

Best Global Brands 2003

Issued by [Interbrand Sampson](#)

28 Jul 2003

Interbrand's annual ranking of the 'world's most valuable brands' published in BusinessWeek, shows US brands have weathered the storm of anti-Americanism.

At a time when there is much scepticism about the fate of American brands around the world, the results of Interbrand's 2003 ranking of the 'world's most valuable brands' shows little evidence to support claims that political opinions about 'brand America' have negatively affected the value of U.S. brands. In fact, many have exceeded expectations this year. Of the 62 U.S. based brands on the global ranking, 40 have shown growth or maintained their brand value from 2002.

Quintessential American consumer brands like Coca-Cola (#1), Budweiser (#22), Starbucks (#93), Gap (#36) and Pepsi (#23), among others, increased their value despite any anti-American sentiment in countries where they operate. Others like McDonald's (#8), Disney (#7), Pizza Hut (#51), Levi's (#77) and Barbie (#97) experienced tougher conditions, although their value losses can be attributed to internal problems and market shifts rather than a political backlash.

"Consumers buy brands based on the relevance of their brand equities and not their country of origin" said Jan Lindemann, Managing Director of Interbrand's global Brand Valuation practice. "In some cases the American heritage has helped brands such as Marlboro, Ralph Lauren/Polo, Budweiser and Harley Davidson. More often than not consumers are unaware of the actual country of origin of a brand. In many countries American consumer brands such as Colgate are regarded as local." British brands in the table fared well, with a prominent new entry from HSBC (#37) which now has a strong enough global presence to make it into the ranking. BP (#69), Anglo-Dutch brand Shell (#83), and Diageo stablemates Smirnoff (#85) and Johnnie Walker (#99) all experienced growth. Reuters (#76) shared the fate of the media sector, which was hit hard. Tightening budgets of the investment banks have forced analysts to choose between Reuters and its competitors.

Defying a weakened economy, luxury retail brands such as Ralph Lauren/Polo (#95), Prada (#87), Tiffany&Co. (#70) and Moët&Chandon (#88) all grew 6%, 2%, 2% and 3% respectively. Two of the four new entries on this year's table are luxury brands Hermès (#73) and Hennessy (#82). Gucci (#53) and Louis Vuitton (#45) were harder hit, both experiencing losses in brand value.

As Rita Clifton, Chairman of Interbrand in London explains, "The luxury brands sector was bound to suffer from the range of global and economic pressures, but those brands that have retained real exclusivity, and developed into 'luxurious experiences' have managed to hold up. Striking the right balance between mass appeal for revenue generation, and keeping the premium brand image is always going to be tough."

The brands that have increased most significantly in brand value this year are Samsung (31%), Hewlett-Packard (18%), SAP (14%), Dell (12%) and L'Oreal (10%). Brands experiencing the greatest decline are Reuters (-28%), Kodak (-19%), Ford (-16%), Ericsson (-12%) and Pizza Hut (-12%).

Adds Jeremy Sampson, Chief Executive of Interbrand Sampson in Johannesburg, "In the current challenging economic conditions it is significant that the top brands held their own, marginally adding to their value, but four of the top ten, and seven of the top twenty dropped in value, indicating what a difficult year it has been."

The Nivea skin-care line shows how to strengthen a brand by branching out. Beiersdorf went further than a line extension or two in garnering a 16% brand-value rise for its unit. Starting with women's skin-care products and a carefully nurtured image of wholesomeness and natural ingredients, Nivea has moved into men's products, including deodorants, shampoos, and even a moisturizer dispensed from an electric razor. Nivea has dozens of products today, vs. a handful five years ago.

"They are a classic example of how far you can go with brand extensions," says Jan Lindemann.

Advertising, of course, is one of the most direct ways to build a brand. But the danger in tough times is that you advertise price breaks and wind up cheapening a brand. Ads can take a brand only so far. And if their claims are not backed up by performance, the ads erode value. For that reason, employees are a crucial link to the consumer. If employees are motivated to reflect the core brand values in all their activities, that radiates out to customers, and on to friends and family. Such word-of-mouth endorsements--which in the Internet era can circle the globe instantly--can be far more convincing than any marketing campaign.

Even the best corporate names are under attack these days. Still, those companies are reaping the benefits of years they spent building customer trust and honing images of quality and dependability. To weather an extended bout of distrust and instability, strong brands are crucial. Companies also will have to work doubly hard to keep them intact.

Interbrand, the world's leading brand consultancy, has calculated the brand values using the method it pioneered 14 years ago and has since used to value more than 3,000 brands. Brand value is calculated as the net present value of the earnings that the brand is expected to generate and secure in the future. The table identifies the 100 most valuable global brands with a value greater than \$1 billion. Brands were selected according to two criteria: first, the brands had to be global, generating significant earnings in the main global markets; second, there had to be sufficient marketing and financial data publicly available for preparing a reasonable valuation. For more information about Interbrand, please visit www.interbrand.com.

BusinessWeek is the world's largest business magazine, with a worldwide circulation of nearly 1.2 million and nearly 5.1 million readers each week. It is published by The McGraw-Hill Companies in New York in four editions--North America, Europe, Asia and Latin America--which are distributed in 140 countries. BusinessWeek's story, "Best Global Brands," (Aug. 4 issue) will be available online at www.businessweek.com and on newsstands on Friday, July 25th.

Interbrand's Annual Ranking of 10 of the Best Global Brands, 2003					
Rank	Brand	Brand Value \$ millions	% change	Brand Value 2002	Country of Origin
1	Coca-Cola	70,453	1%	69,637	USA
2	Microsoft	65,174	2%	64,091	USA
3	IBM	51,767	1%	51,188	USA
4	GE	42,340	2%	41,311	USA
5	Intel	31,112	1%	30,861	USA
6	Nokia	29,440	-2%	29,970	Finland
7	Disney	28,036	-4%	29,256	USA
8	McDonald's	24,699	-6%	26,375	USA
9	Marlboro	22,183	-8%	24,151	USA
10	Mercedes	21,371	2%	21,010	Germany

Data: Interbrand Corp., J.P. Morgan Chase & Co., Citigroup, Morgan Stanley

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