.

As customers trust less, stable brands matter more

In turbulent times, shoppers are looking for stability, not the newest and latest player. Brands that have clearly established a reason for being and have stuck to a promise become the brands that guide us through the storm. These clear and consistent brand leaders continue to win during the downturn.

The three basic influences that affect customer choice are: *foundational*, the product and its brand signature; *transmissive* or the promises made through brand messaging; and the *experiential influence*, the most critical of the three—when a customer's emotional reaction to something in the store is transferred directly to the brand. (For example, it's fun, I feel cared for, and it inspires me.) The foundational, transmissive, and experiential influences all demand a delicate balance.

A brand that gets these three basic influences right is H&M, which is doing better than competitors, as evident from new store openings and expansion geographically. H&M possesses a strong combination of operational abilities and clear and consistent brand. It is well positioned to stay strong during tough times and pull share from upstarts. While price has always been part of its proposition—and is reaping big benefits now—the fast fashion house continues to evolve the design of its store experience. Customers rely on H&M for trendy and practical apparel, as well as the designer lines and social connections they've come to count on. In Tokyo, 8,000 customers lined up to wait expectantly for the newest store to open.

The retail experience must be carefully crafted around shopper insights

If brand is the big idea that tells us what we want to achieve with shoppers, then every element in the store design must manifest the same highly recognizable sensibility and unique narrative. More than that, the people who shop there must inspire the myriad of small design choices we make to bring the brand promise to life. IKEA was voted one of the world's most trusted retailers because, like no other brand, it recognizes and fills a need and does it beautifully. Year after year, IKEA draws eager crowds to its inspiring destination stores, which are often complete with services like restaurants, a mini-grocery, and a children's play area. IKEA continues to associate itself with values and practices like conservation and sustainability that reflect consumers' own values. IKEA's quality, moderately priced furniture is enhanced in the consumers mind by its investment in renewable energy, and its commitment to water and energy conservation. It builds on its reputation of trust in its digital experience as well. There is a feature dedicated to offering customers advice on how to shop. The website offers information on its products and provides maps, if you need detailed directions to its stores. The IKEA experience is truly crafted around its shopper.

The same can be said for Hertz. In an industry fraught with pain points, any brand willing to take them on behalf of its customers has the opportunity to lead the category. Yet, many just take the customer for granted instead of adopting customer-centricity as a perpetual mindset. Hertz stands out because it has mapped the customer journey to continually find moments to innovate. It creates a distinctive and delightful experience by leveraging every nuance of brand interaction. It keeps you out of the rain, enables you to avoid stopping at the check-in desk by allowing you to book efficiently online, stands ready with your preferences even as they change, and improves upon its brand promise, consistently bringing it to life through physical delivery. In car rental it leads the category.

The new value equation

Price is only one part of the value message today. When the recession hit, some retailers went straight to price comparisons. But price competition is not sustainable. The solution is a balanced value proposition, unique to your brand, where price competitiveness plays a role, but is not the sole competitive advantage. Without a balanced equation, a brand's power to create demand is diluted. The U.S. retailer Target has done a masterful job of aligning brand messages with price credibility.

Value can be delivered in many ways. For example, people are dining out less. This allows the grocer the chance to boost its category by filling a different role, such as providing suggestions on how to make a great dining experience in the home.

Hard discounters like ALDI and Lidl are introducing broader selections and brands while maintaining a huge focus on best value. These brands have maintained clarity and consistency, and are well positioned during these times. However, the question becomes what is in their future? How do they defend their position on the upswing?

Continuous understanding is key to market opportunity

Building a retail brand requires strong insights now more than ever. Simply asking shoppers what it takes to make them happy won't necessarily lead to useful knowledge. Shopper behavior must be studied, observed, and questioned; investigation cannot be limited to backward-looking market research studies or in-home and workplace observation, which omit specific environmental dynamics.

Although one can see that attitudes about value have shifted without precise methodologies, retail-specific techniques gather the insights critical to the creation of the shopping experience. These methods inform merchandise planning, adjacency, and shelf strategies. They often result in multiple circulation patterns for multiple high-potential shoppers—customers who shop the same store but with completely different styles. Differences abound by category, by brand, and by mission. They can only be revealed and addressed by studying the shopper.

Retailers that marry shopper insights with strategic store design can successfully orchestrate profitable purchase behaviors that increase shopper satisfaction. The winning consumer-centric retail business model is, in fact, a perpetual mindset, a fierce determination to look through the shoppers' eyes and fathom their concerns.

Shoppers don't blindly align with brands like they once did. They don't choose one carmaker for life, or shop exclusively at one department store. People don't stay in the same job for their entire career and markets aren't as stable as they've been in times past. Trust is at stake in every transaction. Shoppers are being courted by so many options, their attitude has a "what have you done for me lately?" quality. At the same time they have real worries, fears, hopes, and dreams that are shaping and reshaping their values and behaviors. Decoding those mind states is the key to a closer connection.

Although retail will never be an easy proposition, precisely because it has so many parts and pieces, each moving at a different velocity, retail offers endless opportunities to adapt in innovative ways to a shopper's unmet needs—and through them new markets and higher levels of profitability.

Driving Demand Through Creativity

Lessons from the Best Global Brands *By Andy Payne with contributions from Interbrand's creative leaders*

Designing a powerful brand expression is a combination of a strong proposition and compelling personality. The proposition and personality are then brought to life through a unique combination of the key equities of the brand: tone of voice, imagery, color, typography, environment, textures, live and static forms, and sounds. These equities are then used like a palette to design all touchpoints of the brand and create the desired expectation or experience.

Step 1: Start with a great brand proposition

Paola Norambuena, Head of Verbal Identity, New York:
A brand proposition that sparks imagination, dedication, and an emotional connection is easier to implement across customer touchpoints, and even cultures and regions because the meaning is evident. Cultural adaptation then becomes an inflection of the overall idea. As you see with Nike, its visual and verbal expression varies more than most brands, but its intent and attitude is always consistent: If you have a body, you are an athlete. This proposition taps into Nike's dedication to human potential, and makes it relevant to its business by grounding human potential in athleticism. It's not overly clever, instead it's fundamentally true to the brand.

Chris Campbell, Executive Creative Director, New York:
Great brand propositions and expressions are universally understood, believable, actionable and stand the test of time. Whether it is the product design, the name, an advertisement, the user experience, a personal interaction or the choice of a color, all need to express and reflect the proposition.

Andy Payne, Global Creative Director:
Coca-Cola is an example of a brand with a great brand proposition. In the last decade, we have seen Coca-Cola rebalance the heart of the brand from one that is product-driven, to one that is an expression of lifestyle. The brand has moved from refreshment to a bigger idea: a world of enjoyment, summarized with the slogan "The Coke side of life." This has allowed Coke a far more powerful and emotional palette to create a connection with consumers.

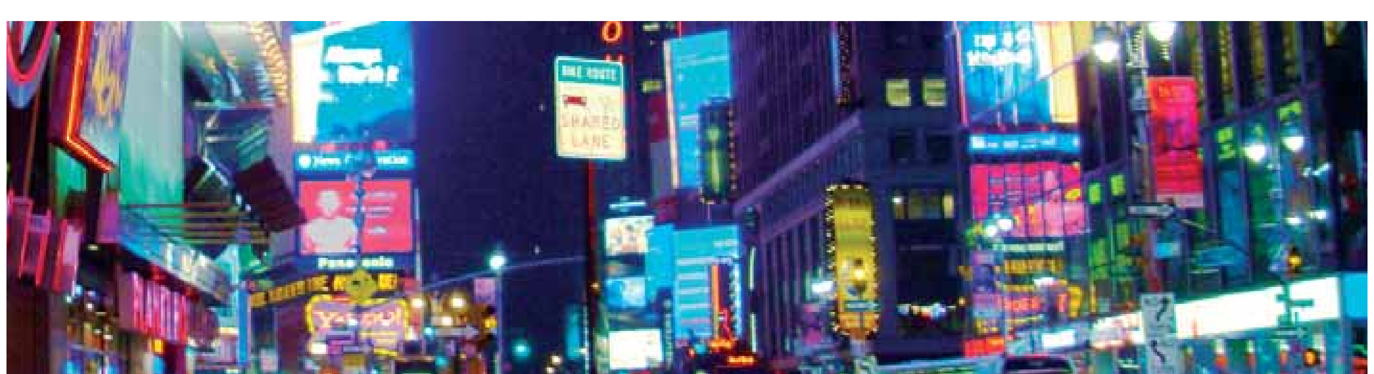
To see this, just look at the way it is communicating. On TV, a humble vending machine reveals a Tim Burton-like magical world of rich detail and thrills. In print, the opened bottle unleashes a variety of expressions from passion to fun. Graphics are reminiscent of 1960s flower power, with the vibrancy of a Rio street carnival. Coca-Cola has also created the "Coca-Cola Design Machine" website, a toolkit to ensure that the brand proposition is expressed uniquely and effectively in each market, and that evolving design stays true to the core brand proposition. All of these elements contribute to the overriding impression that Coca-Cola offers a world experience that transcends the product. This rebalance towards a more emotional center of gravity has given Coca-Cola a richer territory.

Step 2: Know when you have a great brand proposition, and stick with it

Andreas Rotzler, Chief Creative Officer, Central and Eastern Europe:
You know you have a great brand proposition when you experience something familiar in a new way. The most successful brands are like good actors. These creative brands instantly convey meaning and begin to tell a story. Disney is every child's friend because it offers the power of magic. HSBC is your approachable neighbor who is also a big world player. Apple and Google are relaxed revolutionaries; their approach and offering seem casual and easy, but they're actually much smarter than you.

Scott Jeffrey, Chief Creative Officer, Interbrand Design Forum:
For retail, a great expression of the brand proposition is achieved when nothing appears out of place. This means it would be difficult to add or subtract something else and get the same meaningful impression.

Paola Norambuena: Everyone should immediately understand it, know what to do with it, and be able to express it to their customers in everything they do. A truly great brand proposition is simple, memorable, self-evident, and relevant to the company, both internally and externally.



Fred Richards, Executive Creative Director, Cincinnati:
Sometimes it just comes down to gut instinct. If you don't need to explain the proposition to someone who is seeing it for the first time, then that's great. You have to have a sense of conviction to follow through across all of the touchpoints, and resist any argument to dumb things down. If you have a great proposition, then shout it from the rooftops, get consumers to understand it, and engage with it at every possible touchpoint.

Step 3: Find a way to balance the brand proposition and a compelling expression of that proposition across global markets and across all touchpoints

Chris Campbell: For brands to be successful on a global stage they need to have the flexibility to adapt to local markets while maintaining and building upon the core brand proposition. McDonald's is an excellent example of a brand that has embraced this practice. While I may be able to buy frites with frites sauce only in France, the experience is the same as New York, London, or Tokyo: an experience of simple, easy enjoyment.

Hideto Matsuo, Creative Director, Tokyo:
The greatest challenge and highest barrier is often conservative thinking. Large organizations can be very resistant to change. Reaching consensus may take a very long time particularly when working around different cultures and sometimes business agendas. However, to get a successful implementation across all touchpoints and markets, you need to get everyone on the same page.

Scott Jeffrey: Balance lies with the desire for consistency of the brand proposition and how it's uniformly communicated. The challenge is getting beyond cultural hurdles that might discourage consistency. Sometimes, even a color used to express a proposition may have a different connotation across borders, so the intent behind the use can be diluted or misinterpreted.

Paola Norambuena: It is a challenge when the brand proposition is expressed in a way that's hard for people to grasp. Maybe it's too general, not specific enough to the core offering, uses language that's not true to the brand, or feels too much like a slogan. In these cases there's not enough depth in the proposition for it to spark imagination in its application. If I can't imagine how this applies to my day-to-day role; how it applies to my function or region; or how it impacts how I think about the brand, then it is not successful. This is the emotional connection.

Step 4: Look to the Best Global Brands for examples of driving demand through expression

Hideto Matsuo: Modern industries such as automotive or consumer electronics promote quality and touch and feel. Apple delivers this better than anyone else. In the worlds of IT or e-commerce, customer experience is paramount to brand building–Amazon.com stands out in this regard.

Fred Richards: One of the main champions of this at the moment has to be Moët & Chandon's Veuve Clicquot Champagne. As Moët & Chandon CEO Marc Jacheet says, "Moët is a dealer in hope." The consistency of brand application is key in an oversaturated market of blacks and golds. There is a distinct and yet subtle sense of humor to the brand. Packaging is constantly innovating to add value and a sense of style beyond the category norms of celebration at critical key dates on the calendar.

Andy Payne: BMW really gets it right. When we see BMW's brand mark, we don't think of its origin as the propeller of an airplane or the literal translation of blue and white quadrants. We think of the perfectly engineered "driving machine," and this is because expression has become synonymous with the brand proposition.

Chris Campbell: Nintendo embraces expressive design in all that it does. From product design to naming, from communications to user experience, from in store to online, Nintendo is effectively reflecting its brand promise of igniting and satisfying demand by delivering "wow" experiences and services that bring big smiles.

Scott Jeffrey: The Disney brand was built around a compelling proposition of family-centric entertainment and it guides every touchpoint that a consumer encounters. The use of characters to create fantasy leads to being able to physically engage similar themes in a physical space, one that immerses the customer in a 360-degree, multisensory, branded experience.

Final word: Expression creates value

Andy Payne: As consumers and audiences we encounter emotion and meaning through personality and storytelling. Expression creates ownership of that meaning, and that ownership creates value.

The journey towards creating a compelling expression of your brand is never complete. Brand propositions, personality, and expressions have to be continually evaluated, evolved, and reevaluated. The landscape in which consumers evaluate the desirability of a brand is continually changing; change is inevitable, and is something that needs to be embraced as an opportunity.

Many brands have not explored creating strong compelling emotional territories. For those brands, a great opportunity for growth lies ahead. As the Best Global Brands demonstrate, brands that claim powerful emotional propositions and capture them with an exciting world of expression, have the ability to maintain a fond place in the mind of their audiences now and in the future.

Tomorrow's Brand Leaders

Up-and-coming global brands *By Jonathan Chajet*

While 85 percent of the world's population lives in the developing world, not one of the Best Global Brands calls the developing world its home—at least for the moment.

The recent economic crisis is being viewed by many as a "reset" that will forever change industries. With their huge populations, there is a decided shift in economic power to countries like China, India, Russia, Brazil, and Africa, and former global giants are making way for new leaders from fast developing markets.

New dynamics

While the long-term effects of the current economic crisis are still unclear, a few new dynamics are emerging.

Consumers, in general, are now more value conscious. They are closely scrutinizing the functional benefits of a product and trading off emotional benefits for price. Some of today's global brands are badly out of sync with a world where frugality is the new form of conspicuous consumption.

The very public demise of some of the world's most venerable brands—particularly in the financial services industry—means that heritage no longer implies reliability. Combined with the surprising breadth and depth of the economic crisis, consumers are asking for greater transparency from their brands.

At the same time, the Internet continues to transform the relationship that brands have with their customers. Speed, interactivity, and personalization are becoming increasingly important purchase drivers. The relentless march of the Internet will continue to dismantle barriers to entry for new brands and open up entirely new channels for value delivery.

Advantage of developing market brands

Although brands in fast developing markets face challenges in building awareness and standing for something other than low price, these new dynamics are creating opportunities, if not outright advantages. No economic crisis hangover, no "old school" imagery, and no addictions to business as usual: These brands are the fresh breeze emerging from the storm.

Fast developing market brands have years of experience targeting low-income consumers. They understand how to strip products down to their bare essentials and connect with consumers in terms of functionality and value instead of status and aspirations.

They also have much lower cost structures due to thriving on micron-thin margins for years. This gives them extraordinary flexibility to respond to market needs, enabling them to test and churn out new products at a much faster rate, and achieve exceptionally high levels of mass personalization—just what the Internet generation loves.

Brands on the horizon

We have identified a number of developing market brands that have the potential to become leaders on a world stage. Based more on our gut instinct than technical analysis, these brands are strong leaders in their home markets and are already showing some early signs of globalization. In other words, we like their chances.

China: Lenovo, Haier, Tsingtao
Lenovo aims to be a leading global PC company, with an aggressive expansion plan built on solid client relationships, an extensive distribution network, and strong R&D capabilities. Perhaps most famous for its acquisition of IBM's PC business, it is building brand awareness through sponsorship of the Olympics, Formula One, and the NBA.

Striving to be the world's local brand of home appliances, Haier is taking a unique route by focusing on niche markets first (e.g., small refrigerators for U.S. college students and personal laundry machines for Japanese housewives). Thanks to its global procurement process, flexible manufacturing base on different continents, and localized sales and marketing, Haier is rapidly gaining a comprehensive understanding of international markets.

Probably one of China's best-known brands, Tsingtao Beer is quenching the thirst of global beer drinkers who are looking for a taste of China. The company is aggressively building its distribution network, tailoring its marketing based on local demands, and creating strategic partnerships with global brewers like Anheuser-Busch.

India: Tata, Reliance, ArcelorMittal
With nearly two-thirds of its revenue from outside India, Tata Group operates in a number of business sectors, including communications and information technology, engineering, materials, services, energy, consumer products, and chemicals. One key success factor: Every Tata enterprise operates independently and has its own board of directors and shareholders.

The Reliance Group is India's largest private-sector enterprise, with businesses in energy and materials. Starting with textiles in the late 1970s, Reliance pursues a strategy of backward vertical integration, giving it global leadership by participating in every stage of the value chain. Today it is the largest polyester yarn and fiber producer in the world and among the top 10 producers in the world in petrochemical products.

ArcelorMittal is the world's number one steel company. Created in 2006 following the merger of Mittal Steel and Arcelor, it operates in more than 60 countries and is the only truly global steelmaker. Its presence in Europe, Asia, Africa, and America gives the brand exposure to all the key steel markets, and it's looking to develop positions in the high-growth Chinese and Indian markets.

Russia: Kaspersky Lab, Aeroflot, Gazprom
Kaspersky Lab provides information security to computer users around the world. Founded by one of the visionaries in computer protection, Eugene Kaspersky, the company sees itself as more than just a commercial mission—it also seeks to develop the overall harmony of global communications. The brand does not emphasize its Russian origin and hopes to set an example for other Russian developers to become big global players in IT.

With an 85-year history in aviation, Aeroflot hopes to become a global brand by leveraging its geographic position between Europe and Asia as well as its importance in Russia's economic development. With deep investments in on-the-ground infrastructure, improving perceptions of quality and service, and competitive prices and timetables, Aeroflot is proving to be a tough competitor for brands like Air France and even Lufthansa.

Today's Russia is about oil and gas. Gazprom holds 17 percent of the world's gas extraction and is already world renown. To some extent, it represents and influences the image of Russia overseas. Regardless of its brand-building activities, Gazprom's size, industry, and political weight will keep it on people's minds for years to come.

South Africa: MTN, Anglo American, SABMiller
MTN Group is in the business of communication services through cellular network access and business solutions. With over 40 million subscribers in 21 countries, its key markets are Nigeria, Iran, and South Africa. The company is aggressively building its brand as an official sponsor of the 2010 FIFA World Cup (in South Africa).

Anglo American, the South African mining house, is to many the powerhouse of local business and—together with its 45 percent ownership of De Beers—an icon for the country. Headquartered in London, listed on both the London and Johannesburg stock exchanges, and operating in 45 countries, it is international by any standards. With a newfound passion for its brand assets, the group can regain some of its lost momentum of late and reassert itself on the global stage.

Few realize that the "SAB" in SABMiller stands for South African Breweries, a company formed in Johannesburg in 1895. In little over a decade, the company has grown through acquisition to be one of the top three brewers in the world, spanning the globe with over 200 brands, including Snow in China; Miller and Coors in North America; Castle in Africa; and Peroni, Pilsner Urquell, and Grolsch in Europe. In addition, it is one of the top bottlers of Coca-Cola products around the world.

Brazil: Banco Itaú, Vale, Natura Cosmético
Banco Itaú, the result of a merger between two of the oldest banks in the country, is the largest private financial institution in Brazil and one of the largest in the world. The company is pursuing business both domestically and overseas, participating in all areas of economic activity and exercising leadership in various segments of the banking sector.

Vale is a global mining company that is working diligently to transform mineral resources into prosperity and sustainable development. Its mission is to provide the essential ingredients of people's everyday lives.

Natura Cosméticos is Brazil's largest manufacturer of cosmetics, skin care, hair care, personal hygiene, and fragrance products. Its brands—including Chronos, Natura Ekos, Mamãe e Bebê, Natura Unica, and Faces de Natura—are sold via a direct sales force of more than 700,000 throughout Brazil. It takes great pride in its social and environmental consciousness and because of its consistent profitability is recognized as one of the companies best withstanding the economic crisis.

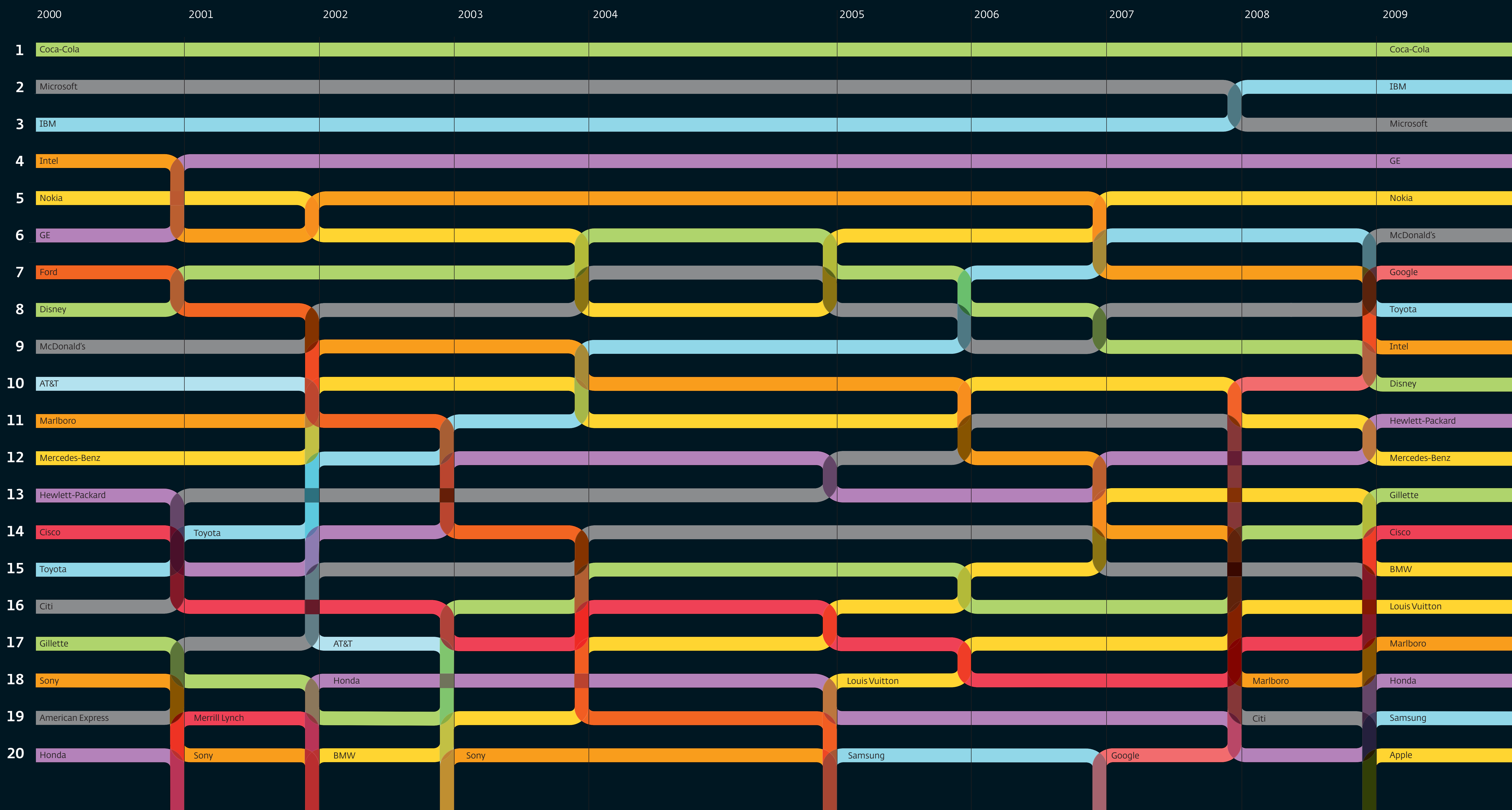
A Decade of Best Global Brands

The top 20 brands' performance over 10 years

Interbrand launched its first study on brand value a decade ago. Our first Best Global Brands report was intended to make it clear and widely known that brands are important strategic assets of value.

By placing a value on these brands we challenged the prevailing notion that brands are only sources of cost, not profit-generating tools. In time, the business community began to realize the value of many large companies was better defined by the profile of their intangibles and not just the physical assets valued on their balance sheet.

Today we recognize that brands are created, managed, bought, and sold just like any other asset. The notion that brands create value has been the backbone of the Interbrand offer, running like a red thread through everything we do for clients.



Evaluating the Best Global Brands

The Interbrand method for valuing brands is proven, straightforward, and profound. It examines brands through the lens of financial strength, the importance of the brand in driving consumer selection, and the likelihood of ongoing revenue generated by the brand.

To start, Interbrand compiles a list of global brands from our marketing database accumulated from more than 25 years of valuing brands and nearly four decades of consulting with organizations around the world.

We then narrow the candidates based on the following criteria for consideration:

1. There must be substantial publicly available financial data.
2. One third of the brand's revenues must come from outside its country of origin.
3. The brand must be positioned to play a significant role in the consumers' purchase decision.
4. The Economic Value Added (EVA) must be positive, showing that there is revenue above the company's operating and financing costs.
5. The brand must have a broad public profile and awareness.

Based on these criteria, certain brands you might expect to see in this ranking are not included. The Mars and BBC brands, for example, are privately held and do not have financial data publicly available. Wal-Mart, although it does business in international markets, does not do so under the Wal-Mart brand and is therefore not sufficiently global.

Certain industry sectors are also not included in our study. An example are telecommunication brands, which tend to have strong national roots and have faced awareness challenges due to numerous mergers and acquisitions. The major pharmaceutical companies, while very valuable businesses, do not appear as their consumers tend to build a relationship with the product brands rather than the corporate brand.

For brands that meet the Interbrand criteria, we next look at the current financial health of the business and brand, the brand's role in creating demand, and the future strength of the brand as an asset to the business. This method is defined on the opposite page.

Financial Analysis

We begin by forecasting the current and future revenue specifically attributable to the branded products. We subtract operating costs from this revenue to calculate branded operating profit. We then apply a charge to the branded profit that is based on the capital a business spends, versus the money it makes. This gives us a business's economic earnings.

All financial analysis is based on publicly available company information. An estimate for financial reporting is established from a wide range of analysts' reports.

Role of Brand Analysis

This is a measurement of how the brand influences customer demand at the point of purchase. This is applied to the economic earnings to arrive at the revenue that the brand alone generates (Branded Earnings). We use in-house market research to establish individual brand scores against our industry benchmarks to help us define the role a brand plays within the category. For example, we know that Role of Brand is traditionally much higher in the luxury category than in the energy and utilities sector. The brand, not the business, is unarguably the principle reason why consumers choose these goods and services.

Brand Strength Score

As brands are assets like any other, in valuing brands we need to assess their ability to secure future earnings on behalf of the businesses that own them. Brand strength is a measure of the brand's ability to secure demand, and therefore earnings, over time. Securing customer demand typically means achieving loyalty, advocacy, and favorable levels of customer trial, as well as maintaining a price premium.

Our method generates a discount factor that adjusts the forecasted brand earnings for their riskiness based on the level of demand the brand is able to secure.

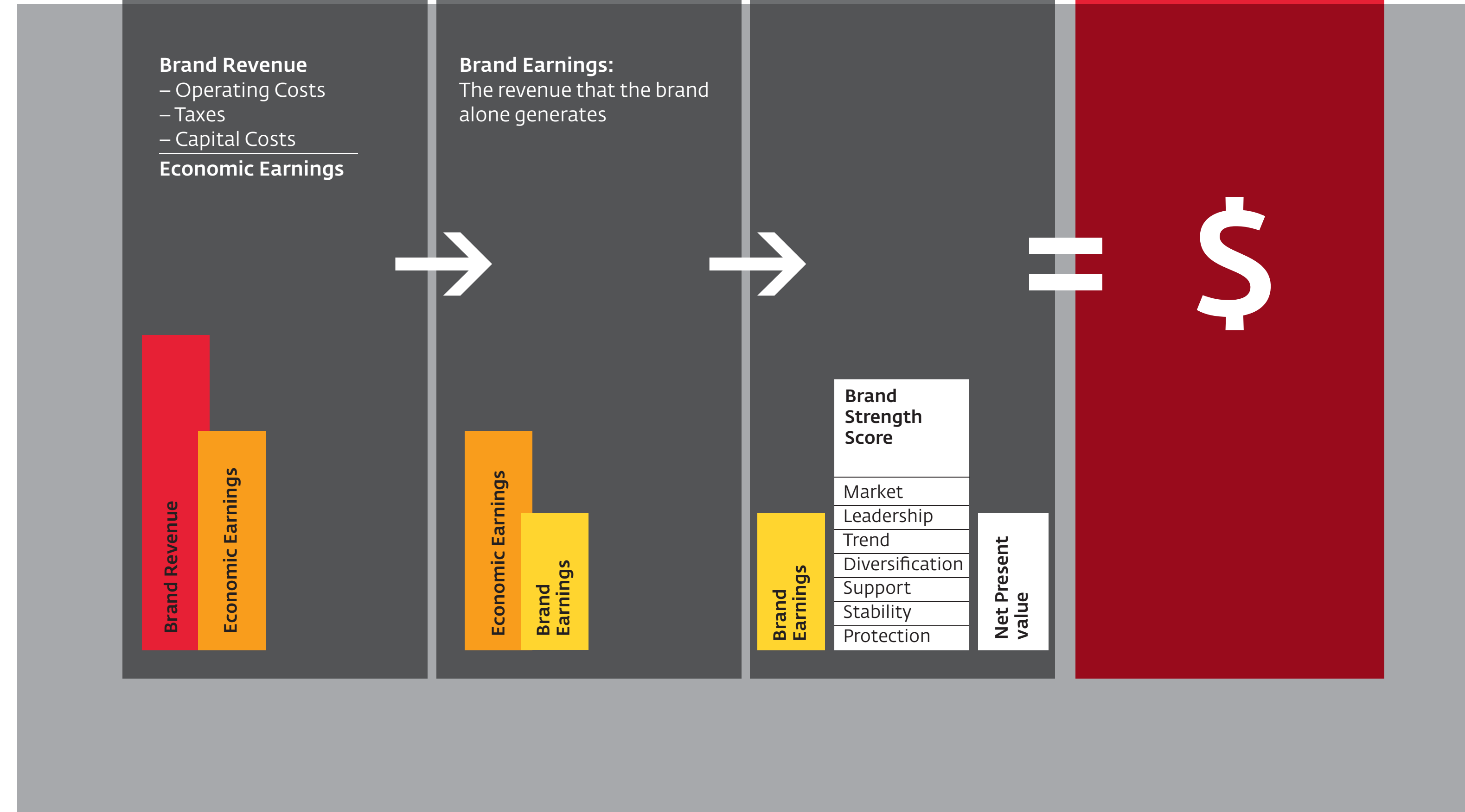
We calculate brand strength by assessing the brand's performance against a set of seven critical factors, including measures of relevance, leadership, market position, customer franchise, diversification, and brand support. Through this analysis we also develop deep insights about how a brand creates value and what it can do to increase that value further.

Brand Value

A brand's value is a financial representation of a business's earnings due to the superior demand created for its products and services through the strength of its brand.

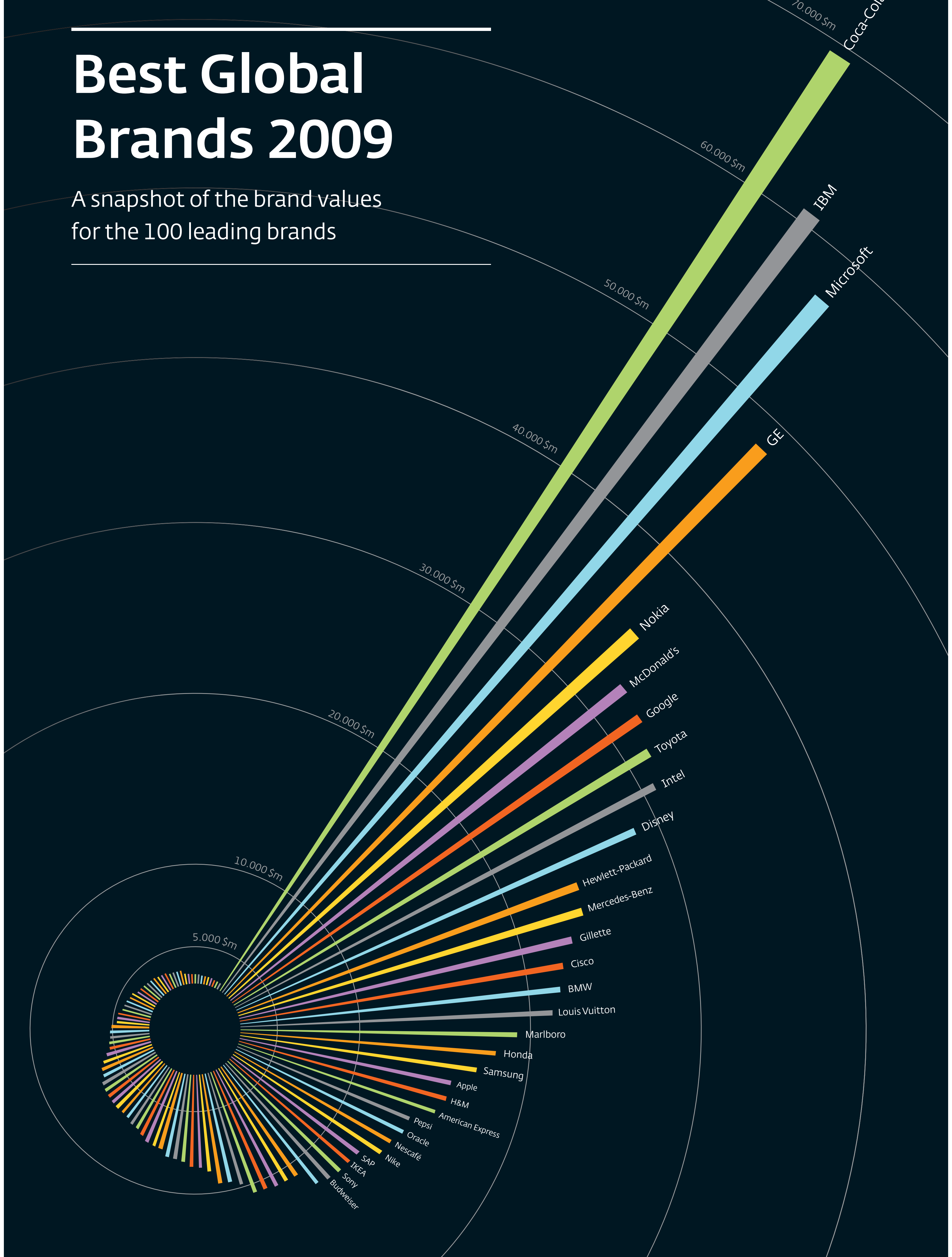
Brand value is the absolute financial worth of the brand as it stands today. Accordingly, the brand's value can be compared to the total value of the business. For example, as it would be assessed on the stock exchange.

Brand value can also be compared to other tangible and intangible assets owned by the business. We adjust the business's earnings based on future risk to the strength of the brand (i.e., a net present value or dollar value in today's money). In doing so, brand value becomes a key performance indicator for brand strategy and serves as the overall performance measure for all branding activity and investments.



Best Global Brands 2009

A snapshot of the brand values for the 100 leading brands



01 ↑

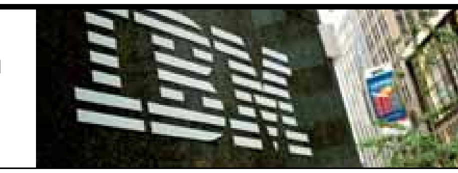
68,734 $m **3%**

Coca-Cola

Coca-Cola is 123 years old and shows no sign of relenting. It is the number one producer of sparkling beverages by volume and dollars. It has launched more than 700 products in 2008 around the world, and its edgy campaigns continue to push boundaries, showing the rest of the marketing community what it really means to manage a brand. Worldwide relevance is what defines Coke and it has successfully maintained its diversified portfolio in more than 200 countries. This year, the company expanded its Coke Zero brand to 107 countries and launched a new message for its marketing campaign. The campaign, "Open Happiness," was targeted to consumers longing for comfort and optimism in a tough time.

02 ↑

60,211 $m **2%**



IBM

In this tough market, Big Blue's revenue is at an all-time high. IBM received the most U.S. patents (more than 4,000) for the 16th year in a row, investing heavily in innovation as it continues its progression from a hardware provider to a software and services solutions brand. It is the market leader, with expanded presence in more than 170 countries and approximately 65 percent of revenue generated outside of the U.S. With an advertising channel on YouTube and announced plans for cloud computing, IBM effectively communicates its message to the masses.

03 ↓

56,647 $m **-4%**

Microsoft

2009 marks the first year-on-year decline in Microsoft's public history, despite a game console division that continues to be profitable. As the market matures, the giant faces stiff competition from faster, quicker rivals. In terms of browsing, Microsoft's Internet Explorer has dropped 10 percentage points in market share every two years, while Mozilla Firefox gains 10 percentage points in the same time period. Additionally, a US $300 million ad campaign featuring Jerry Seinfeld and Bill Gates could have fared better with audiences. However, Microsoft's Bing, a new search engine that launched in June to great reviews, is poised to give Google a real run for its money.

04 ↓

47,777 $m **-10%**

GE

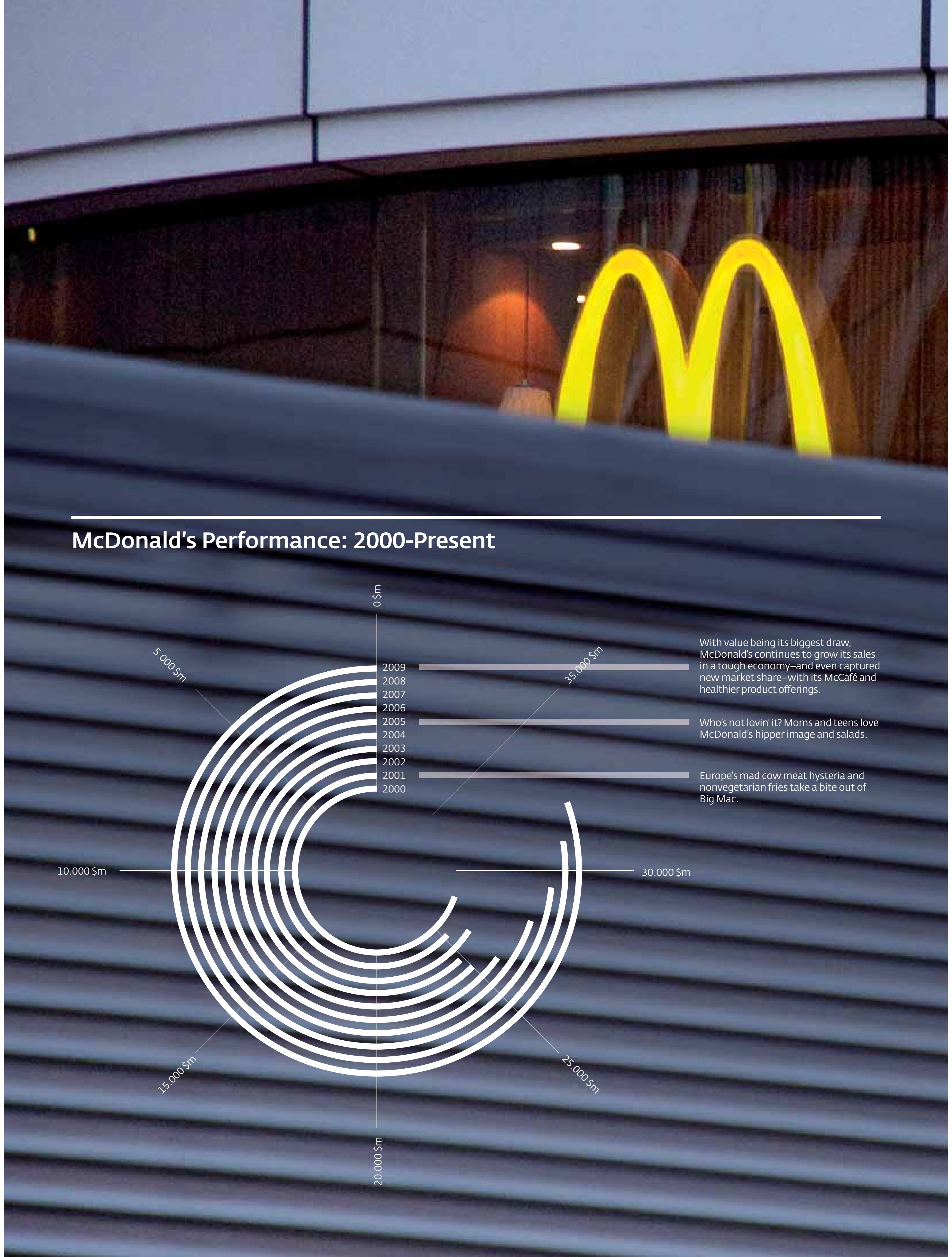
Despite GE slipping in its position of technology leadership, it is still better equipped to support future innovations and brand evolution than other traditional competitors, due to its ability to touch consumers on an emotional level. This year, its financial services offering has slipped, particularly the B2C business. Its media business is also threatening the brand. Additionally, GE faces competition from Siemens. The good news is that ecomagination is still the most concise initiative towards sustainability out there, and the brand has set itself up for growth in the long-term with green technology. After losing its leadership position in medical technology this year, GE plans to mimic ecomagination's success with its major innovation initiative "healthymagination," which entails an investment of US $6 billion until 2015.

05 ↓

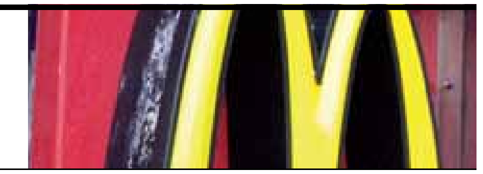
34,864 $m **-3%**

Nokia

Nokia seems to be trailing behind more dynamic smartphone innovations like Apple's iPhone and RIM's BlackBerry. The N97, a flagship Nseries mobile computer that was first unveiled in December 2008, is designed to address competitive technologies but debuted in 2009 at a much higher price point than Apple's or RIM's new offerings. In fast developing markets, where Nokia leads in market share, the brand continues its strategy of targeting younger audiences with trendier design at a relatively lower cost. In the next year, Nokia plans to be more mindful of the U.S. market by increasing its investments and developing relationships with wireless carriers like AT&T.



06 ↑ 32,275 $m 4%



McDonald's

McDonald's has performed well this year. It now serves six million more customers each day than it did before the "I'm Lovin' It" campaign. Due to its low prices and numerous locations McDonald's has been able to continue to grow its sales–and even captured new market share–with its McCafé and healthier offerings. The brand does face one struggle: keeping food costs under control. Like other restaurants, McDonald's has been hit with higher beef and cheese costs. To protect its profits, the company was forced to raise the price of its popular Double Cheeseburger in November and replaced the sandwich on the Dollar Menu with a new double burger that has one slice of cheese instead of two. With value being its biggest drawing factor, McDonald's will need to proceed cautiously with additional price changes.

07 ↑ 31,980 $m 25%

Google

Continued diversification of Google's business, from new advertising models to online publishing, drives growth. The common theme is low price and high functionality with added transparency. Google Chrome is two times faster than competitors and stole browser market share equal to third- and fourth-placed competitors within 24 hours. This year, Google has continued to innovate. It released the Android phone software on September 2008, which involved disclosing the source code for the Google phone to engineers around the world. As the brand grows it has to deal with the inevitable mistrust and ugliness ascribed to being a very large, diversified, and very profitable company.

08 ↓ 31,330 $m -8%

Toyota

In 2008, Toyota saw its first loss in 70 years due to the difficult economic situation. Net revenues decreased about 21 percent and vehicle sales dropped about 15 percent. Even sales of its bestselling hybrid Prius model slowed down when fuel prices moderated after the record highs of the summer. There is even talk that the company may create a separate brand for its Prius, adding larger and smaller models to the line up. The brand would be similar to Toyota's low-priced Scion and would only be offered in the U.S., where the company did not create a brand around its "Hybrid Synergy Drive" system. Toyota continues to develop its long-term value, however, building on its existing green credentials, announcing plans to create eco-friendly showrooms. By 2011 it expects to have 100 "green" dealerships, where most parts of the buildings are made of renewable primary products.

09 ↓ 30,636 $m -2%

Intel

In the fast-growing mobile computing market, Intel stands to find success. Determined to break into this category, the world's number one chipmaker announced a partnership with the world's number one handset maker in 2009. If it works, the Intel agreement with Nokia will put its latest chips into the hands of millions of customers. The line of chips, Atom, is meant to carry Intel into this higher growth market but has so far faced criticism for its cost and power consumption. However, Atom is finding success in the low-power, clutch size netbooks market. With an appeal toward more value conscious consumers in the midst of recession, netbooks have allowed Intel to stay both relevant and top of mind while it tries to crack the code on smaller mobile devices.

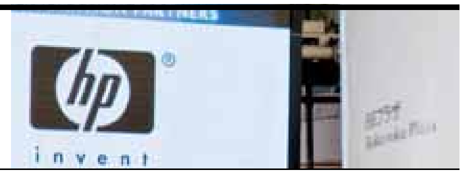
10 ↓ 28,447 $m -3%

Disney

Not even the magic of Disney is immune from recessionary pressures–but Disney's clouds do have silver linings. Although tighter ad budgets have put pressure on Disney owned networks, magazines, and Disney.com, the company continues to successfully leverage its brand in innovative new formats online and offline. This includes video games, new resorts, and interactive websites such as its user-generated-content initiative "U Rock." Disney's ability to create appealing promotions has kept the flow of visitors steady from last year, despite tighter wallets threatening traffic at theme parks. Meanwhile, the Disney and Pixar brands continue to command audiences, (with some exceptions) as evidenced by the success of *Up*, and a strong content pipeline, including *Toy Story 3*, which speaks to a promising future.

11 ↑

24,096 $m 2%



Hewlett-Packard

HP has surpassed Dell as the leading seller of PCs in the U.S., even with falling sales for the category. Overall globally, HP's market share is also on the rise. A 20.5 percent increase follows last year's acquisition of service-provider EDS. This year, HP also began a global review of its media holdings in Asia Pacific, with the focus on consolidating down to one, key, effective agency. In an increasingly price driven sector, HP is finding more way to successfully use its brand to stand apart.

12 ↓

23,867 $m -7%

Mercedes-Benz

Mercedes-Benz saw sales drop about five percent in 2009 as a result of the recession. But the brand has made strides in other areas. Using the slogan "Blue is the new green," Mercedes sought to raise acceptance for its high-mileage BlueTEC diesel technology in the U.S., where diesel is still seen as loud, slow, and smelly. Like many other carmakers it pushed the development of eco-friendly hybrid technology. Its luxurious S-class is one of the most fuel-efficient cars of this segment. Following the general trend, Mercedes drove brand development away from print and TV marketing. It launched *Mixed Tape Music Magazine*, a monthly online music show featuring video clips by artists like Jennifer Lopez and Mark Ronson and also strengthened its engagement in New York's Fashion Week as title sponsor to increase the brand's attractiveness among young buyers.

13 ↑

22,841 $m 4%

Gillette

Gillette experienced an increase of net sales this year, with Fusion and Venus as the largest contributors. Gillette holds strong as the "best for men" for personal care, owning 70 percent market share of manual blades and razors. The brand maintains high visibility by promoting classic and consistent innovation for the category, renewing celebrity contracts with Roger Federer, Tiger Woods, and Thierry Henry, and sponsoring the MLB in the U.S. In the digital space, Gillette expanded its customer dialogue with online shaving "how tos" and has also seen high growth in developing regions, driven primarily by the expansion of Fusion and the Prestobarba 3 launch in Brazil.

14 ↑

22,030 $m 3%

Cisco

Cisco is the leader in networking services but is still perceived as catching up in other parts of the computer services industry. It has a strong reputation for quality and reliability, boasting more than a quarter century in this relatively young industry. Its heavy investments in R&D, and its stated mission to innovate to customers' needs, signal Cisco's shift to become a broader provider of hardware and services, which should increase the role of its brand.

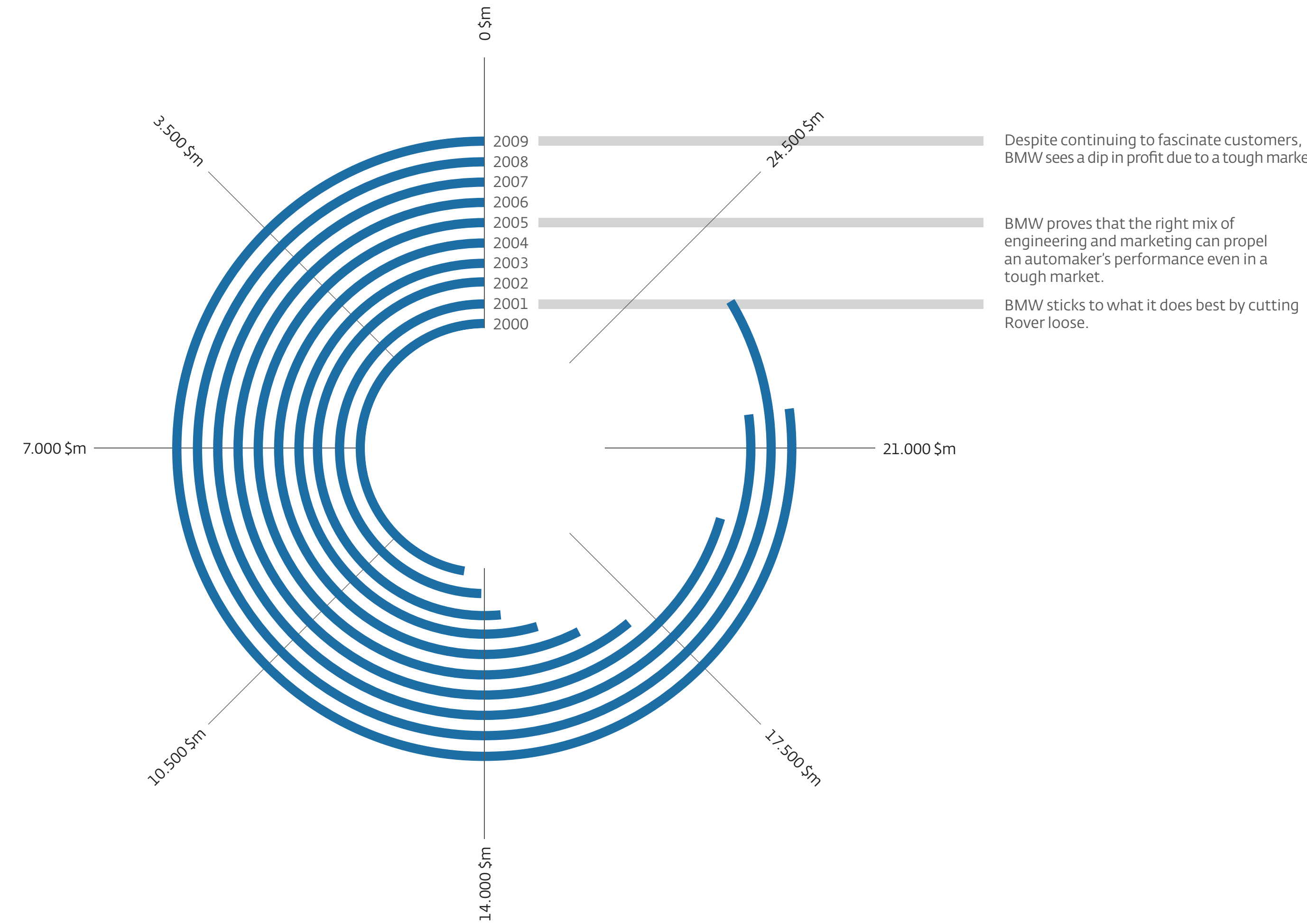
15 ↓

21,671 $m -7%

BMW

BMW remains relatively healthy even though revenues decreased about five percent this year. Its dip in profit was mainly attributed to the high costs to cover risks on used car resale prices and the softening demand in the economically troubled U.S. market. The Bavarian carmaker still carried on with its strategy to build highly efficient cars that promise joyful driving, and to fill niches with innovative vehicles like the large X6 Sport Activity vehicle and the 5-series GT. Its EfficientDynamics initiative, which includes gadgets like Brake Energy Regeneration or High Precision Injection, turned out to be a sales boost with more than one million vehicles sold worldwide. With its ConnectedDrive concept, BMW pushed another forward-looking innovation, converting a car into a mobile communication platform to enhance safety, convenience, and service quality. The huge numbers of visitors to its recently opened brand temple, the BMW Welt in Munich, is evidence that BMW continues to fascinate consumers.

BMW's Performance: 2000-Present



16 ↓

21,120 $m -2%

Louis Vuitton

Louis Vuitton actively continues to expand its retail network, which now totals 425 stores. Its direct channel through retail has been instrumental in maintaining a connection with consumers during the recession. The Louis Vuitton brand is also gathering strong momentum in China, which now accounts for 20 percent of its revenue. The "Core Values" campaign, which explores the idea of self-discovery through traveling and features a series of Annie Leibovitz portraits of celebrities such as Sean Connery, Catherine Deneuve, and Mikhail Gorbachev, has received much positive acclaim within the advertising industry. This has reinvigorated the brand's status as a classic. This year, Louis Vuitton also developed the Damier Graphite range, which includes luggage, shoes, and other accessories that specifically target men.

17 ↓

19,010 $m -11%

Marlboro

Consumers are loyal to the Marlboro brand and it continues to grow in fast developing markets. However, it is getting tougher and tougher for cigarette brands each year as governments across the globe voice their disapproval of the industry. The U.S. saw the passage of the FDA Tobacco Regulation Bill in June, which provides the government with extensive power to regulate tobacco products. Marlboro has been innovating around increasing government regulations. For example, for smoking indoors in public spaces, it has created Taboka, a smokeless tobacco. In some of its biggest markets, Marlboro will face challenges. It will be forced to cover 50 percent of the front and back of its packs with warning labels, end sweetened and spice-flavored cigarettes, stop color print advertising, and eliminate labels like "mild" and "light." The brand's European performance, however, suggests it will manage around these hurdles.

18 ↓
17,803 $m -7%

Honda

Increased motorcycle sales are offsetting Honda's losses as its auto sales crumble in the U.S., Japan, and Europe. While Honda's revenue has been affected by the recession, the brand continues to build strength. The fact that Honda never produced large SUVs and trucks is now an advantage. As other automakers are increasing production of their small cars, Honda is cashing in on its reputation of reliability, fuel efficiency, and craftsmanship.

19 ↓
17,518 $m -1%

Samsung

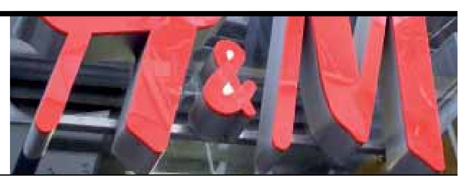
Samsung had another successful year. Strong product development has resulted in global leadership in the television segment, and in improving its position from the third to second player in mobile phones. New concept shops have been successful in translating to a more expert and demanding audience by showing the benefits of engaging with the brand. However, challenging conditions in the components business compromised overall brand value creation last year.

20 ↑
15,433 $m 12%

Apple

The recession won't take a bite out of this Apple. Declining Mac sales and fears for the company's future without brand visionary Steve Jobs, were outweighed by record high iPod sales, doubling sales for the iPod Touch, and all-time high market share for Mac OS software. Price might be a barrier for cost-conscious consumers, but Apple responded quickly with high margin, low-priced products like the US $99 iPhone and a new, voice-activated iPod Shuffle. The Apple brand is the most supported within its industry, and among the most iconic of relatively young brands in the world.

21 ↑
15,375 $m 11%



H&M

Unlike competitors such as the Gap, Swedish clothing store chain H&M said that it plans to create between 6,000 and 7,000 new jobs during the year by opening 225 new stores around the world. H&M continues to diversify with product mix, store expansion, and design. While CEO Rolf Eriksen's summer 2009 retirement has sparked a potential succession issue, H&M's continued focus on "nano fashion" (real time adaptability), price, CSR, and fashion designer collections have helped it grow.

22 ↓
14,971 $m -32%

American Express

American Express is feeling the effects of the credit crisis, suffering a surge in delinquencies and job cuts. Its public image has also suffered from the credit card crisis. Bolstered by its new bank holding status, the firm has reduced exposure to riskier credit card products and is focused on its core charge card offering. Its extensive investment in its brand through advertising, loyalty programs, sponsorships, and key partnerships show the firm's focus to solidify the brand's trusted and premium image and to maintain the brand's iconic status.

23 ↑
13,706 $m 3%

Pepsi

Pepsi is a brand on the rise. In the past year, it went through a complete design refresh of its entire product line in an effort to spur sales. It also introduced new, limited edition products such as Pepsi Natural and Pepsi Throwback–products made with the natural sugars of the 1970s. Its new campaign, "Refresh Everything" has been incredibly successful as well, creating buzz in the U.S. This and the introduction of Pepsi Raw indicate that Pepsi is doing all it can to catch up to Coke by raising the innovation stakes.

24 ↓
13,699 $m -1%

Oracle

Oracle has seen more category leadership as it beats out competitors in application sales and new software license revenues. With the recent purchase of Sun Microsystems, Oracle also acquired MySQL, and entered the hardware category. Its partnership with HP on a new database machine puts Oracle on track to steal market share from both Microsoft and IBM. As Oracle invests US $3 billion a year in R&D, its future success looks promising.

25 ↑
13,317 $m 2%

Nescafé

Nescafé, which was founded in the 1930s, still continues to grow sales today–quite a feat given the recessionary conditions and pressure from private label store brands in this very mature category. That said, Nescafé generates most value from its high margins, not necessarily growth. The brand has approached the challenging market as an opportunity, increasing ad spend by six percent to consolidate the customer relationship when media was cheap. Additionally, Nestlé is dedicating resources to a new campaign for its flagship brand addressing price, taste, and bean quality. Recently, it has even made aggressive moves to target a new competitor in instant coffee, Starbucks VIA.

26 ↑
13,179 $m 4%

Nike

Instead of cutting back like many of its competitors, Nike has done well by staying the course and moving ahead with big strategic plans–a move that served it well in the last recession when it then pulled out ahead of industry leader, Reebok. This year, it unveiled a line of eco-friendly products, which aim to use sustainable, recyclable materials. Ultimately, the move should translate into better profit margins for the future. While there have been layoffs twice this year–the first time since 1998–indicating problems with the cost structure during the downturn, Nike is still far ahead of its closest competitor, adidas.

27 ↓
12,106 $m -1%

SAP

With the launch of its new global campaign, "It's time for a clear new world," SAP is focusing its message on the visionary and powerful real-time role that its software plays in business partnerships. Having reported heavy investments in R&D for 2008, SAP must keep its promise clear and its product stronger in an increasingly competitive market where many are vying for its longstanding customer base. SAP is doing well by continuing to invest in their brand as a strategic asset during this economic crisis.

Brands to Watch

New global players in financial services *By Carola Jain*

The financial services market has seen a recent reshuffling. Some brands are emerging out of the financial crisis stronger than ever. Here's a look at three brands that are growing their market position and leadership status.

1. Barclays
The British banking icon is emerging out of the crisis stronger than many of its peers. It appears that the company made a good decision not to take government money in December and the sale of BGI enabled the firm to stay liquid and benefit from new opportunities. Barclays has done a good job integrating Lehman's U.S. operations. It is definitely a brand to watch.

2. Credit Suisse
The 150-year-old institution is moving up the ranks. The firm did not require government funds and is one of the key beneficiaries of the reshuffling of the marketplace. In the private banking space, Credit Suisse has profited from the weakening of its main rival UBS, while, at the same time, increasing its market share and leadership status. The Credit Suisse brand is positioned as a key pillar of the newly restacked financial services sector. The brand has what it takes to become a leading player.

3. Santander
Grupo Santander began its expansion abroad in the early 1980s. With the acquisition of Abbey National, it became a top international bank. The group's next strategic move is to establish the brand in the U.S. retail-banking market; the recent Sovereign Bank investment is the first step towards building a renewed U.S. presence. Santander wants to become one of the world's top two or three largest banks. Let's see if the brand can benefit from the recent opportunities in the U.S. retail-banking sector.

28 ↑ 12,004 $m **10%**

IKEA

Despite tightening wallets, IKEA sales are up seven percent year on year. Now that more people are opting to spend more time at home, IKEA has taken a new lease on life. It also remains truly popular online. (IKEA websites are among the most visited, attracting around 450 million visits a day.) Customers still camp out before a new store opening. This year, IKEA continued to diversify and launched a pay-as-you-go mobile phone service in cooperation with T-Mobile that is 25 percent cheaper than similar pay-as-you-go offers.

29 ↓ 11,953 $m **-12%**

Sony

Sir Howard Stringer has his hands full trying to turn around Sony's performance. The appreciation of the yen and the decline of Japan's stock market have not helped sales, but the problems for Sony run much deeper than the economy. Competitors have surpassed its market share in almost every category that it once dominated. A dinosaur compared to its peers, Sony must make a major shift. The few bright spots for Sony this year include the eco-Bravia and Stringer's revamp of his management team to include fresh, young talent.

30 ↑ 11,833 $m **3%**

Budweiser

Budweiser has not been entirely immune (Budweiser and Bud Light both saw losses in market share despite a growth in volume), but has fared well through the crisis. It focused on building its value globally, particularly in Asia Pacific, with a football tie-in campaign in Vietnam. As China is now the biggest beer market in the world, Budweiser is building its sales network. It just successfully launched a new product in the U.S. and Canada, the Corona competitor, Bud Light Lime. Although the product's lasting success is unclear, Budweiser should continue to perform well in the future.

31 ↓ 11,594 $m **-8%**

UPS

With less trade, there are fewer parcels going around. The flow of goods declined as protectionist tendencies in crisis boosted regulatory barriers. As a result, UPS's revenues declined by 13.7 percent. It will take two years for UPS to get back to where it was last year. UPS is building a new air hub in China. The reduction of DHL's presence in the U.S. is helping it ride out the economic storm with less competition in its home market. Despite a decline in profits, UPS still invested in its brand. It spent about US $200 million on ads, sponsored the PGA Europe, and focused on its UPS YouTube channel and other e-media.

32 ↓
10,510 $m -20%

HSBC

Relatively resilient to the effects of the global financial crisis, HSBC was one of the few firms to report a profit for 2008. Despite concerns of continued subprime mortgage exposure, the HSBC brand is performing fairly well, in part due to effective leveraging of online and self-service platforms and a growing exposure to emerging markets. Capitalizing on the weakened competitive environment, HSBC has continued to bolster its brand, delivering on its mission to be the"World's Local Bank." It recently completed the acquisition of Bank Ekonomi in Indonesia, doubling its footprint in the world's fourth most populous nation.

33 ↓
10,441 $m -4%

Canon

Canon's profit fell 83 percent in the first quarter due to the low sales of multifunction copy machines and printers. The decline is also due to the stronger yen, which caused the prices of copiers and printers to increase. Despite the decline of sales, Canon launched 23 state-of-the-art digital cameras and camcorders, which were all very well received. As a result, Canon emerged as number one in the Digital SLR segment, with 54 percent market share.

34 ↑
10,428 $m 7%

Kellogg's

Kellogg's increased its net sales but has still felt price point pressure from private labels. In an effort to communicate the quality of its brand to cost-conscious consumers, it has turned its focus from healthy eating to emphasizing quality products. It introduced 151 new and updated products inspired by worldwide innovation teams and website activity. The brand has also made several acquisitions that add to its product portfolio, as well as expanded the distribution of its North American cereal and snack brands with a"direct store door" delivery system to ensure prime placement at point of sale. Online, Kellogg's is engaging with family-minded consumers via recipes, coupons, and newsletters. It is also heavily promoting its partnership with Feeding America, the largest U.S. food bank network.

35 ↓
10,291 $m -12%

Dell

In the first quarter of 2009, HP dethroned Dell as U.S. market share leader. This was due, in part, to Dell's failure to fully adopt netbooks as a flagship product in timely manner. The role of brand is falling in its sector as well, as consumers focus on price and"bang for the buck" functionality. Still, despite losing ground to competitors, Dell's track record of successful branding and efforts to cater more directly to needs of customers is allowing it to stay in the mix. Recent efforts to further target students may help rally Dell's position and prevent further losses.

36 ↓
10,254 $m -49%

Citi

The unstable Citigroup received a government bailout of US $45 billion to keep the business afloat. No longer considered a leader in financial services, Citi is in survival mode, selling off several businesses in an effort to streamline operations and focus on core competencies. The recent shedding of SmithBarney is also indicative of a shift away from the financial supermarket model that Citigroup has followed for the past decade. Citi's troubles have been highly publicized, and recent moves to increase transparency and overhaul its upper management may not prove sufficient to rebuild customers' trust.

37 ↓
9,550 $m -11%

J.P. Morgan

As one of the only banks to return a profit in the fourth quarter of 2008, J.P. Morgan is in a better position than many rivals. As a key player in the consolidation of the U.S. financial industry, the firm has benefited from the acquisition of Bear Stearns and the further expansion of its footprint via the purchase of WaMu. These new divisions will bolster the firm's capabilities in key areas, but J.P. Morgan still faces the arduous task of digesting and rebranding these acquisitions. Worldwide, J.P. Morgan has entered several new markets in the last year, including Hong Kong and the OTC derivatives market in Korea.

38 ↓
9,248 $m -10%

Goldman Sachs

Like other financial services companies, Goldman Sachs is suffering the effects of the crisis. However, it is in a more stable position than many of its competitors. It recently passed the government's stress test and is determined not to take any more federal assistance. It beat its first- and second-quarter forecasts by significant margins and recently repaid its TARP loan. While Goldman is moving toward rebuilding and solidifying its customer trust in the brand, the fact that it is enjoying its profits as high as they were in 2007 has had a negative impact on its consumer perception.

39 ↑
9,210 $m 5%

Nintendo

Nintendo broadened the gaming population by offering innovative but easy-to-play games. Wii has become the fastest-selling console ever. It shipped more than 50 million units of the console since its launch three years ago. Nintendo reported that profits in 2008 were the strongest on record but said that it would struggle to repeat the performance as sales of its two main consoles–the Wii and the DS–level off and foreign exchange turmoil destroys margins.

40 ↑
8,434 $m 1%

Thomson Reuters

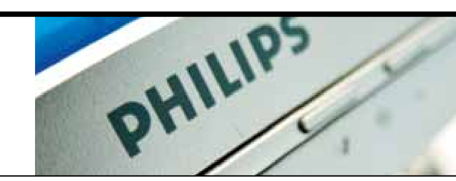
Thomson Reuters continues on an upward path, securing lead product ranking in almost every business segment. While the financial segment of the business has not been immune to the global recession, its diversified portfolio of audience-specific offerings allowed it to weather the market turmoil. It is in a strong position for continued growth. Thomson Reuters' continued investment in the brand and strong portfolio of flagship brands is beginning to pay dividends as the company continues its drive towards becoming one unified firm.

41 ↓
8,182 $m -1%

Gucci

In 2008, Gucci reinforced its network of directly operated stores around the world, a strategy that has proven successful in the past. While sales in Western Europe were mixed, a large retail presence (particularly in Asia) has proven to be a key asset in the current climate. It has also helped put an emphasis on its 90-year history of craftsmanship and heritage. This year, Gucci furthered its expansion in emerging markets, where sales rose by 21 percent, strongly driven by China.

42 ↓
8,121 $m -2%



Philips

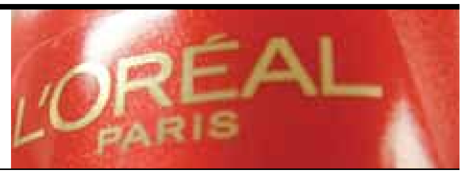
The Philips brand stands for a broad set of businesses in consumer electronics, lighting, and healthcare. Its bet on generating innovative and unique solutions for clients and consumers seems to pay off in times of economic difficulties. Consumer electronics were most affected over the last year, but their decline was offset, to some extent, by brand value growth in the other sectors. Philips is utilizing its brand as a central organizing principle. The company unites the business under the master brand and focuses coherently and consistently on sense and simplicity.

43 ↑
7,858 $m 22%

Amazon.com

The multi-department retailer is confirming why you are best off not owning a retail footprint in a recession. Analysts say Amazon has benefited from the downturn in the U.S., in particular, with struggles at the Borders book chain and the bankruptcy of Circuit City all driving traffic to Amazon.com. Amazon's release of the Kindle and the continued improvement of its site to enable access from anywhere have also contributed to its upward path. Additionally, Amazon.com will begin selling e-books for reading on Apple's iPhone and iPod Touch. In the fourth quarter of 2008, Amazon partnered with manufacturers to reduce packaging with an eye towards sustainability. Partners include Fisher-Price, Mattel, Microsoft, and electronics manufacturer, Transcend.

44 ↑
7,748 $m 3%



L'Oréal

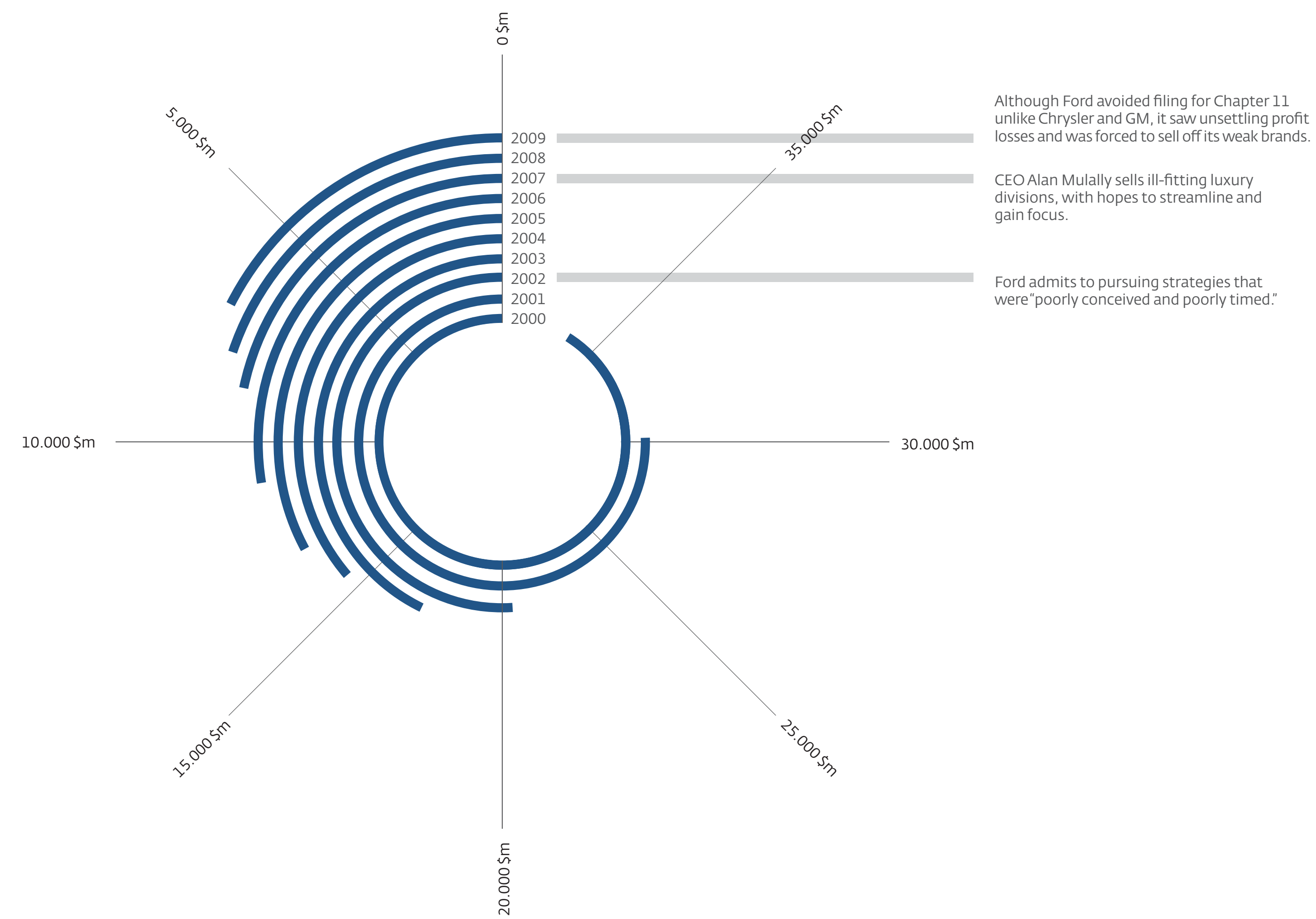
The world's leading cosmetic and mass-market beauty brand continues to grow its sales, notably strengthening its positioning in Asia as an expert in Asian skin care, and reinforcing its presence in all regions worldwide. L'Oréal maintains the number one spot for hair colorants, and this year set new records for its skin care product sales. It has conducted thousands of research tests to expand its offering to men and women of all ages and ethnicities, with L'Oréal reflecting this in its choice of high-profile spokespeople.

45 ↓
7,710 $m -3%

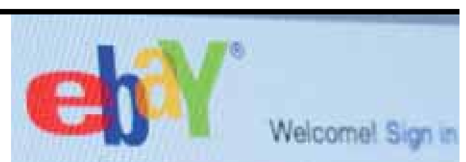
Accenture

With clients holding back on major transformation programs, especially where they lead to capital investment, Accenture is starting to feel the pinch. Its presence is limited to 52 countries and management and IT consulting, so Accenture must evaluate its long-term strategy. This year, the business made strides in its commitment to the environment with its achievement of ISO 14001 certification, which helps organizations better manage their environmental impact and risk, while demonstrating their environmental commitment to their stakeholders.

Ford's Performance: 2000-Present



46 ↓
7,350 $m -8%



eBay

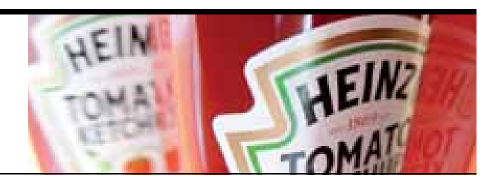
Despite predictions, eBay is not benefiting from the recession. Its marketplace business posted a 16 percent decline in the last three months of 2008 and faces tough competition from Amazon.com. This is linked to the discretionary nature of much of its sellers' inventory. To consumers, Amazon seems like a less risky place to shop. Lawsuits from luxury brands, which cost eBay US $32 million to settle, have cemented its image as a channel that could benefit from more regulation, as opposed to a managed retail environment. Still, it remains the most popular option in the start up B2B world to get wide distribution at a low price with high visibility.

47 ↓
7,308 $m -8%

Siemens

Siemens, like other diversified brands, is struggling with the double whammy of the financial crisis and its impact on global infrastructure investment. If it has any growth to look forward to, it will come from the deployment of state assisted eco/progressive investment projects. Siemens has also lacked communication of the core brand idea. Additionally, it does not have any clear sustainability strategy, which limits its potential. While the brand has made moves to correct this, like investing in ISE Corporation, which provides environmentally friendly hybrid technology for heavy-duty commercial vehicles, it faces fierce competition from businesses like GE. This year, its investment of US $15 billion in the intellectual foundation of the company, including new products, training, marketing, and programming may serve it well.

48 ↑
7,244 $m 9%



Heinz

Although category competition is heating up as lower-price private labels gain strength, Heinz reported a 12 percent increase in sales last year. The brand is focusing on a customer-centric health and wellness model, developing healthier products, eliminating bisphenol A from packaging, and taking advantage of consumers dining at home. In 2008, emerging markets accounted for 25 percent of Heinz's growth, as it promoted flagship products, such as Heinz Ketchup, in Asia. The brand reports a long-term plan to increase marketing spend as it widens its consumer base.

49 ↓
7,005 $m -11%

Ford

Ford has seen revenues decreasing, despite early efforts at reinventing itself. It hopes to become what Chairman William Ford Jr. calls a "global, green, high-tech company." Like the other Detroit "Big Three" it was forced to restructure its brand portfolio by selling weak brands, but did not succeed in finding a buyer for Swedish carmaker Volvo. Unlike Chrysler and GM, it was able to avoid filing for Chapter 11. Despite its embattled business, Ford courageously launched one of the most aggressive vehicle electrification programs in the industry. By 2012, it plans to produce at least four high-mileage vehicles that will use the newest forms of battery technology in a family of hybrids, plug-in hybrids, and battery-powered vehicles. The move to green will take a long time and it remains to be seen if the consumer can be convinced that this is more than just greenwashing. In the meantime, Ford pushed forward its plans of introducing European compact models like the Fiesta to the U.S. in order to adapt quickly to the changing consumer needs.

50 ↑

6,789 $m 14%

Zara

Throughout the downturn, the Spanish clothing chain's revenue has continued to increase. Unlike competitors, Zara does not have an issue with product life cycles, as it has an extremely efficient turnaround of new products. It is also getting a lot of credit from the market and analysts for its innovative logistics system, which allows it to get product from design to shelf months faster than competitors. The brand is gaining more of a leadership position right now, too, due to its low price for the latest trends perception. The enigma is that Zara is not a big advertising spender and instead builds awareness through word-of-mouth and retail presence.

51 ↑

6,731 $m 10%

Wrigley

Wrigley has seen most of its growth come from foreign markets, with more than 60 percent of sales coming from outside of the U.S. Orbit varieties are on a continuous flavor rollout, with new flavors added or cut each year based on consumer feedback and buying power. This year, Wrigley has embraced the fruit flavored gum trend, working to introduce a new line of its signature Extra brand along with the launch of Orbit Mist. It also continues to promote its brands as part of a healthy lifestyle, with a website feature section called "Benefits of Chewing." Under the new ownership of the Mars umbrella of brands, Wrigley will take on the non-chocolate confectionary brands, including Skittles, Starburst, Tunes, Lockets, Rondo, Kenman, Swinkles, and Lucas.

52 ↑

6,550 $m 2%

Colgate

Colgate boasts a 10 percent revenue increase in its oral, personal, and home care categories. Despite price point and general competitor pressure, Colgate reports that its toothpaste has gained market share in countries including the United States, Mexico, Brazil, and China, with record equity in the U.S. for whitening toothpastes. Colgate continues sponsorship of dental conventions and dental professionals to promote its image as the reference brand for oral health products.

53 ↓

6,525 $m -7%

AXA

AXA has made great efforts to stabilize its business by consolidating and restructuring across the globe. This has resulted in a new financial advisory and insurance service, Bluefin, which integrates a number of AXA-backed companies, and the rollout of a new corporate communications strategy. In addition to streamlining its portfolio, AXA is currently in a watching-and-waiting mode as it tries to reassess its long-term goals and restore consumer confidence. Accordingly, the brand has not entered any new markets.

54 ↓

6,523 $m -9%

MTV

MTV is synonymous with youth and change. The brand is attempting to stay fresh and relevant to its target customers by drawing real time online audience insights with the help of new partner, Collective Intellect. A slate of new programming targeted at the millennial generation aims to turn around the network's recent ratings decline, and reestablish the brand's connection with its core audience of 12- to 34-year-olds. MTV continues to invest in new media, with offerings like its "MTV soundtrack" site, which lists all songs that air on the network's shows, and offers the opportunity to purchase them direct from iTunes. The brand has bounced back from slumps in the past–although continued and lasting success this time will depend on whether or not its innovations resonate with today's increasingly fickle youth.

55 ↓

6,484 $m -8%

Volkswagen

Due to its wide market coverage, Volkswagen has benefited from government incentive schemes around the world. The question remains as to how well a car company can maintain demand and service its heavy borrowing and capital requirements. Possible integration with Porsche poses serious risks to management focus given the identification of cost saving synergies drawn from the combined group, which may impact the customer experience. With these sources of uncertainty, the brand has been marked down. Still, it has a strong position in markets like China and Brazil and has announced its intent to become the number one carmaker worldwide in sales volume by 2018. There are signs that the road ahead looks good too. The Tiguan SUV success story confirms that, despite being a latecomer in the small SUV segment, its quality vehicles meet customers' taste like no other. Volkswagen is keeping pace in new driving technologies as well. With its BlueMotion program and its LPG and EcoFuel engines, it already offers a fuel-efficient concept.

56 ↑

6,431 $m 1%

Xerox

There has been a slowdown in office equipment sales, but Xerox's moves to cut costs put it in a good position early on. But competitors are facing the same challenges. As the category leader, Xerox is still assessing and attacking challenges before they arise. Xerox just introduced a new series of printers for enterprise customers that are built around a novel, environmentally friendly technology that is cleaner, costs less, and is more reliable.

57 ↓

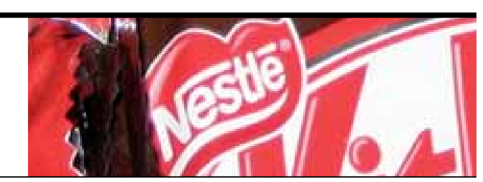
6,399 $m -26%

Morgan Stanley

The financial crisis hit Morgan Stanley's brand leadership position. Despite a strong performance in core business segments, the firm has reported two consecutive negative quarters. Morgan Stanley's move to form a joint venture with SmithBarney shows leadership focus on reformulating strategy. It is to be seen if and how quickly Morgan Stanley can recapture some of the brand strength it has lost.

58 ↑

6,319 $m 13%

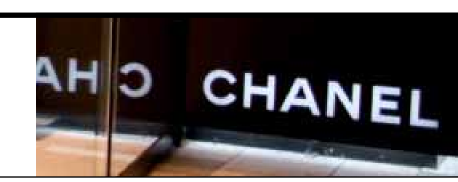


Nestlé

The world's largest food company keeps moving ahead by maintaining focus on global growth and development. Doing so has kept its brand top of mind for consumers. One of the top worldwide advertisers, Nestlé is also the leader in food safety and quality. It voluntarily pulls products off the shelves when it doesn't feel standards have been met. In developing countries, Nestlé launched health, water, and nutrition initiative in partnership with governments and NGOs. Nestlé recently opened an R&D center focused on health in China, and new African headquarters in Kenya.

59 ↓

6,040 $m -5%



Chanel

Chanel is expecting some small growth in 2009, although the realities of the market have stunted some of its innovative marketing ambitions. For example, Chanel's Mobile Art Pavilion, an exhibition of 50 artworks inspired by Chanel bags that garnered much attention, was called off early due to the economy. Additionally, the brand still suffers for its popularity among counterfeiters. Chanel remains the top counterfeit brand in South Korea. However, like other luxury brands, Chanel's history and heritage helped it remain relatively stable–and familiarity with the brand is likely to explode after the release of the biopic *Coco avant Chanel* starring Audrey Tautou.

60 ↑
5,960 $m **10%**

Danone

Innovation and expansion continue to grow sales for the global food and beverage powerhouse. The leader of fresh dairy (Danone also holds the number two and number three positions for bottled water and medical nutrition respectively) boasts 20 percent market share worldwide. Decline in dairy sales is a risk for the brand, but Danone stays focused on high performing brands like Activia and Actimel, with baby food and medical nutrition bolstering profits. Danone looks poised for more global reach, having recently raised US $4.3 billion–its first capital increase in 22 years.

61 ↑
5,722 $m **3%**

KFC

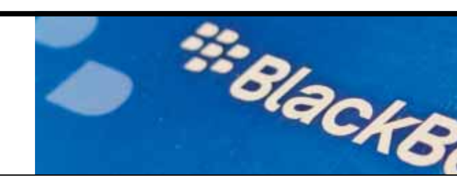
KFC continues to prosper across Asia, with expanding markets in China and Japan contributing to its gains. Its healthier offerings have also received a fair share of attention this year in the U.S. However, not only did the launch of its Kentucky Grilled Chicken meal become a PR disaster when it could not supply enough coupons to meet demand, but the move towards grilled chicken also risks potential confusion about a company dedicated to offering fried chicken.

62 ↑
5,397 $m **6%**

adidas

Adidas has held up well in the downturn by focusing on innovation and exclusive adidas technology. Some of its popular, newer products include the Supernova Sequence 2, which reduces impact and forces pronation velocity. Other new products include ClimaCool, a material that helps maintain an athlete's body temperature at a desired 37 degrees, and its co-branding effort with Vespa. Additionally, adidas developed a new fashion line, adidas SLVR, and its Originals line celebrated "60 Years of Soles and Stripes" at Milan Fashion Week Spring/Summer 2009. This year, adidas strengthened its profile in fast developing markets in Asia, Europe, and Latin America. Adidas is particularly growing in China where it is on track to generate over US $1 billion in sales by 2010.

63 ↑
5,138 $m **7%**



BlackBerry

RIM continues to lead the U.S. smartphone market with the BlackBerry brand. It is first in smartphones globally with around 16 million subscribers worldwide–double from the previous year. Overall, BlackBerry must continue to innovate and push its product line to compete with Apple from a brand standpoint. BlackBerry has made a more compelling case in the past year, and has likely elevated the role that brand plays. BlackBerry continues to be the business phone of choice.

64 ↓

5,111 $m -7%

Yahoo!

Through Jerry Yang's failed tenure, Yahoo! showed its cards and lost its leadership. Yahoo! reported a net loss of US $303 million, or 22 cents a share, compared with a profit of US $206 million, or 15 cents a share, a year ago. As a result, Jerry Yang had to retire as Yahoo! CEO and the company was forced to lay off employees. In the next year, Yahoo! needs to provide consumers with a compelling case as to why it is relevant. Its recent partnership with Microsoft Bing looks like a move in the right direction. The deal should accelerate the pace and scope of Yahoo!'s innovation and give Google a run for its money by combining both companies' complementary strengths, creating better searching, and improving value for advertisers.

65 ↓

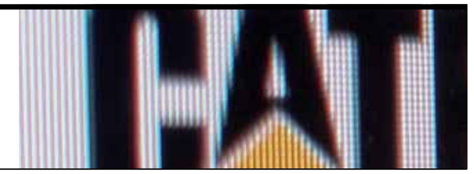
5,010 $m -7%

Audi

Audi's vehicle sales jumped about four percent and its net profit increased 30 percent this year. It sold one million cars in a year for the first time in the company's history. By 2015 it wants to become number one in the premium segment and surpass its competitors, BMW and Mercedes. To strengthen its market position, it introduced diesel-powered vehicles in the U.S. It continued to complete its model range and plans to launch an even smaller SUV–as well as the A1 and A2 in the compact segment–to target buyers of smaller and efficient vehicles and SUVs. While others are cutting back marketing efforts, Audi increased its advertising budget in the U.S., spending 20 percent more than during the previous year. Nevertheless, the long-term outlook for Audi, in this premium and highly discretionary segment, is not all good news. Pursuing a strategy of range and capacity expansion in a climate of falling demand and oversupply, especially in its German heartland, represents a significant risk to the value of the brand.

66 ↓

5,004 $m -5%



Caterpillar

Caterpillar has become a bellwether for decline but also recovery. Its business is very much tied to Europe and the U.S. where there are declining markets. The company posted surprisingly good numbers last quarter after reducing workforce costs, but its revenue is still down. The question is whether the brand can successfully leverage its strong Western presence and begin to capture emerging opportunities. It has already made efforts to expand into China, as well as other regions, so it has laid the ground work for growth.

67 ↓

4,917 $m -7%

Avon

Product line simplification is pushing Avon into a "less is more" product proposition. Avon struggles to innovate and gain market share against higher-ranked L'Oréal, but its growing sales force (with former employees from other struggling industries) adds strength to its direct selling channel. Avon has increased advertising investment, and supported product launches and charity causes with continued celebrity endorsement. "Smart value" is Avon's angle on innovation as it picks up revenue in Latin America and China.

68 ↓

4,609 $m -7%

Rolex

There's no doubt that luxury watch sales are suffering. Clothing and accessories have proved more durable during this recession, but jewelry, in particular, is suffering due to the fact that it's a more costly purchase that can be postponed. Still, despite decreasing sales, Rolex continues to invest in its brand through sponsorships like Wimbledon. It also avoided the risk of compromising the integrity of its brand through price drops by personally purchasing back inventory from dealers who struggled to sell Rolex watches. The move puts Rolex in a good position. Its short-term losses are likely to be countered with a steady recovery.

69 ↓

4,604 $m -5%

Hyundai

Hyundai has polished its image over the last year with ambitious product launches and high-visibility marketing efforts. The Genesis, which launched in Korea and the U.S., supported by three Super Bowl advertising spots, is the brand's first US $30,000-plus sedan. The hugely successful "Assurance" campaign, built around a promise to buy back a new Hyundai from a customer if they lost their job, was truly innovative and struck a chord with the market in the midst of the economic downturn. Hyundai has ambitious plans to leapfrog Toyota in green technologies in the U.S. market by 2015, in hopes that this strategy will win a loyal audience. Its global sponsorship of the upcoming 2010 World Cup in South Africa will continue to build awareness and familiarity.

70 ↑

4,598 $m 1%

Hermès

Leather goods–the brand's archetypical offering–are holding up relatively well in the recession. However, Hermès' strong performance in leather, accessories, and scarves was offset by weaker performance in perfumes, watches, and tableware. In line with the category as a whole, the Asia Pacific region is driving Hermès' performance, while sales in the Americas are on the decline. Store openings and renovations are taking place in 2009, especially in Asia. In an effort to diversify, Hermès has signed an agreement with a luxury yacht designer to help develop innovative projects in the yachting world.

71 ↓

4,404 $m -5%

Kleenex

Kleenex maintains overall performance, increasing sales by 30 percent in developing and emerging markets and diversifying its consumer participation campaigns. With lower price competitors and private labels angling to gain market share in current economic conditions, Kleenex is asking consumers to "Feel the difference." The brand synonymous with its product used proprietary technology to increase softness and strength and create a new product: Kleenex Facial Tissue with Lotion. It plans to extend this into other products in the Kleenex portfolio. Kleenex also reminded consumers why "It feels good to feel" by launching its largest sampling campaign, in-store, in-home, and online with user-generated "memories" and designs. Additionally, it is developing visual trends, which match patterns and textures to consumers' lifestyles.

72 ↓

4,370 $m -50%

UBS

UBS has been hit hard on all fronts. It is buckling under the weight of poor financial performance and an international tax conflict. Despite assistance from the Swiss government, the bank has not invested money in supporting the brand. Brand trust and attachment is consequently lower than ever. Recent developments resulted in the loss of key talent to rival institutions. Even if UBS manages to regain stability, it will have a difficult time rebuilding trust in the brand.

73 ↓

4,337 $m -43%

Harley-Davidson

The credit crisis has significantly dampened sales even of an iconic brand like Harley-Davidson. Revenues fell for the second consecutive year. While sales growth in particularly bouyant markets like Latin America helped, a 13 percent sales plummet in the U.S. hit hard. The company continues to focus on reinforcing its heritage, which remains strong, by opening a Harley-Davidson Museum in its hometown of Milwaukee to coincide with the 105th anniversary of the company, and creating a 1940s inspired Cross Bones bike. It has also been making strides to appeal to younger customers, with the launch of the Iron 883 in January (with a suggested retail price under US $8,000) and the Dark Custom.

74 ↓

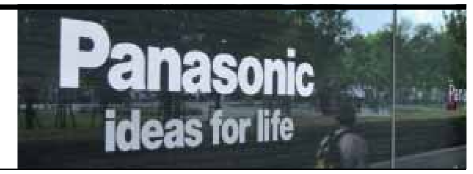
4,234 $m -8%

Porsche

Porsche announced its best business performance in its history in 2008, with sales in China jumping a whopping 90 percent, despite a decline in sales in the U.S. and Germany. It continues to introduce new models, with plans to appeal to a wider, more family-oriented audience through its launch of the first four-door in the company's history. But there are always risks when diversifying a luxury performance automotive brand into, for example, the "family" segment. Porsche has seen unrivaled success with its Cayenne concept, but the question remains as to whether, in the long-term, value growth will come from new vehicle innovation or turning attention to the development of the core 911 offer.

75 ↓

4,225 $m -1%



Panasonic

Despite harrowing market conditions and a high yen contributing to a net loss of US $4 billion for fiscal 2009, Panasonic looks positioned to emerge strongly when the economy turns. 2008 saw the company gain access to advanced battery and solar technologies in acquiring a majority stake in rival Sanyo (it's currently unclear whether the Sanyo brand will be subsumed into Panasonic's) and consolidate its National range under the Panasonic brand. Panasonic also enhanced its product eco-credentials captured by the internationally renowned "eco ideas" strategy and recognized by the Global 100 Most Sustainable Corporations project. Panasonic continues to pursue strategies targeting the new middle classes in emerging markets and infrastructural technologies in a bid to fend off lower-cost competition.

76 ↓

4,000 $m -5%

Tiffany & Co.

Tiffany' s sales declined most significantly in its U.S. stores, and to a lesser degree in Asia Pacific and Europe. This has prompted a cost structure review. The brand continues to receive support, with new stores opening worldwide and the launch of a US $94,000 diamond cell phone. It seems the brand may be trying to move away from its position of "affordable luxury," and positioning itself as more premium.

77 ↓

3,968 $m -6%

Cartier

Cartier's loyal high-end consumers have left the brand in relatively good shape during the recession. Now, in an effort to capture the interest of a younger audience as well, Cartier has become one of the first luxury brands to embrace social networking sites. The brand's MySpace website features exclusive songs from artists such as Lou Reed, Marion Cotillard, and Phoenix. Cartier also focused on sustainability efforts with the launch of its "Love Charity" bracelet. A portion of the sale of each bracelet will be donated to Action Against Hunger. The international, non-governmental, non-religious, non-profit organization tackles hunger in 43 countries worldwide and seeks to alleviate childhood malnutrition.

78 ↓

3,922 $m -10%

Gap

Economic conditions have forced Gap to make serious price concessions. Gap's cheap chic is not cheap enough, especially in comparison to Target, Carrefour, or Wal-Mart. Meanwhile, the brand continues to lose ground to brands that have bigger ideas, particularly Zara. In the first quarter, 2009 sales were down 12 percent from 2008, leading to 53 store closures in the U.S. Gap's brand architecture is also dissolving as functional benefits begin to outweigh brand benefits. 2008's launch of a universal website which allows customers to purchase from Old Navy, Banana Republic, and Gap in one shopping cart, with one shipping fee, has led to one diluted brand experience.

79 ↓

3,876 $m -5%

Pizza Hut

Pizza Hut fared well with the increased emphasis on value. This is probably due to revisions of the menu to include value products, as well as differentiated products like pasta and wings. Pizza Hut has also updated the look of its locations to reflect the expanding menu. It has even branded some stores as "The Hut," removing Pizza from its name on boxes and store signs. The question is whether this will prove to be a good move or one that compromises the core offering of the brand.

80 ↑

3,847 $m 7%

Johnson & Johnson

Reassurance and trust have become more important positioning equities for Johnson & Johnson this year, and the brand is focusing on relaying this through its messaging. Further integration with Pfizer has allowed the brand to increase its range of products and to actively promote health. The official healthcare sponsor of the 2008 Summer Olympics has increased sales in all geographic and international regions: it holds leading positions in nine of the 15 major categories in which it competes.

81 ↓

3,831 $m -5%

Allianz

Despite the sale of Dresdner Bank at a significant loss, Allianz's financial services segment still managed to contribute a small net profit in the first quarter. The bank reports that it doesn't require government aid, and a return to its core offerings last quarter has also fostered favorable investor perception. Currently Allianz has plans to expand its offerings and market by moving into the aviation insurance market in Australia and New Zealand, widening its life insurance products into China, and venturing into asset management in India.

82 ↓

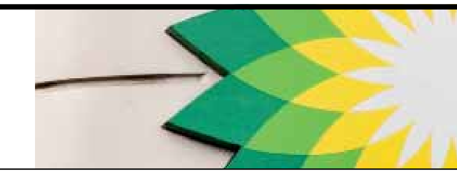
3,754 $m -5%

Moët & Chandon

Consumers' switch to cheaper champagne or even cheaper sparkling wines and prosecco, particularly in the developed world, has hurt Moët & Chandon. Still, the brand has continued to invest in its image. While it cut its media spending in 2008, it has leveraged its relationship with the film business by sponsoring film festivals and becoming the official partner of the Academy Awards. It has also attached a face to the brand for the first time in the form of movie star Scarlett Johansson.

83 ↓

3,716 $m -5%



BP

BP has tried to position itself as the greenest among the traditional big oil companies and has invested US $8 billion in biofuels and renewable energy in the last five years. Newly branded products like Invigorate, an additive formula that helps clean and protect engines, and the Solar Sail BP demonstration project in China, a science center powered by solar energy, have all helped boost BP's "green" perceptions. A 2008 study shows that BP tops all other brands in the category. Overall, like Shell, the market is driving the brand's fall in profit. Its profit has fallen 18 percent.

84 ↑

3,698 $m 3%

Smirnoff

Smirnoff continues to be the global vodka of choice. In 2008, it saw an eight percent volume increase and a 12 percent sales increase. It remains one of most marketed spirit brands in the world. It increased its marketing budget in its home country of the U.K. substantially in 2008. Smirnoff also saw success by linking its premium Black Label brand to the James Bond film *Quantum of Solace*. While Smirnoff still generally relies on the sale of its original vodka, it has been trying out moves to taste infused vodkas as well.

85 ↓

3,563 $m -3%

Duracell

The private label trading-down effect has negatively impacted Duracell, signaling that the brand is having trouble retaining its attraction to customers who instead go with price as the major decision-maker. Duracell has combated this with a new ad campaign "Trusted Everywhere," that shows how its product is linked to a heritage of safety, trust, and high performance. Duracell has also announced a new USB Auto Charger that fits almost entirely inside the DC outlet of a car or other vehicle. The charger includes three different connectors to work with a myriad of different devices.

86 ↑

3,557 $m 5%

NIVEA

The "Most Trusted Brand 2009" in 16 European countries, according to *Reader's Digest*, continues to demonstrate an ability to adapt to customers' needs. This year, it saw success with its relaunch of its men's products, which it updated with a modern and streamlined package design. It also updated its NIVEA Visage line, targeted at girls age 13-19. NIVEA continues to reach out to consumers directly, getting them to test new products and help improve products through market research. It also focused on expanding into fast developing markets, having just inaugurated a new production plant to manufacture body care products in Shanghai. The factory will manufacture products that are specially developed for the Asian market, such as NIVEA for Men, NIVEA Body, and NIVEA Visage.

87 ↓

3,530 $m -2%

Prada

Prada, like many luxury brands, is investing in new store openings in cities around the world in an attempt to maintain a relationship and create an emotional connection with consumers through a retail footprint. It is also pulling out all the stops to tempt customers inside its doors. Recently, it invited the world's most reputable stylists to revamp its stores in key cities such as London, New York, Milan, and Paris. So far, its efforts have kept the brand relatively stable.

88

3,527 $m 0%

Ferrari

The economic environment has had far less impact in the premium sports car segment than the mass segment. People buying something as high-end as a Ferrari are likely to purchase it regardless of the economic climate. Revenues increased 15 percent, profit was up 28 percent, and vehicle delivery increased 1.3 percent from 2008. North America remained Ferrari's biggest market but sales were up in all regions including Eastern Europe, Japan, and China. Ferrari launched two new models in 2008. One was the California, the brand's first coupé-cabriolet model. Ferrari also opened new brand stores in major international cities. Still, with pressure on luxury markets the world over, wealth moving from West to East, and new niche automotive brands joining the fray, the long-term market outlook for Ferrari is changing, even if its value remained relatively stable.

89 ↓

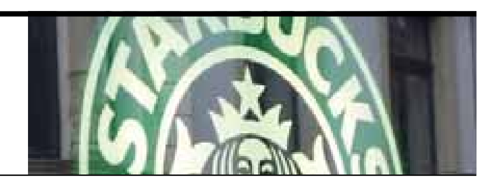
3,303 $m -6%

Armani

Following others in the sector, Armani is investing significantly in new store openings, including the unveiling of a flagship store in New York. Armani is also diversifying into luxury hotels and resorts with a partnership with Emaar Properties. While the tiered lines within The House of Armani (Emporio Armani, Giorgio Armani, Collezioni Armani, and the fast growing Armani Exchange) appeal to varied audiences at a number of different price points, the diversification sets Armani up for the risk of brand dilution, especially during a recession.

90 ↓

3,263 $m -16%



Starbucks

After 16 years of continuous growth, Starbucks is running out of steam. This year was met with more than 800 store closings and the deepest cost cuts in its history. Nearly 30 percent of Starbucks customers are going less frequently than in the past. 84 percent cited economic reasons. In reaction to new competition from value-focused competitors like McDonald's and its McCafé, Starbucks has attempted to introduce products focused on value. For instance, Starbucks launched VIA, a new instant coffee, to be sold in Starbucks at lower prices. It also tried out breakfast foods. However, while products such as these may help stimulate Starbucks growth in the short-term, they've also contributed to a diluted brand image. It is too soon to tell how the return of founder Howard Schultz will impact the brand in the future.

91

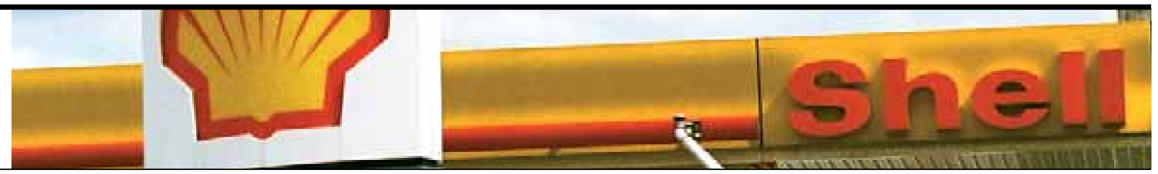
3,235 $m NEW

Lancôme

Thanks to innovation and its partnership with celebrities, Lancôme has regained relevance. As a French brand it has an image of quality and exclusivity. In the past year, Lancôme saw growth in emerging markets. In Russia, nine out of 10 women know the Lancôme brand. The Rénergie line reinforced its position as an anti-aging skin care specialist with strong growth, particularly in Asia. The brand also hit the headlines with the launch of Ôscillation, the first-ever vibrating "power mascara," which proved an unprecedented success. The arrival of the artist Aaron de Mey as artistic director for make-up (the man who spearheaded the first Pink Irreverence collection) marked a new era of creativity.

92 ↓

3,228 $m -7%



Shell

The economy has put pressure on Shell, which has declined seven percent in brand value. Choice has been driven by its proximity to consumers and less by affinity to the brand. However, while not a high role of brand business, what Shell does it does well. At the consumer end of its organization, it operates one of the world's largest fuel retail networks with approximately 46,000 service stations in more than 90 countries worldwide. In places like the U.S., the Middle East, and China, the brand stands for innovation and new fuel choices (e.g., V Power). Although Shell is making some efforts to improve its reputation, including investing in developing biofuels, it lags behind competitors. Also, because its downstream business continues to be most profitable, it is still greatly focused on oil and natural gas exploration.

93

3,223 $m NEW

Burger King

Burger King's strategy to expand its restaurants around the world, as well as its recent product and marketing innovations, have been profitable. It stretched the brand into a new format, launching the Whopper Bar, a smaller footprint concept celebrating Burger King's iconic burger where customers can customize their sandwich. Based on global consumer insight, the Whopper Bar corresponded well to expectations and captured the attention of a broad audience, and delivered on the "Have it Your Way" brand promise. This year, Burger King also succeeded in increasing its awareness and positioning among young consumers by using web advertising to present itself as a relevant and cheeky alternative to McDonald's. While McDonald's is becoming the conventional fast food for family, Burger King is becoming the nonconformist's fast food of choice.

94 ↓

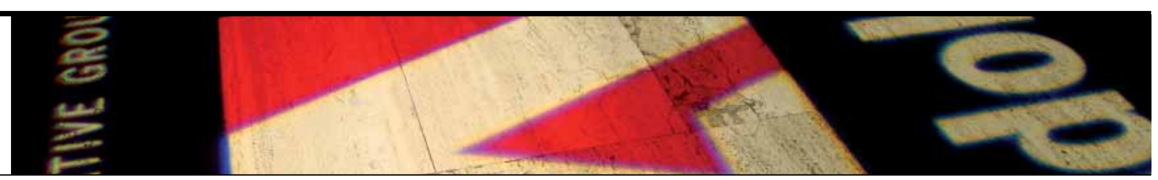
3,170 $m -5%

Visa

With the advantages of a pay-as-you-go lifestyle, there is a surging popularity of debit card use by American consumers. Visa is well placed to capitalize on the growth, as it controls two-thirds of the U.S. debit card market. Total cards carrying the Visa brand rose 10 percent globally to 1.7 billion over the previous year. Additionally, Visa surged ahead of Mastercard and Capital One in consumer trust. In March 2009, the company unveiled its first global advertising campaign, titled "More people go with Visa," reflecting the company's evolution to a single, global company.

95

3,161 $m NEW



Adobe

Adobe achieved record revenue and double-digit growth for the sixth consecutive year. Adobe has grown through stretching its brand into new areas, adapting to its consumer base and attitudes. Brand preference is increasing as sales slump. This is evidenced in the adoption of new innovations such as Adobe AIR, which had 100 million downloads in its first year, and the success of Adobe TV, which debuted in April 2008 to more than 1.5 million views in two months, with video content designed to educate and inspire creative professionals. Adobe has managed to command more than 80 percent market share for online video, due to its ubiquitous Flash software used by YouTube and the majority of other online media sites. The Adobe Media Player, which launched in April 2008 with content from CBS, MTV, PBS, and Scripps Networks, will help maintain its position at the top. Adobe is also spending more and more on its ad campaigns, which often showcase user-generated content.

96 ↓

3,158 $m -12%

Lexus

Despite a decrease in sales in the U.S. and Europe, Lexus is still the number-one-selling luxury auto brand in the U.S. and the market leader for hybrid cars in the premium segment. Its success is built on a strong reputation for quality and price points that are lower than other European imports. In Europe, sales performance was weak due to its lack of diesel-powered models in the range (unlike BMW and Mercedes, both offering highly popular diesel engines) and the fact that its cars are still sold through Toyota showrooms. Going forward, Lexus is actively trying to move away from its staid image by positioning itself as high performing, sporty, and exciting. To do this, it has launched a new "F" range (which stands for "Flagship"). The first model is the sporty Lexus IS F which retails for US $56,000. Several more F models are in the pipeline, including a luxury sedan and an SUV-wagon crossover. The success of this initiative remains to be seen.

97

3,154 $m NEW

PUMA

PUMA put its best foot forward to compete against Nike and adidas. It has diversified and expanded its range with its new fragrance, Urban Motion, and a new women's PUMA sailing line. Taking cues from adidas, which enlisted Stella McCartney's design efforts, PUMA's collaboration with Alexander McQueen received buzz. Recently, it took this a step further with its acquisition of the Hussein Chalayan fashion label. Chalayan, who won Best British Designer of the year twice, will supervise the creation and design of PUMA's Sportfashion collection.

98

3,095 $m NEW

Burberry

Burberry has continued to tap into new markets. It just launched its first children's wear stores in the U.S. and a new headquarters in New York on Madison Avenue. Likewise, sales rose not just in the U.S., but also in Asia Pacific, the Middle East, and Africa. Burberry's enhanced focus on denim represents an attempt to diversify by attracting a younger and trendier customer. While sales driven by a strong increase in the outdoor and accessories categories grew enough to secure it a place in this year's rankings, discounted products have largely driven Burberry's profits, which can undermine the equity built up in the brand.

99

3,094 $m NEW

Polo Ralph Lauren

The brand's lifestyle appeal continues to allow it to develop and expand products across price tiers and markets without dilution. Although some may deem Polo Ralph Lauren's role as the official outfitter of the U.S. Olympic team as more elitist than athletic, sponsorships such as this and Wimbledon help to build the brand's image globally. This year also saw the launch of an iPhone application that lets users experience the glamour of the Ralph Lauren Collection by allowing viewers to look behind the scenes with its backstage pass photo gallery.

100

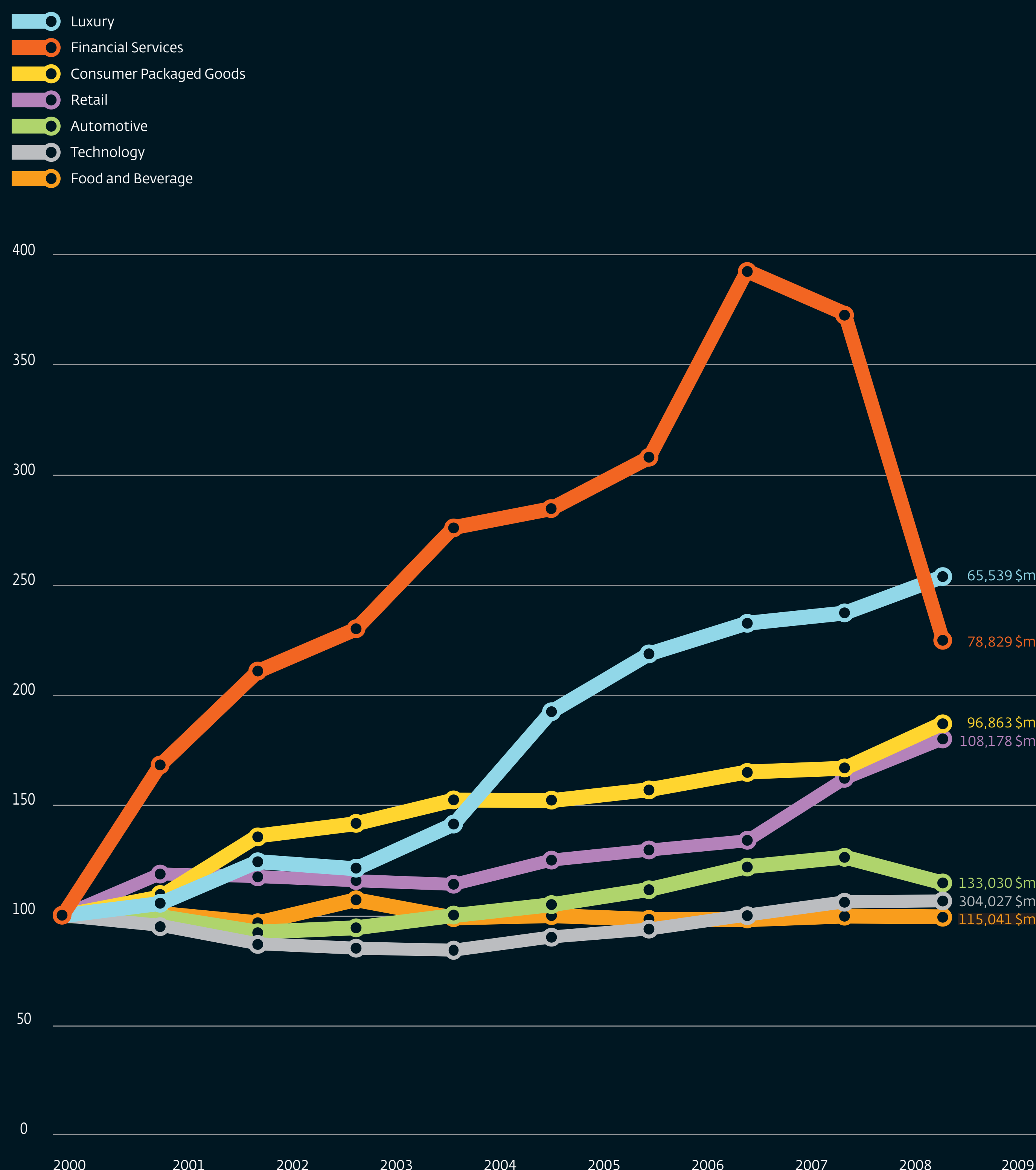
3,081 $m NEW

Campbell's

Campbell's saw big success with its continued promotion of its lower-sodium soups, which launched last year, targeted at a health-conscious, female consumer. With 85 lower-sodium products already, Campbell's expects to introduce even more in the next months. A focused marketing campaign that positioned it as an iconic, nutritious, and low-cost meal solution stemmed some of the competition it faces from private label brands. So too did its collaboration with Kraft Singles to promote soup and grilled cheese sandwiches as a wallet-friendly meal using coupon inserts. This year, Campbell's also struck a rare partnership with the film, *The Tale of Desperaux*, which created some buzz. The company's plan to aggressively employ shopper insight data to ultimately connect with and influence shopper at point of sale should put Campbell's in a good position for years to come.

Industry Insights

Charting the rise and fall of key sectors



Brand Value Index: 2000 = 100

Technology

The Pace of Innovation

In technology, innovation and investment have fueled new capabilities,creating opportunities in adjacent sectors. This is keeping enthusiasm going as brands conquer unexpected territories.

In the home, demand for flat panel televisions has been stimulated by quantum leaps in technology and price cuts. Samsung and Sony are leading the charge with an increased quality of energy-efficient, cheaper LCD (and emerging OLED), and premium designs. Big-screen high-definition viewing is now widespread and redefining the terms of entertainment. In 2010, in-home 3D technology from a consortium led by Panasonic will drive further interest in the category.

In mobility, experiences are getting richer and richer: from texting, to listening to music, to viewing personalized content, to gaming. Entertainment is anytime and anywhere and innovation makes these devices truly indispensable. Netbooks, which are priced lower than notebooks, push functionality at an attractive price point. While these devices are positioned as value products, they provide premium benefits (chic style and design, computing anytime and anywhere). In this category a lower price point does not always equate to "value."

Software innovation has contributed to the importance of usability (ease of use), integration (connectivity across television, computer, and mobile phone platforms), and experience (fun to use) as important drivers of demand. Microsoft hopes to find new opportunities by bringing its gaming, entertainment, and other services to the PC, phone, and TV. The access to content throughout our day is also making cloud computing a reality, changing how we interact with software. Leading brands Google, IBM, Microsoft, and Amazon are defining the parameters and the discussion is moving to the points of differentiation.

Most computer services brands are creating new drivers of demand by trying to integrate customer participation into product development to obtain greater brand relevance. Leading brands like IBM, SAP, HP, and Cisco support user education programs and train other companies in these newly developed products.

Technology continues to change how we live, work, play, and how we communicate with others. It is woven into the fabric of our lives. We have grown to depend on it–from devices in our Nike shoes connected to our iPods that help us track, monitor, and analyze our health routines, to how we receive and share information with others.

Apple continues to lead. By allowing individual innovation on a platform that is no longer locked and loaded with the same functionality forever, the iPhone delivers upgradeability, fun, and usefulness. At 99 cents a download in the U.S., the pricing model is spot on, making it very low risk for the consumer. In essence, the devices we "wear" are becoming a part of our personality and expressions of self.

Like Apple, the traditional lines between categories in the sector continue to blur. Companies are moving beyond their original domain, looking for new opportunities to branch out into the interconnected technology fields. Another example is Oracle's surprise snap-up of Sun, in which it gained control over Java and the Solaris OS and consolidated its position as an integrated provider of everything from applications to disks. HP's expansion into computer services through the acquisition of EDS is another.

As companies stretch their resources, the attention turns to the master brand and its ability to stretch across very different spaces. Businesses are shifting their messages from their sophisticated technology, to ones that focus on developing strong emotional connections with their audiences. Intel just recently launched a new advertising campaign, "Sponsors of Tomorrow" which spotlights the company's role in innovation rather than any specific products. Xerox rebranding efforts have provided a great push toward a more emotionally charged message.

If information is power, the power is shifting from a centralized source to a decentralized one. The most recent events in Iran are a proof point of how technology is becoming the equalizer of societies. Blogs, Twitter, and social media are breaking the boundaries of countries, providing a window to a world that governments can no longer control. Social media is also impacting how we view brands, and advocate and make our choices. At the same time, companies like Facebook, MySpace, and LinkedIn have yet to find a way to effectively monetize content. Ad targeting is still fairly embryonic, lacking focus and tailoring.

The pace of innovation is not expected to slow down, nor will our imagination for what is next. After all, what is possible today was not even imaginable two years ago. In many cases the new opportunities are not evolution but radical change. Those brands that dare will win; they'll remain the key players of this challenging but exciting new time.

Energy

Urgency Demands Innovation

You could not get through 2008 or the first quarter of 2009 without seeing the headlines on gas prices. Price volatility across all forms of traded energy has been severe. In some ways, it has contributed to the deepening recession. Volatility in price proved to be a deterrent, undermining a consistent approach to policy making, stoking inflation, and contributing to a lack of confidence in the market.

What was different about 2008 was the sheer intensity of fluctuations–for example, oil prices increased steadily early in the year, exceeding US $140 per barrel in early July followed by a collapse of more than 75 percent by year-end. According to BP, "over the whole of 2008, average prices for all forms of primary energy increased significantly, with annual oil prices rising for a seventh consecutive year, a first in the nearly 150-year history of the oil industry." In a striking contrast, global energy consumption has continued to climb (at a slower pace but an increase nonetheless), and the demand for coal and oil has never been higher.

Renewable energy has been a key talking point for all governments and a major platform for U.S. President Barack Obama. However, alternative sources of energy still play only a small role in the broader context of global energy consumption. In short, we cannot innovate fast enough. Nor can we innovate in a scalable way to accommodate the rate of increase in demand–at least not yet.

Brands in the energy sector have reacted in different ways to this unpredictability in markets and sentiments. Those in the oil and gas industry have been forced to clearly demonstrate their commitment to climate change and communicate it through a strong visual and verbal vocabulary. For utilities, brand management is relatively uncharted territory. As a result, utilities have been struggling with engaging consumers through their brand.

The energy sector is bracing itself for a time in the future when resource depletion will have reached the end of the road. Finding new energy sources has an unpredictable time frame and scalability is suspect. As a result, the debate in the industry has evolved from finding more energy resources for the future, to less wastage of existing resources, to keep up with the sense of urgency.

Oil and gas brands like BP are promoting patented technology such as Invigorate to help lower the level of exhaust emissions including carbon monoxide and unburned hydrocarbons by keeping your engine clean. "A cleaner engine means cleaner air." Along the same lines, Chevron has Techron, its answer to cleaner engines and therefore cleaner air.

Urgency, combined with the volatility and uncertainty in this sector, has been the most potent catalyst for spurring innovation–not just within the industry but also with brands that would once have been considered outliers. Brands like GE (Smart Grid), IBM (Smarter Planet solutions), and AT&T (partnership with SmartSynch) are all engaged in innovation directly or indirectly through leveraging their core capabilities.

The United National Climate Change Conference in Copenhagen in December 2009 is ambitiously striving for a global agreement, incorporating all the countries of the world as it relates to greenhouse gas emissions. The energy sector is front and center of the climate change debate by the nature of the industry. This represents a tremendous responsibility, but it also opens the doors wide for endless opportunities. The sector has the ability to directly influence the climate change dialogue and regulation, affect consumer choices, and drive innovation for future generations to thrive. A number of brands in this sector have clean slates from which to build reputations–a clear point of view on climate change is a good way to begin.

Consumer Packaged Goods

Kudos and Cautions

To combat the recession, consumer packaged goods brands have made a number of moves to cater to consumers' search for value. Some have been more successful than others.

The most prevalent is the rise of the private label brand, led by retail giants such as Wal-Mart, Tesco, Carrefour, and Target. Consumers who are looking for more for less continue to gravitate towards these products. Unfortunately, in the U.S., this still represents a missed opportunity, as many retailers are still following the tired and expected formula of emulating national brands, rather than learning from the successful European model of developing a new vernacular and creating destination brands in their own right. Some leaders are emerging (Target's Archer Farms and Stop & Shop's Simply Enjoy), but there is still no clear U.S. benchmark. As private labels continue to gain steam, it will be interesting to see how many brands will be forced to move toward private label design language, rather than vice versa.

Products such as Oreo cookies and Ritz crackers evidence another trend, and one that often goes hand-in-glove with the growth of private label. These brands are "dumbing down" their brand's packaging to fit the format of a specific retailer's needs. In essence, the brand becomes a semi-private label brand and risks looking like a poor relation to the original at shelf. Other than the ability to maintain shelf presence and distribution, the benefits are unclear.

Additionally, as a response to the meteoric rise of the Method brand in the U.S. and overt green messaging in Europe, we've seen label simplification becoming prevalent in the detergent, beverage, and cereal aisles. In an all-too-predictable game of follow the leader, many U.S. brands endeavored to emulate the Method brand at shelf, despite a differing message and promise. Still, this category simplification can pay off when it is executed well, as evidenced by the classic, clean package designs for Bud Light, Gatorade, and Coca-Cola. Kellogg's and Post cereals have also been simplifying frequently over complicated packages, demonstrating that less can, in fact, be more. It will be interesting to see how lasting this trend proves.

"Emotional branding," which became a hot trend several years ago, when companies sought to connect with consumers more profoundly at the shelf, prevails. Ownable patterns and textures have become the order of the day for savvy brands in personal care, paper goods, and high-end beverages. These distinctive elements are defendable and become immediately synonymous with a brand in the same way that a stylish purse with a repeat logo does for a prestigious fashion house.

This year, marketing departments also officially began to recognize the value of the male shopper. He is no longer relegated to the lowest forms of predictable marketing messaging. A new language of communicating to men, while still in its infancy, has been showing interesting signs of maturing beyond the predictable use of packages emblazoned with phallic shapes, semi-naked women, famous sports figures, and overtly aggressive language. Evidence of new insights into the purchasing needs and behaviors of the male shopper is beginning to emerge in male grooming products such as Gillette, NIVEA for Men, and Neutrogena.

Finally, and perhaps most concerning of all CPG trends, is the continuous lack of respect for brand equities as brands move forward in their design development. The Tropicana fiasco will become the benchmark of how not to redesign a package. Sadly, Tropicana is merely the poster child of design for design's sake. What seems in hindsight to be such an obvious error is not so obvious in reality. It was not just removing the orange and replacing it with a generic glass of juice that was problematic. Tropicana's equity in the U.S. is in a package that features the orange in conjunction with a red-and-white-striped straw. Think of it in terms of a comedian and straight man act: One cannot operate without the other.

Automotive

Smaller, Greener, and More Efficient

The economic crisis made 2008 the automotive industry's worst year since 1992. While sales were on track in the first half of 2008, the situation skidded off course in the second half. Carmakers worldwide had to reduce production dramatically as the demand for new cars in Europe and the U.S. collapsed. Growth in emerging markets softened, and high prices of raw materials led to further erosion of profit margins. Mass luxury brands like Mercedes-Benz, Porsche, and Lexus—and even ultra luxury car manufacturers like Bentley—had to cope with a remarkable drop in sales.

As a consequence of the crisis, governments in the U.S. and Europe set up generous aid programs to support the struggling industry. GM and Chrysler were protected from bankruptcy (Chrysler was later partially bought by Italian carmaker Fiat), and companies like Opel and Saab asked for taxpayers' money to stabilize their embattled balance sheets.

Market turbulences also had a strong impact on the brand portfolios of many carmakers, forcing companies to sell their weak brands or even stop producing them. By doing so, they aim to focus their resources on those brands that still resonate with customers. The "New GM" dispensed with four of its 13 brands: Pontiac, Saturn, Hummer, and Opel. Ford sold its iconic brands Jaguar and Land Rover to India's Tata Motors. Volvo was also on sale for a while but did not find a buyer.

Car buyers not only cared about their wallets, but increasingly about environmental issues. Due to a rising public awareness of climate change and the ongoing tightening of fuel-efficiency standards by governments around the globe, automakers had to meet profound challenges regarding their model policy. With gasoline prices topping US $3 a gallon, fuel-efficient cars saw a breakthrough, even in the U.S., where this segment had only played a minor role. Companies like Audi and Mercedes undertook extensive efforts to reintroduce clean and high-mileage diesel engines to the—until recently—gasoline-oriented U.S. market. Sales of BMW cars with highly efficient engines, Brake Energy Regeneration, and Auto Start Stop function (as part of its EfficientDynamics offensive) topped the US $1 million mark worldwide.

Beyond the optimization of combustion engines, the development of entirely new driving technologies became a major issue for the industry. Provoked by the success of the Toyota Prius, virtually every major car producer has been pushing forward the development of hybrid cars. Nissan wants to add a full electric model to its fleet in 2010, while other major car companies are planning to follow suit within the next three to five years.

Some other major changes in the model policy of the industry are already observable today. Large engines like Ford's venerable V8 are being replaced by turbocharged six-cylinders. And small 1.2-liter engines, like the one powering the new VW Polo, unleash over 98.6 BHP. These tiny cars are even gaining popularity in the bigger-is-better U.S. market. U.S. sales in the compact-car segment that includes the smallest models like Toyota Yaris, Honda Fit, or Smart rose 33 percent, while sales of large SUVs decreased 5 percent. Small SUVs are increasingly popular, though, with the Opel Antara, Peugeot 4007, VW Tiguan, and others getting a large chunk of the market. In fast developing economies, there's high demand for low-budget microcars like the Tata Nano or the Dacia Logan.

The car industry is reinventing itself to remain or become profitable despite exploding R&D costs to produce smaller, greener, and more efficient cars. In the near future carmakers will have to continue to form alliances or consolidate and reorganize their brand portfolios to meet the challenges of tough markets characterized by perennial overproduction and more cost-conscious car buyers looking for niche products.

Financial Services

Putting a Price Tag on Trust

Brand value has never before eroded as quickly as it has in the financial services sector during the 2008–2009 period. As a group, financial services brands have lost a third of their value in a matter of months. Our March 2009 Financial Brands Survey shows that many financial services brands lost their ability to drive choice, loyalty, and confidence, resulting in significant "money in motion" among retail and institutional clients.

At the height of the crisis, when customers' trust was at an all-time low, each and every brand was affected by the general mistrust prevalent across the industry. Those inside and outside of the sector shared the perception that the financial system was responsible for the crisis, leaving no brand untainted or unchallenged to maintain its reputation.

Today, as the marketplace and consumers' lives regain a sense of stability amidst lingering uncertainty, we can begin to peer through the battlefield smoke and see what impact the past year's events have had on the sector.

Two of the top five U.S. investment banks have vanished, and a new rank order is emerging across the global financial markets. We see the financial system resetting into a new three-tier system of financial services brands.

Standing Cavalry

Clear brand winners are the titans who remain strong after the calamity–in this case, Goldman Sachs and JPMorgan Chase. With every crisis comes opportunity, and these brands have swiftly picked up market share in a narrow window of opportunity. They were able to adjust their brands to fulfill new leadership criteria and are now expected to define the future playing field for the industry. Their performance and actions will define what it means to compete in the financial services sector going forward.

Brands that played underdog in the old world are fighting for their place in the top tier. With limited legacy but strong business fundamentals, players like Credit Suisse, Santander, and Barclays are seizing the moment amidst the reordering of brands. They are moving upward in rank and finding a distinguished seat in the game as the cards fall into place.

Down-but-not-out

Morgan Stanley is a good example of a "down-but-not-out" brand. It is still fighting to regain its former prominence and reestablish its position as a leader. Unlike "The Fallen" (detailed below), these soldiers have had their share of rough-and-tough blows, but have been slower to regain their balance afterwards. As one of the last two U.S. investment banks to convert to bank holding companies, the Morgan Stanley brand is a mix of its stalwart legacy and new-world struggles.

The Fallen

It's no surprise that in the disaster, destruction hit home harder for some. Citi and UBS are the most prominent examples of those that have been plagued by business problems–problems that have impacted trust and therefore eroded business and brand value.

Although this depiction of the industry paints some brands on top, truthfully the entire industry has been tainted, and consumers' trust in the financial system has not yet been rebuilt. The true leaders of the financial services sector will be those brands that assume responsibility for rebuilding the image of the financial system as a whole, by demonstrating ethics, good corporate citizenship, and integrity in business conduct. True victors will lead by example and transparently show how they rebuild themselves to prevent a future disaster like the recent financial crisis.

Most of the financial services brands' recent advertising campaigns focus on strength and stability, something that may prove to last beyond a momentary marketing campaign. While the cynical may say that the world will quickly revert to the impetuous motivations of a 2007 bull market mentality, there is a subtle yet profound change in how customers are going to evaluate their service providers going forward.

Future financial leaders will still provide the same types of service, but deliver them in a more consistent and thoughtful manner–and always with integrity. This, in the new world, will be the real differentiator.

As Allianz CMO Dr. Steven Althaus says, "The brand will be increasingly 'managed,' not just communicated and orchestrated. Brand management will evolve, the role of the brand will continuously increase (as a sign of identification, navigation, and orientation), and it will be treated as a major financial asset."

Business Services

Due for a Shake Up

Business service firms suffer from underdeveloped brand expertise. Marketing costs are often perceived as a necessary evil, and are not generally considered by management to be a strategic, revenue-driven asset. Since they do not often seek out leading-edge thinkers for the marketing function, business services brands rarely entertain innovative approaches to brand building. In large part, many business services brands have been held back by a shared sense that their businesses, so dependent on expertise, judgment, and advice, cannot benefit from the emotional "marketing mumbo jumbo" that branding represents. These brands and their executives are due for a shake up.

The business services brands in our ranking are outliers for a few key reasons. They have, more than their peers, forged a global identity based on a clear brand idea. They have invested in their culture, recognizing that their people represent the lion's share of their brand experience, especially as the revenue mix continues to move from products to services. Lastly, they have behaved boldly, investing strategic assets and R&D in spite of the crisis.

IBM leadership recognizes the necessity to lead by example, having made values a priority from early days up to their recent "values jam" initiative, while at the same time leading the industry in its pace of technical innovation. Accenture has fostered a culture of high performance and has used its six-years-running campaign with Tiger Woods as the physical embodiment of customer promise to deliver high performance business results. Of course, the gold standard of brand culture is Goldman Sachs' "culture of excellence," 14 principles that it claims are owned and internalized by every employee. The financial and professional service company leveraged this cultural reputation heavily during some of the industry's darkest moments.

The best services brands have stepped boldly through challenging times. Thomson Reuters, Oracle, and GE all invested heavily in 2008 in both capability innovation and brand differentiation. SAP also actively sharpened its brand promise. These brands recognize that now is the time to crystallize a relevant, distinctive image in the minds of customers.

In an economic environment where heightened emotions are at play and trust is called into question on a daily basis, services firms need to stand for something powerful, evocative, and meaningful, and deliver it consistently through customer experiences. While many customers may have pulled back on services spending in 2008, the crisis has also forced them to reevaluate what types of partners they will want tomorrow. When they do come back online, the services players that have treated their brands as strategic assets, rather than cost-saving opportunities, will stand to benefit from greater customer trust and choice–and subsequently economic value.

Health

Rethinking Business as Usual

Consolidation in the pharmaceutical industry has been grabbing the big headlines throughout 2009 and continues to build momentum behind a significant competitive reshaping of the industry. While the biggest stories involve the Pfizer/Wyeth, Merck/Schering-Plough and Roche/Genentech mergers, mid-size players, biotechs, and even generics have also been active in M&A activity. As healthcare reform reshapes the payer system and generic manufacturers, M&A is also on the rise with the likes of Mylan/Merck KGaA and Teva/Barr Pharma looking to take advantage of the change in policy and reimbursement.

These newly combined entities are geared for growth beyond the area of therapeutic specialization. Through a diversification of holdings (from human health to consumer goods) and an increased focus on developing markets, these merged brands should find the aggressive growth that they once sought through the now-defunct blockbuster product model. The drivers of this activity vary by competing strategic approaches, but the result is the same, with the remaining competitive field smaller and significantly more concentrated.

Certainly, for an industry more accustomed to turmoil than triumph in this decade, pharmaceutical has gone through a painful, often public, process of fundamental reform. The global economic crisis and collapsing financial systems may have drawn attention elsewhere, but the goal to create significant structural and business model change remains. In the context of a broad business environment, pharma is being forced to rethink "business as usual." (President Barack Obama's recent healthcare reform proposal in the U.S., for example, has made this all the more evident.) This means changes to healthcare systems and delivery around the world, increased generic product competition, low ROI from R&D investments, and heightened regulatory pressures. To date, the industry has focused on managing corporate reputation and public perception largely as a PR exercise, rather than clearly articulating a market positioning from which to propel both business objectives and purchasing behavior. This represents a fundamental distinction between reputation management and brand management. This lack of strategic pull through into brand positioning and interaction is simply insufficient. Pharmaceutical brands must begin to deepen the value of the customer interaction beyond product offers that don't live in harmony together, towards a more complete solutions approach.

With an ongoing loss of exclusivity and an increasing role of both generic and "branded generic" competition, a solutions based approach becomes a commercial imperative. More and more, generating value in this industry will be the result of rigorous portfolio brand management, along with an evolving customer interface.

Corporate pharmaceutical brands need to demonstrate commitment, deepen relationships, and develop another platform from which to extend product brand equity beyond patent exclusivity. While many are gearing up to take on broader stretch and relevance, they will also need to increasingly support their brand and reputation with the decision-makers in managed care.

Without question, 2009 has been a year of transformation–as much as it has been a year of reform–for corporate pharmaceutical brands in a global marketplace that is increasingly contextualized by politics.

Hotels and Hospitality

It's All in the Details

2008 was a tough year for the hotel industry and 2009 hasn't been any easier. There's huge pressure on businesses to cut costs and spend where it really matters–which isn't easy when, as one of our clients put it, "in the hotel world everything is difficult and expensive." But hotels are here to stay. It's a cyclical business and demand will return. On a macro level there is a "flight to value" with Holiday Inn Express and Ibis witnessing growth, while the Internet is increasing price comparisons and facilitating user generated feedback through websites like HotelChatter and TripAdvisor.

The eternal truth that drives this sector is that the company's people make the biggest difference to a guest's satisfaction: service creates value. Brands like Ritz Carlton with its credo and Holiday Inn with its "Stay Real" service promise have always made employees the essential component of their brand experience. Asian brands should have an advantage, as anyone who has flown with Singapore Airlines (consistently voted the airline of the year) knows that its style and quality of service is appreciated around the globe and the same is true in the hotel sector. Consistency, attention to detail, and subtle thoughtfulness speak volumes against the functional experience of service.

Those hotel brands with capital will be looking to enhance their position. The downturn presents a huge opportunity for brands like InterContinental Hotel Group (IHG), Marriott, and Accor to capture down-trading customers. All three companies have been pushing loyalty schemes to keep regulars in the fold, and are building shared service centers to maximize buying power that drives down costs.

IHG has committed nearly US $1 billion to the enhancement of the Holiday Inn brand worldwide, particularly in emerging markets. Marriott's brand value (the only major hotel brand in the 2008 BGB rankings) has declined below the threshold for the top 100 Best Global Brands in 2009. The two industry benchmarks that drive hotel performance, REVPAR (revenue per average room), and occupancy rates, fell significantly.

Despite the desire for value, there will always be the high-end luxury sector. Heston Blumenthal was tempted out of the rural countryside of England and launched his first hotel venture in London with the Mandarin Oriental in Hyde Park.

Although Dubai is feeling the pinch, this didn't stop it from opening The Atlantis, a US $1.313 billion, 1,539-room resort. It welcomed its first guests in September 2008 with four celebrity chef restaurants and prices from US $900 to US $3,775 per night.

Both these concepts demonstrate the continuing shift of hotel operators to incorporate elements of customer experience (along with spas) into their general offer. Guests increasingly appreciate and expect this wider view of their own brand world, as it demonstrates that the hotel brands understand and acknowledge their fluency in premium dining.

User generated content is rewarding and punishing hotel brands for their performance. Ratings brands like TripAdvisor and Google Earth help guests judge hotels based on others' feedback before making a purchase decision. They also expose a hotel's real proximity to the beach or city. In order to maximize this new world of open guest dialogue, hotel brands need to operate more as "influencer brands," by pushing their communications model.

Environmental interest continues to increase with some hotels developing "eco-travel" offerings. The only global sustainable tourism certification program is the Luxury Eco Certification Standard (LECS) from Sustainable Travel International (STI). Evason resorts in Southeast Asia have been enormously successful in balancing global service excellence with local and ecological sensitivity. The mantra: "To create innovative and enlightening experiences that rejuvenate our guests' love of SLOW LIFE" offers a beguiling alternative to the "power resorts" of the Four Seasons. The key to successful ecological resorts is the authenticity of their experience and their long term, sustainable relationship with the community. Expect to see more of Evason when the economy bounces back.

Luxury

Craftsmen and Connoisseurs

"The most successful and enduring brands are those built over the long-term, where a consistent and cohesive set of values is established in the minds of your customers. From that moment onwards you should never compromise on these values for short-term gain."– Patrizio di Marco, CEO Gucci

In the past decade, the "luxury" label has been placed on some of the most diverse offerings, sometimes blurring into the concept of premiumness. The ideas of better and best have never been so widely confused.

On the one hand, various luxury brands have reached down, trying to combine their iconic status with the goal, or need, to address a wider public. In the opposite direction, the rise of the ultimate oxymoron, "accessible luxury," has seen brands with a lesser history strive to become self-proclaimed objects of achievable desire. This convergence has transformed luxury–once a self-defining status–into a bundle of contradictions.

Enter the crisis. The waves of the great swell have washed into what was thought to be possibly the one safe haven–the shores of which may now be completely reshaped.

Many key players have absorbed a massive economic impact, relying on emerging markets to make up for disappointing sales in mature markets. For example, Asian consumers have caught the opportunity to express their status through their favorite items at discounted prices or through cheaper channels like discount outlets and the Internet. Western markets, on the other hand, have suffered from the combination of the disappearance of large segments of wealth and a change in people's mindset.

The downturn has shown that you can either exist in people's dreams or their reality, but not both. Some brands, like Ferrari, have chosen to control growth and limit commercial potential, holding on to their legendary status. Others, such as Armani, have deliberately traded in their exclusivity for a wider audience and higher volumes, thus abandoning the idea of luxury. Two opposite models–but two clear strategies, rewarded by respective success.

Most importantly, consumers' reactions to the crisis have also proved another point: Luxury is not a category you decide to be in, but a side effect of excellence. Myths are based on facts, never the other way around. In the age of Photoshop, avatars and open-sourcing, what emerges as being truly extraordinary is authenticity. This is the key driver of demand and therefore value.

This has affected different brands in different ways. Some self-defined luxury brands born from the "luxury for all" manifesto are being pushed out of the market, or are no longer recognized as being worthy of their price and asserted status.

Some well-established brands have been forced to look back at the origin of their prestige, recapturing or emphasizing the essence of their legend. Louis Vuitton, always walking the line between ubiquitous success and dangerous banalization, has invested in reaffirming its status as a "classic" through advertising and inspired new lines. Prada has strengthened its cosmopolitan art-chic positioning through high profile initiatives like the Transformer center in Seoul.

For other brands, the demand for archetypical purity comes as a well-earned reward for their consistency. Hermès has continuously moved along a very clear path, based on craftsmanship and the pursuit of quality across an intelligent portfolio of products. Rolex is the model for those who believe in lack of compromise as a perennial source of prosperity.

The quest for authenticity has also affected sales channels. All major brands–from Gucci to Prada, from Burberry to Vuitton–have invested in the worldwide expansion and/or the realignment of their own retail networks. When it comes to protecting, recapturing, and expressing a brand's integrity, the retail touchpoint is as crucial as the product itself.

Where all this may lead to is fascinating. Will the future of luxury be its past–*métiers*, numbered series and boutiques rather than positionings, volumes, and networks? Will true luxury be the expression of the producer's excellence rather than the consumer's aspirations? Will it be about *signatures* as we knew them rather than *brands* as we know them?

If that is the case, we may soon face two scenarios. Either consider a much stricter meaning of the term "luxury," or accept its current definition but at the same time acknowledge the rise of an aristocratic circuit of authenticity, art and science, that brings together craftsmen and connoisseurs rather than brands and consumers.

Telecommunications

Mission Impossible?

Many might expect to see telecommunication brands among the top 100 Best Global Brands. The industry deals with one of the most fundamental human needs: communication. Without it, mankind, individually as well as socially, cannot exist. Yet, brands in this industry have not yet managed to conquer consumers' hearts and minds internationally. They remain widely seen as utilities providing technical access to mainly local telecommunication networks.
A number of factors are shaping this perception.

First, almost all telecommunication companies have gone through numerous and continuing changes in their identities during the last two decades. This has created the customer perception that they have not fully developed their position as brands. They lack a clear idea focus and a well-defined brand personality to guide their behavior along the customer journey.

Telecommunications companies seem to lack a stable conviction of what they ultimately offer. They have, for quite some time, grappled with whether they should or could be content providers rather than just carriers. As they advanced into that space, retreated, and then started again, they have left their customers surprisingly uncertain about their offer.

Additionally, most telecommunications companies have strong national roots and have only recently extended their footprints internationally. Alongside this process the industry has seen a large number of mergers and acquisitions. This has made creating a unified and strong brand a challenge.

Hardly anything has changed our lives as much during the last decades as the development of communication technologies. In that sense telecommunications brands have certainly changed our world. However, these brands have not yet reached the status that should follow from this influence upon our lives. This is because it is an industry still in its infancy. The sector still has a long way to go before it achieves its historical mission.

Retail

Survival of the Fittest

"The first and most critical element is to define values that make the brand stand out and define the guardrails for everything you do and don't do under the name of your brand." - Erich Stamminger, President, adidas brand

We live in a world with too many stores and we are witnessing a dramatic thinning of the retail herd by the dual forces of a changing consumer and a slumping global economy. When times are good, retail brands might get along by emulating others: copying everything from their assortment to their visual look and feel and real estate strategy. However, when times get tough it's the great retail brands that win–the ones that innovate, understand the DNA of their brand, and connect with their customers. The "me-toos" not only don't win, they become extinct.

Consider the lack of differentiation in a number of retail segments in the U.S. Brands like Pottery Barn, Restoration Hardware, and Crate and Barrel have become more and more alike and this has resulted in a blur of mediocre familiarity. Unlike the European brand, IKEA, which stands out from these three due to its low cost and stylish signature merchandise, these three brands have struggled with putting a stamp on the world. While it may not have been IKEA's best year–it saw a drop in sales–its distinctive offering puts it in a good position for when the economy turns.

Brands like adidas, that have long-term ideas that drive distinctiveness in the customer's mind and listen to their customers, have flourished, even in these tough times. Zara and H&M, which offer stylish products at a low cost, have not just done well because of their lower-cost offering; they have also carved a lasting niche with a strong and differentiated image. In comparison, Gap has fallen behind again this year. Overwhelmed by lower-priced Old Navy and higher-end Banana Republic, Gap's lack of a defined niche has resulted in a diluted brand, despite attempts to reinvigorate.

Some retailers understand the advantage of a strong brand in a recession. These retailers are investing more than ever in branding, and offering the latest trend products as private labels, dressed in attractive packaging, located in the hottest spots in the store. Lidl, Mercadona, ALDI, Dia, Costco, Wal-Mart, and Target are all commercializing inexpensive private label products under their own brand.

Then there is the luxury retail market, which saw a 15-20 percent decline during the first half of 2009. Many luxury shoppers feel uncomfortable carrying the latest brand name bag and have either limited luxury purchases, or been discreet about them. Others are reducing short-term spending to save for serious luxury items from brands like Louis Vuitton and Prada.

In a downturn, customers don't stop buying. The desire and need for satisfaction is still there. A strong brand with a strong proposition may even have a chance to capture a share of customer choice that was previously unavailable. And yet, while a great brand image can help reduce the negative impact on gross margins, it doesn't change the fact that with insecure consumers and an industrywide explosion of competitive pricing, many more retailers will need to rely on discounts to loosen purse strings.

Promotions to move merchandise are unavoidable in this climate, but these are temporary conditions. Retailers cannot overlook the possibility that heavy promotions may cause some loss of brand equity. Retailers that will win when the economy recovers are those using brand management tools to find and create new ways to connect with their customers. You can manage through the short-term on price, but the long-term will be won on brand propositions that are inspiring, compelling, and differentiated.

Media

A Brave New World

The media sector landscape is being redefined by non-traditional players, and is facing pressure from all sides. Technology companies such as Google, Twitter, and Facebook are entering the content creation and delivery arenas and giving users the power to dictate their means of media formation and consumption, threatening to render the old media brands obsolete.

As retailers, automobile dealerships, and small businesses fold in hoards due to the recession, regional newspapers that depend on local businesses for ad revenue have followed suit. In the U.K. 60 out of 1300 of Britain's local newspapers have closed. In the U.S., even reputable, big city newspapers like *Chicago Tribune* (filed for bankruptcy protection) *The Boston Globe* (for sale), and *The New York Times* (shrinking staff and content) are at risk.

Meanwhile, magazines face the decline of both advertising revenue and subscriptions. Digital media faces the challenge of providing defendable ROI numbers. In order to command scarce advertising revenue, brands need to justify their value to both audiences and advertisers. That means staying ahead of the competition, and both anticipating and responding to audience demands.

Recent media trends demonstrate the increasing importance of relevant, timely content. The brands that remain strong are the ones that deliver a relevant brand message backed by targeted content. Thomson Reuters continues to meet the demand for relevant content head on with flagship brands that cater to specific audiences, but still operate under the Thomson Reuter's umbrella. This ensures full audience engagement and acceptance.

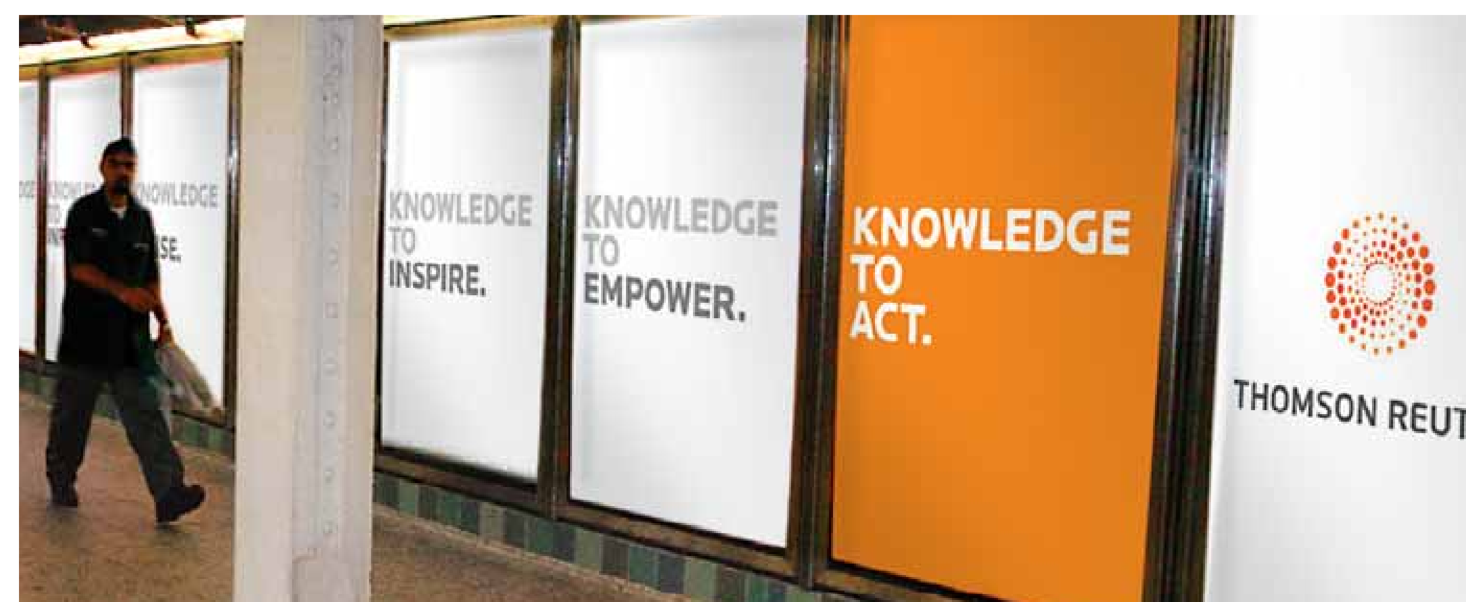
If a brand is unable to deliver relevant content, users will simply find it elsewhere, or create it themselves. Customized content is king. User-generated content (blogs, podcasts, online communities, wikis, and social networking) is rising at a faster rate than editorial media. Social networking websites and microblogging sites make it easier than ever for customers to cherry pick and aggregate content. This holds true in the B2B and the B2C world. Media brands need to tailor to audience needs or else they'll be forced out of the loop by social media tools.

Leading brands that understand this have developed ways to cull consumer insights. MTV Networks actively mines the web for user-generated content related to MTV in order to better understand how customers engage with and relate to the brand. These insights inform the brand, and allow MTV Networks to customize its offering based on real-time audience feedback.*

The rise of social media means brands must increasingly navigate the tension between maintaining brand values, and also allow users the freedom they increasingly demand. The tension is most evident in companies with traditional core values such as Disney, which allows users flexibility through heavy moderation. Its user-generated content initiative, "U-Rock," allows users to upload music videos that they created and allows fans to vote on their favorites. However, each and every video is screened prior to appearing on the Disney.com website. While this tactic has been successful to date, Disney will need to innovate as its consumers become savvier and less tolerant of policing by the brand. While it is important to manage the brand, finding the right balance between protecting the brand and giving up control will be critical for brands to continue to grow. Customers no longer accept only being spoken to. Customer engagement now requires sharing the reins of the brand.

In order to prosper, media brands must strive to forge an emotional connection with customers to capture and hold their attention through a myriad of content and delivery options. The traditional value-add of media companies is no longer enough. Brands need to be flexible and adaptive while still maintaining their brand integrity. Success in the future will require brands to be proactive in shaping the marketplace as well as reactive in addressing new and unpredictable challenges and ever-growing customer demands.

* *Interbrand's BrandLogger successfully filters what is being said about the brand online, including newspapers, scientific journals, websites, blogs, and groups. It extracts, assesses, and clusters predefined terms or groups of terms to help businesses understand customers' associations with their brands.*



Airlines

Turbulence in the Skies

Even in good times, the airline industry is a tough business in which to turn a profit. Airlines face a number of external factors that are out of their control. These include huge capital requirements,high operating costs, government policies, differing tax regimes, manufacturers, airport management, a reliance on ground operating systems, strict aviation regulations, strong labor unions, pressure from environmental groups, intense competition, and, of course, the weather! The industry's battle with emerging trends ranging from continuing deregulation to pressure from environmental organizations and governments has not helped matters.

The current conditions make it difficult for airlines to leverage their brands. The fact of the matter is that when people shop for an airline ticket, they are often forced to base decisions on price point, route, schedule, corporate policy, or frequent flyer points–none of which involve the brand.

Then came the recession. Already beset with rising fuel prices in 2007, consumer and cargo demand fell off a cliff in the second half of 2008, with the industry facing the most severe and now seemingly prolonged economic downturn in its history. Airlines face vastly reduced traffic, price wars, mergers and acquisitions, international security concerns, airport disruptions, the threat of pandemic flu, bankruptcies, industry consolidation, flight accidents, strikes, and an unforgiving media. The International Air Transport Association (IATA) is predicting that the world's airlines will lose US $9 billion dollars in 2009.

The net effect of industry trends and the global recession is simple: Customer expectations and their demands are changing. Prior to the recession, consumers were more willing to pay high prices for non-essentials. Convenience, comfort, luxury, exoticism, and discovery were worth more. Desirability for a particular brand of air travel was created by efforts that were experience based and formed around perks. The offerings of some airlines were perceived to be of higher value than others, as they made an effort to satisfy customers on these grounds.

Today, desirability and cost possess a diverging relationship. Any small increase in cost makes the airline brand significantly less desirable. Put simply, the customer's perception of value has changed. With cost now a strong restraining factor, customers evaluate more essential benefits: reliability, quality, punctuality, safety, and price. They want more–more miles, more complimentary services, more flexibility, and more promotions–all for less money. They are looking for bargains or are trading down. Airlines are seeing a huge decline in the number and frequency of travelers and losing a major source of revenue. The obvious beneficiaries in this environment are the low-cost carriers, and the future looks bright for those with robust balance sheets.

However, for many traditional carriers, the economic downturn is proving to be an industry catalyst, and many experts believe that customer spending habits and airlines' pricing and operational structures will be permanently altered. This implies that airline brands must incorporate a long-term perspective into their recession strategies that goes beyond short-term tactical measures to trim costs such as grounding planes, redundancies, wage cuts, passing costs onto customers, pairing schedules, and closer airline cooperation.

In the long-term, the successful airlines will use this period of uncertainty to redefine what *value* means to *their* customers. They will know what factors are truly driving demand and will redefine their brand strategies around a more relevant customer experience across all key touchpoints of the customer journey.

Aviation winners will have to declutter from short-term cost-cutting programs, listen very carefully to what their customers are saying, invent new brand experiences for mid-term profitability, cater to redefined customer needs in the long-term, and foster a strong internal culture in order to deliver on these needs.

Food and Beverage

Back to Basics

"The most unpredicted factor that affected how we manage our brand in the past decade was the abrupt, steep global economic downturn versus our readiness to compete on value."– Russ Klein, President Global Marketing & Strategy, Burger King

In the last quarter of 2008, consumer food spending saw its sharpest drop in 62 years, according to the U.S. Department of Commerce. But while spending is down, food and drinks remain at the core of many social occasions. People continue to consume, but they have modified their spending habits to save money.

Consumers are trading dinners out for creating something from their own kitchen, drinks at the bar for drinks on their patio, or an evening out with friends for an at home potluck. With dining at home on the rise, brands have reconsidered their touchpoints. There's been an increase in messaging about "restaurant quality" prepackaged foods. Premium spirits brands have elevated the role that the package plays, now that consumers are selecting their brand from a crowded retail shelf.

This shift in consumption patterns creates an opportunity for the food and beverage sector. However, with shoppers watching their pocketbooks carefully, there is also increased competition and price point pressure from private labels, which grew 10 percent last year according to Nielsen. To compete, many manufacturers are highlighting quality and health benefits, but most realize that now is the time to build a connection with consumers to maintain loyalty.

Kellogg's, for example, is engaging with customers through recipes, coupons, and newsletters, while Campbell's positioned its products as nutritious and low-cost meal solutions. Others are creating smaller packages and focusing on a value message. ConAgra Foods, which hadn't advertised its Banquet frozen dinners in more than a decade, launched an ad campaign last fall around its new line of meals priced at US $1.50, while Kraft began advertising its low-cost Kool-Aid powdered beverages for the first time in 11 years. With the major players, package innovations seem to be the big news, as both Coca-Cola and Pepsi have introduced new package designs. Coke introduced a smaller size package that retails for 99 cents in the U.S. and Pepsi refreshed its entire package line up.

In the alcohol segment, Stolichnaya has partnered with bartenders to create recession-themed cocktails like the "rejected resume." Champagne brands continue to focus on their target market with sponsorship of prestigious sports and fashion events.

Characterized by mature markets and low growth, the alcoholic beverage industry struggles against heavy price competition. Beer remains the industry's top seller, but major brands are growing slowly with margins squeezed because of higher costs for commodities like barley, as well as increased power costs. As a result, many global brewers are merging operations to reduce costs and gain market share. Innovation and new launches are key to attracting new customers, and China is seen as the hot market for growth.

Most industries have taken a hit due to the recession. However, for beverages, health is a greater concern. The U.S. has contemplated taxes on unhealthy beverages. The measure did not go far, but many people believe that beverages are a main cause of obesity. This has opened a door for brands such as vitaminwater and SoBe, which have attracted customers to their products with health claims.

Health is a concern for fast food as well and innovation has been key to attracting customers. McDonald's has been able to capture new market share with its coffee bars and healthier offerings, while KFC has made a splash with its grilled chicken. As in other segments of the food and beverage industry, QSR is a value war, with giveaways and 99-cent promotions everywhere.

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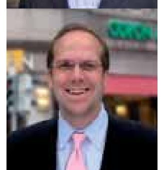

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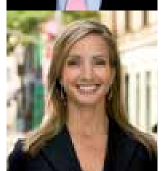

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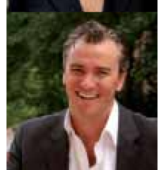

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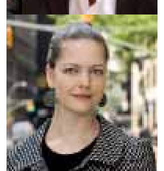
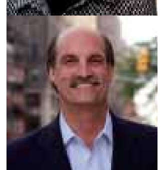
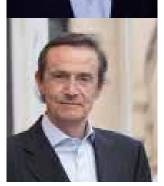


Nora Geiss is Senior Consultant for Interbrand's Verbal Identity practice in New York. Her expertise spans naming, tagline development, naming architecture, messaging, tone of voice, brand engagement, and brand launch for B2B and B2C brands in a broad range of industries.

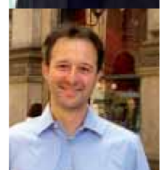


Tom Zara is Executive Director for Interbrand in New York. He is responsible for the management of brand strategy, corporate identity programs, name changes, and launch communications. His expertise in sustainability is invaluable to Interbrand's clients.

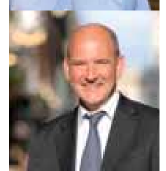


CEO of Europe **Jean-Baptiste Danet** is responsible for the management, performance, and development of 10 offices over eight countries. He brings to life new disciplines and teams to deliver the highest quality work, and is regarded as a top commentator on luxury brands and their changing landscape.

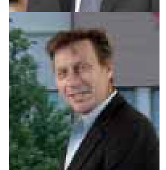
Stuart Green is President of Asia Pacific. With more than 20 years of experience across virtually every continent, he ensures that Interbrand's diverse and collective thinking leads to a distinct customer experience for every client.



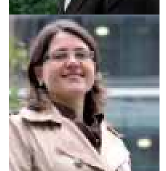
Manfredi Ricca, Managing Director of Interbrand Milan, is a frequent lecturer and commentator on luxury brands. His articles, interviews, and comments are regularly published in Italian newspapers and financial magazines.



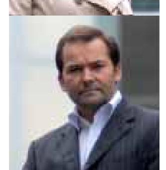
As Global Chief Strategy Officer, **Leslie Butterfield** oversees the growth and development of Interbrand's brand strategy products and methodologies. He has written widely on the subject of brands and is considered one of the leading thinkers in the marketing industry in the U.K.



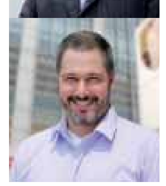
Bruce Dybvad is the President of Interbrand Design Forum and Interbrand's Cincinnati office. His global vision, experience, and industry knowledge have resulted in an exceptional creative process.



Kelly Crouch is Interbrand's Brand Analytics Director in Amsterdam. She guides the integration of analytics programs and ensures insights are represented within strategic and creative outputs.



Global Creative Director **Andy Payne** manages, enhances, and develops Interbrand's worldwide creative offer. He continues to successfully build Interbrand's network of creative excellence and has contributed to some of the firm's most prestigious projects.



As Managing Director of Interbrand in China, **Jonathan Chajet** has helped create, enhance, and manage some of the world's most recognized brands. His expertise is invaluable to building brands in the Chinese market.

Special thanks for contributions from our Brand Valuation leaders and industry experts including Julian Dailly, Iain Ellwood, Dr. Jürgen Häusler, Carola Jain, Federica Judica, Cassidy Morgan, Dyfed "Fred" Richards, Greg Silverman, Nik Stucky, David Sun, and Christopher Wünsche. We also thank the Interbrand designers around the globe who contributed photos to this report.

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