Global Brands

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Google pips Apple in popularity

Companies that are part of our lives dominate the top 100, writes *Sarah Gordon*

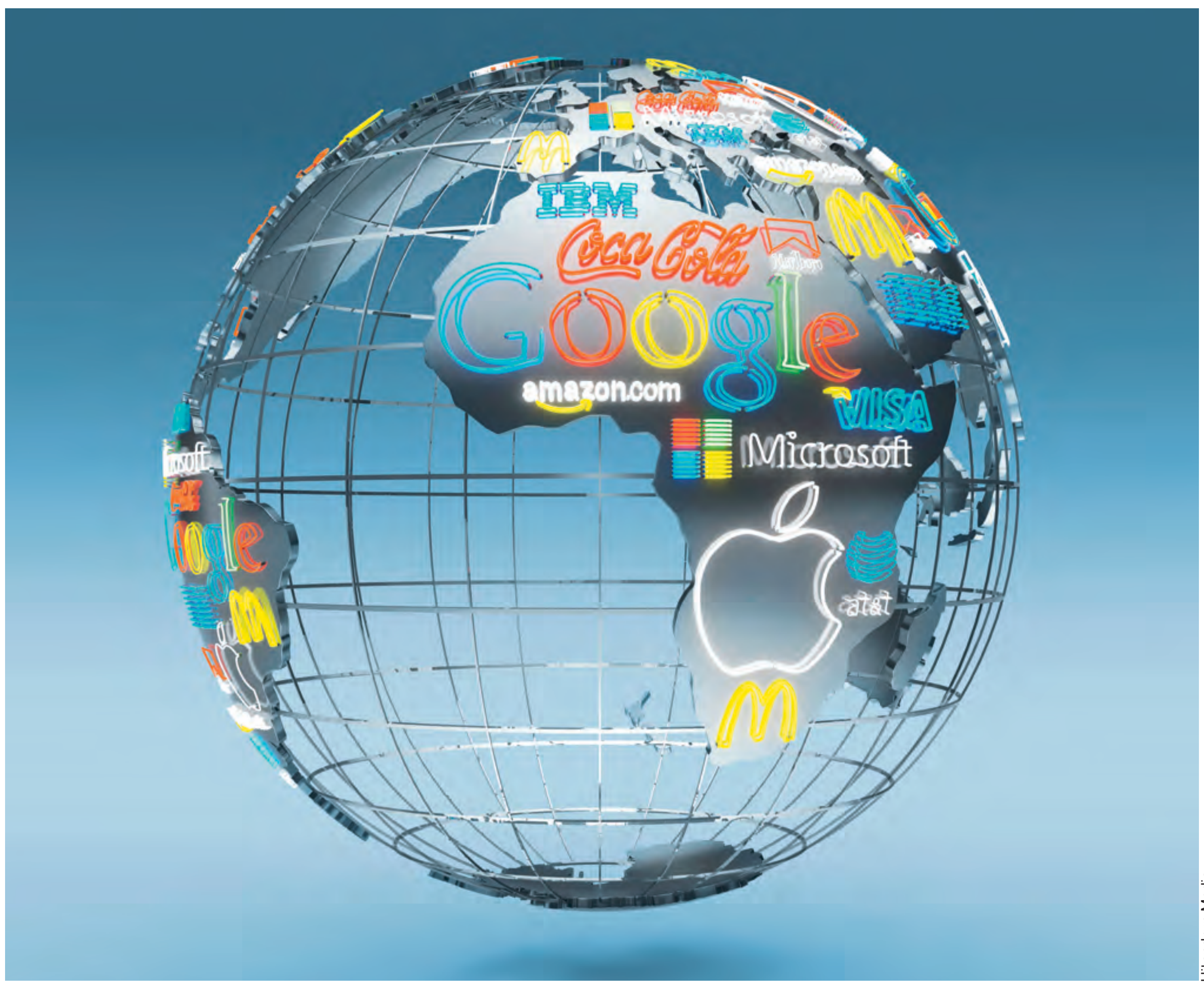
The world's "sexiest" brands in 2014 were high-fashion labels Gucci and Prada, while the most "fun" were Facebook and clothing retailer H&M.

The findings, says Millward Brown Optimor, which compiled this year's BrandZ™ top 100 brand rankings, reflect the fact that the developed world is recovering from the financial crisis and confidence is returning to consumers in its markets.

The top 10 brands in the US, continental Europe and the UK grew strongly in value over the past 12 months, while brands from many emerging markets suffered. No brands from India and only one from the African continent made the rankings this year, and there were fewer from China than in 2013.

"We are seeing signs of consumer confidence returning and this has been exploited by strong brands," says Peter Walshe, global director of BrandZ. "These brands got a real wake-up call in the recessionary period after 2008. Strong brands have taken on that message and have thought hard about their customers, and how to be relevant to them."

Steve Wilkinson, managing partner of UK and Ireland markets, Ernst & Young, says consumer products companies led the way over the past five years. "But we've had a tectonic shift in the last twelve months. We've been reminded of the natural volatility of emerging markets."



Hitandrun Media

Overall, the combined value of the top 100 brands grew 12 per cent from \$2.6tn to \$2.9tn, beating the average growth rate of 9 per cent a year since the rankings began in 2006. During the recession, the value of the top 100 brands grew 8 per cent a year on average. Only 18 of the top 100 brands lost value this year, compared with an average of 30 each year since 2006 and 38 a year during the recession.

"The 'power' of brands has grown substantially since the recession, that is, more consumers are purchasing solely based on the brand," says Mr Walshe. "There really is something different about this top 100."

Mr Walshe points out that those joining the list for the first time – such as Twitter and PayPal – have more than two-and-a-half times the 'brand power' of an average company. "Newcomers are really playing the branding game," he says.

"One of the themes is that these brands are becoming part of our lives," says Elspeth Cheung, head of BrandZ valuation at Millward Brown Optimor. "The other big theme is globalisation as western brands are coming back this year."

Despite the new entrants, the names at the top are familiar. Technology companies dominate the top 10, although their order in terms of brand value has shifted.

Google has bounced back as the most valuable global brand, with a brand value of \$159bn, up 40 per cent since 2013. Google held the number one slot from 2007 until 2010, but fell to second or third place in the years since 2010.

Apple, in turn, has slipped down to second place. Its brand value of \$148bn has fallen by a fifth over the year, while the brand value of the technology sector as a whole has grown by 16 per cent. "Different brands have different strengths," says Ms Cheung. "Google performs particularly highly on being meaningful to consumers."

She argues that the more powerful a brand a company has, the greater a premium it can charge for the same product compared with competitors.

The growing power of social media is demonstrated by the appearance for the first time in the top 100 of Twitter – 71st with a brand value of \$13.8bn – and LinkedIn – 78th at \$12.4bn. The fastest riser in the top 100 is the Chinese portal Tencent, whose value rose 97 per cent over the year, making it the most valuable Asian and Chinese brand globally. Facebook was the next fastest riser, up 68 per cent.

Overall, just under a fifth of the top

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Global Brands

Social media add value and become ever more mobile

Technology Almost a fifth of the top 100 come from the sector, writes *Hannah Kuchler*

Social media companies have spread beyond teenagers to become an integral part of the lives of billions, with brands such as Facebook and Tencent becoming as familiar as the telephone and the newspaper were 50 years ago.

Almost a fifth of this year's top 100 brands are from the technology sector, but the fastest risers are those whose mission is to make social networking, in the words of Facebook founder Mark Zuckerberg, a "utility" like "electricity".

Facebook, the world's largest social network, saw its brand value soar 68 per cent to take the number 21 spot, but even it was outshone by Tencent, the Chinese internet brand that owns WeChat, the chat app that has taken Asia by storm.

Tencent's brand value almost doubled and, ranked 14th, it was the highest valued brand from outside the US. It also beat China Mobile, the telecoms provider, whose industry is being disrupted by WeChat's fast and easy communications tool. China Mobile's first drop in profit for 14 years was blamed on competition from the likes of WeChat.

The Chinese internet conglomerate also beat rival Baidu, which, like Google, started as a search engine. It is a sign that the mobile web is becoming far more dominant than the desktop.

Tencent has been on an acquisition spree, buying nine companies since the start of the year, from ecommerce sites to games makers, as it tries to bolster its position in the era of the smartphone.

Facebook is also keen to secure its dominance in new areas. With 1.2bn users, more than 1bn of them on mobile, it is starting to use its brand recognition – and soaring stock – to achieve longer-term ambitions.

The company bought chat app WhatsApp this year as a way to keep younger users and further challenge the telecoms companies in a $19bn deal. It also spent $2bn on Oculus VR, a virtual reality headset monitor that Mr Zuckerberg thinks could one day offer schools lessons and consultations with doctor's on Facebook.

The company is also preparing a move into financial services by talking with companies about putting money transfer services on the platform.

In the past, the brand has suffered from the perception that it has played fast and loose with people's privacy, including high-profile battles over changes to its terms and conditions that saw personal pictures used in advertisements.

However, Facebook has tried to address these concerns with tweaks to the site and the "log in with Facebook" feature which make it clearer what a user is sharing. It even launched an "anonymous log in" function last month to allow people to try new apps without handing app developers their Facebook data.

It is a testament to the strength of the brand that Facebook was able to make acquisitions that could have raised questions about privacy – a chat app where it sees personal messages and a virtual reality headset that could allow it to see pretty much anything – without a debilitating outcry from the press or privacy campaigners.

Jan Rezab, chief executive of Socialbakers, which helps brands market on sites such as Facebook, said that Sheryl Sandberg, Facebook's chief operating officer, had been particularly good at portraying the network in a positive light.

"She always opens conferences with these really good, positive stories about how Facebook has helped people become more social and committed," he says. "Social media have suffered from not having a positive image when, in fact, they bring so many positive things to the world because, through dialogue, people communicate more effectively."

But, he added, Facebook could do better at using its own site to communicate with its users. For example, it could have communicated its recent acquisitions in the Facebook news feed rather than relying on the conventional media. Other social sites such as Twitter and LinkedIn have entered the top 100 brands index for the first time. Twitter, the messaging platform that went public last year, came in at number 71, while LinkedIn, the network for professionals, was placed at number 78.

Twitter's value on Wall Street soared last year, but investors have begun to question whether the brand can become truly mass market. The company, which has 241m users, has faced problems communicating how and why people should be sending and reading the fast-moving stream of 140-character messages.

Mr Rezab says that of all the social sites Twitter was the "least well communicated".

"It is a real time social network, consumable, quick content, but I don't see it saying that over and over again," he says. "People, companies, marketers and users are a little bit confused."

Method How the brands achieved their ranking

BrandZ uses a mixture of financial information and consumer surveys to come up with its rankings for the top 100 most valuable global brands.

The research covers 2m consumers and 10,000 brands in more than 30 countries.

Three characteristics of a brand are subject to measurement.

First, how "meaningful" it is; the brand's appeal, its ability to generate "love" and meet the consumer's expectations and needs.

Second, how "different" it is; its unique features and its ability to "set the trends" for consumers.

Finally, the research measures how "salient" the brand is; that is whether it springs to mind as the consumer's brand of choice.

The financial information used as an input to the valuation is based on what each company earns. If the company owns only one brand, all its earnings are attributed to that brand.

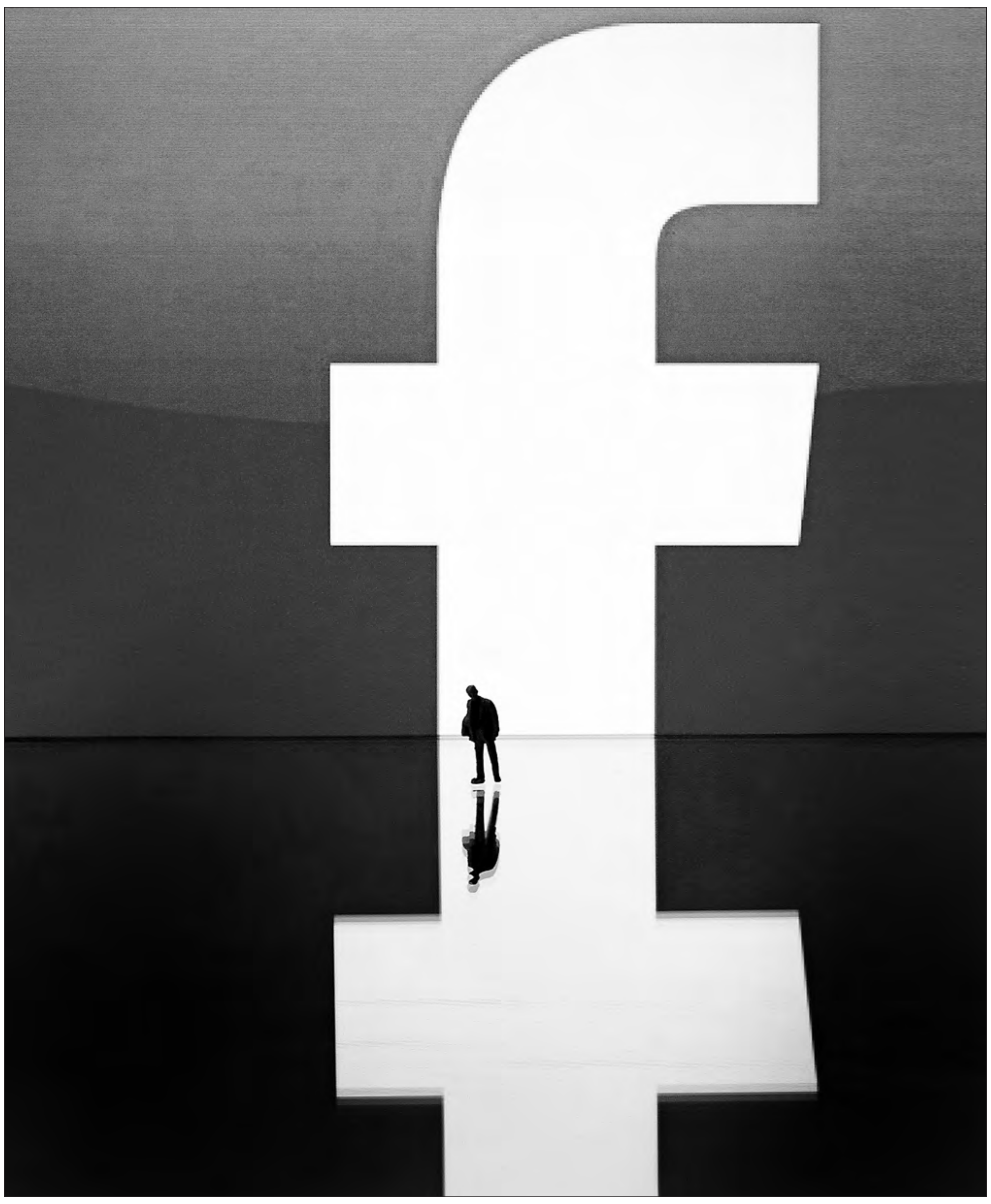
For banks and insurance companies, the earnings metric used is net income, for all other companies it is operating profit. Otherwise, earnings are attributed across the company's portfolio of brands using information from annual reports and other sources.

The next step is to predict "brand earnings" using inputs, including market capitalisation, taken from Bloomberg, to derive a ratio similar to a current price/earnings ratio. Current "brand earnings" are then multiplied by this number to arrive at the brand's "financial value".

BrandZ then uses customer surveys, either online or face-to-face, to assess a brand's ability to stand out from the crowd, generate desire and cultivate loyalty.

The output from this research is then multiplied by the financial value to arrive at the brand value. Brand value is the dollar amount BrandZ estimates a brand contributes to the overall value of a company.

Sarah Gordon



Networks: social media sites such as Facebook are an important part of the lives of billions of people of all ages Getty

Engineering information of quality

Profile
Google

Bypassing conventional marketing wisdom served it well, says *Richard Waters*

For a company whose name ranks as the world's most valuable brand, Google has never shown much interest in the traditional ways of consumer marketing.

Like many Silicon Valley companies, it almost disdains the idea that competitive advantage can be conjured up through superior message making, betting instead on its ability to transform everyday experiences through the application of technology.

"It has won because of engineering: it has built a better mousetrap and the world has beaten a path to its virtual door," says Tom Bedecarre, chairman of Akqa, a digital marketing unit of WPP. The company's leaders are "geeks, not marketers".

That Google's brand value has overtaken that of Apple is testament to its engineering brains trust, as well as to where value is moving in consumer technology. It has become harder to gain an edge with cool hardware. Internet-delivered services are the path to differentiation, a business where Google is second to none. A single, powerful idea has propelled the Google brand – to "organise the world's information and make it universally accessible and useful".

The attributes that lay behind its search dominance – simplicity, ease of use, creativity and fun – have proved adaptable to changing times.

These qualities were established almost at the outset, with the use of bright colours to spell out the company's name and an uncluttered search page. And they have enabled the brand to be stretched across an ever-expanding array of services, from Google Play (its mobile app store) to Google Wallet (a digital payment service) and Google Glass (its "smart glasses" project).

Through acquisition, it has also nurtured new brand names that have gone on to dominate large slices of the tech world: YouTube, the leading digital video service, and Android, a start-up acquired at the dawn of the smartphone revolution, has gone on to become the world's leading mobile software platform.

The extended reach of both its business interests and its brand have challenged conventional business wisdom, which celebrates the virtues of focus. But the risk taking and unorthodoxy have become a valuable part of the brand, and a key to appealing to an important group: the engineers Google needs to attract amid a fierce war for talent in Silicon Valley.

Apple Stiff competition from the likes of Samsung forces a radical rethink

The world's most valuable company no longer owns the world's most valuable brand.

That fact alone underlines the challenges that face Apple, as 2014 shapes up to be the most important year since the death of its co-founder Steve Jobs in 2011.

Apple's brand value fell by a fifth last year, allowing it to be overtaken by a resurgent Google.

It is still attracting new customers in droves. In the six months to the end of March, the company attracted some 60m first-time buyers. However, even Apple's own executives and ad agency have admitted that its brand has suffered against stiff competition from the likes of Samsung.

After watching Samsung's 2013 Super Bowl ad, Phil Schiller, Apple's marketing chief, compared its Korean rival to "an athlete who can't miss because they are in a zone . . . while we struggle to nail a compelling brief on iPhone.

"Something drastic has to change. Fast."

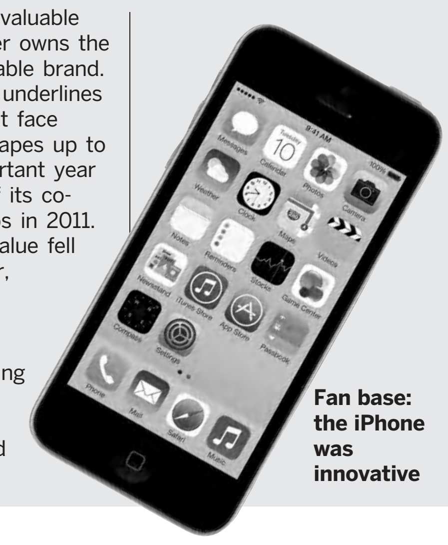
Much will depend on Apple's next product launch.

Apple fans are hoping that the rumoured release of an "iWatch" this year will end the speculation that it can no longer innovate in the way it could under Mr Jobs.

But matching the success of the iPhone will be tough.

"I think that the wearables market will be very difficult to dominate in the same way that Apple dominated the smartphone market," says Gadi Amit of San Francisco tech design agency New Deal Design.

Tim Bradshaw



Fan base: the iPhone was innovative

McDonald's Adapting to customer tastes has helped secure a top 10 spot

In a world dominated by technology companies, McDonald's remains proof that a man – or woman – has to eat.

What people eat under the Golden Arches is getting healthier. But not too healthy, and that is a reflection of one of McDonald's greatest strengths as a brand, its ability to adapt to changing customer needs: people want the option of a salad, even if they're going to order the burger.

Even as fast food consumption growth slows – and higher-income consumers switch to fast casual dining spots such as Chipotle – McDonald's global footprint remains the envy of the industry.

It succeeds, says Gary Karp, of food industry consultancy Technomic, because the company localises its menus, with the potato-based McAloo Tikki burger in India and the McKebab in Israel, for example.

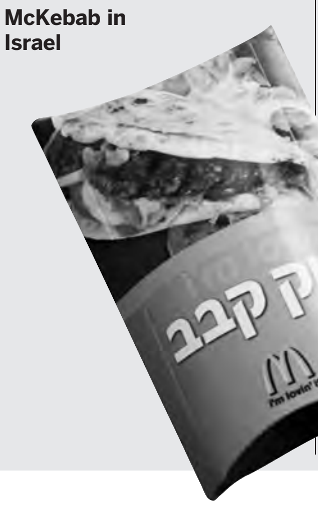
"It isn't exporting American food," he says. "What it's doing is addressing the various marketplaces it is operating in and complementing its offerings with local favourites."

McDonald's has fallen a place in the rankings, but continues to be a top global brand because of its high ratio of hits to misses.

Despite its size – which is itself a big supply chain advantage – McDonald's remains nimble, able to adapt its menus to the whims of the market.

Neil Munshi

Local fare: the McKebab in Israel



Global brands Top 100

Rank 2014	Brand	Brand value 2014 ($m)	Brand value 2013 ($m)	Rank 2013	Change	Value change 2014 vs 2013
1	Google	158,843	113,669	2	1	40%
2	Apple	147,880	185,071	1	-1	-20%
3	IBM	107,541	112,536	3	0	-4%
4	Microsoft	90,185	69,814	7	3	29%
5	McDonald's	85,706	90,256	4	-1	-5%

Rank 2014	Rank 2013	Change	Brand	Brand value 2014 ($m)	Brand value 2013 ($m)	Value change 2014 vs 13
11	12	1	Verizon	63,460	53,004	20%
12	11	-1	GE	56,685	55,357	2%
13	13	0	Wells Fargo	54,262	47,748	14%
14	21	7	Tencent	53,615	27,273	97%
15	10	-5	China Mobile	49,899	55,368	-10%
16	15	-1	UPS	47,738	42,747	12%
17	16	-1	ICBC	42,101	41,115	2%
18	20	2	MasterCard	39,497	27,821	42%
19	19	0	SAP	36,390	34,365	6%
20	17	-3	Vodafone	36,277	39,712	-9%
21	31	10	Facebook	35,740	21,261	68%
22	18	-4	Walmart	35,325	36,220	-2%
23	26	3	Disney	34,538	23,913	44%
24	28	4	American Express	34,430	23,514	46%
25	33	8	Baidu	29,768	20,443	46%
26	23	-3	Toyota	29,598	24,497	21%
27	27	0	Deutsche Telekom	28,756	23,893	20%
28	25	-3	HSBC	27,051	23,970	13%
29	30	1	Samsung	25,892	21,404	21%
30	29	-1	Louis Vuitton	25,873	22,719	14%
31	44	13	Starbucks	25,779	17,892	44%
32	24	-8	BMW	25,730	24,015	7%
33	22	-11	China Construction Bank	25,008	26,859	-7%
34	56	22	Nike	24,579	15,817	55%
35	34	-1	Budweiser	24,414	20,297	20%
36	42	6	L'Oréal	23,356	17,971	30%
37	35	-2	Zara	23,140	20,167	15%
38	38	0	RBC	22,620	19,968	13%
39	32	-7	Pampers	22,598	20,594	10%
40	41	1	The Home Depot	22,165	18,488	20%
41	40	-1	Hermès	21,844	19,129	14%
42	43	1	Mercedes-Benz	21,535	17,952	20%
43	51	8	Subway	21,020	16,691	26%
44	48	4	Com'wealth Bank of Australia	21,001	17,745	18%
45	36	-9	Oracle	20,913	20,039	4%
46	66	20	Movistar	20,809	13,336	56%
47	46	-1	TD	19,950	17,781	12%
48	39	-9	ExxonMobil	19,745	19,229	3%
49	54	5	HP	19,469	16,362	19%
50	74	24	Ikea	19,367	12,040	61%
51	52	1	ANZ	19,072	16,565	15%
52	45	-7	Gillette	19,025	17,823	7%
53	49	-4	Shell	19,005	17,678	8%
54	37	-17	Agricultural Bank of China	18,235	19,975	-9%
55	53	-2	Accenture	18,105	16,503	10%

Source: Millward Brown Optimor (including data from BrandZ, Kantar Retail and Bloomberg)

Global Brands

Apparel sellers add value with store revamps

Retail High street chains boost brand values by emulating luxury sector with new-look flagship stores, writes *Andrea Felsted*

As many retailers struggle to regain their poise after five years of consumers reining in their spending, the biggest increases in brand values have been among apparel sellers.

According to the BrandZ Top 100 Most Valuable Global Brands ranking, compiled by Millward Brown Optimor, the value of apparel brands has rocketed 29 per cent over the past year, outstripping such sectors as cars, luxury, telecoms and technology.

Retailers are being lifted by improving consumer confidence, which has bolstered equity valuations and encouraged a wave of initial public offerings.

But experts say there is more to the increase in brand values than confident consumers: apparel retailers have been raising their brand values through their own strategic actions.

Maureen Hinton, group research director at retail consultants Conlumino, says retailers such as Inditex-owned Zara have been emulating the strategies of luxury brands and elevating their brand values accordingly.

"They have spent a lot on developing flagships, rather like Burberry does, bigger stores that show all their range and look really good."

This is an approach that works well in fast-growing international markets, such as China, where consumers want western brands, not only at the luxury end of the market but also at the more affordable price points.

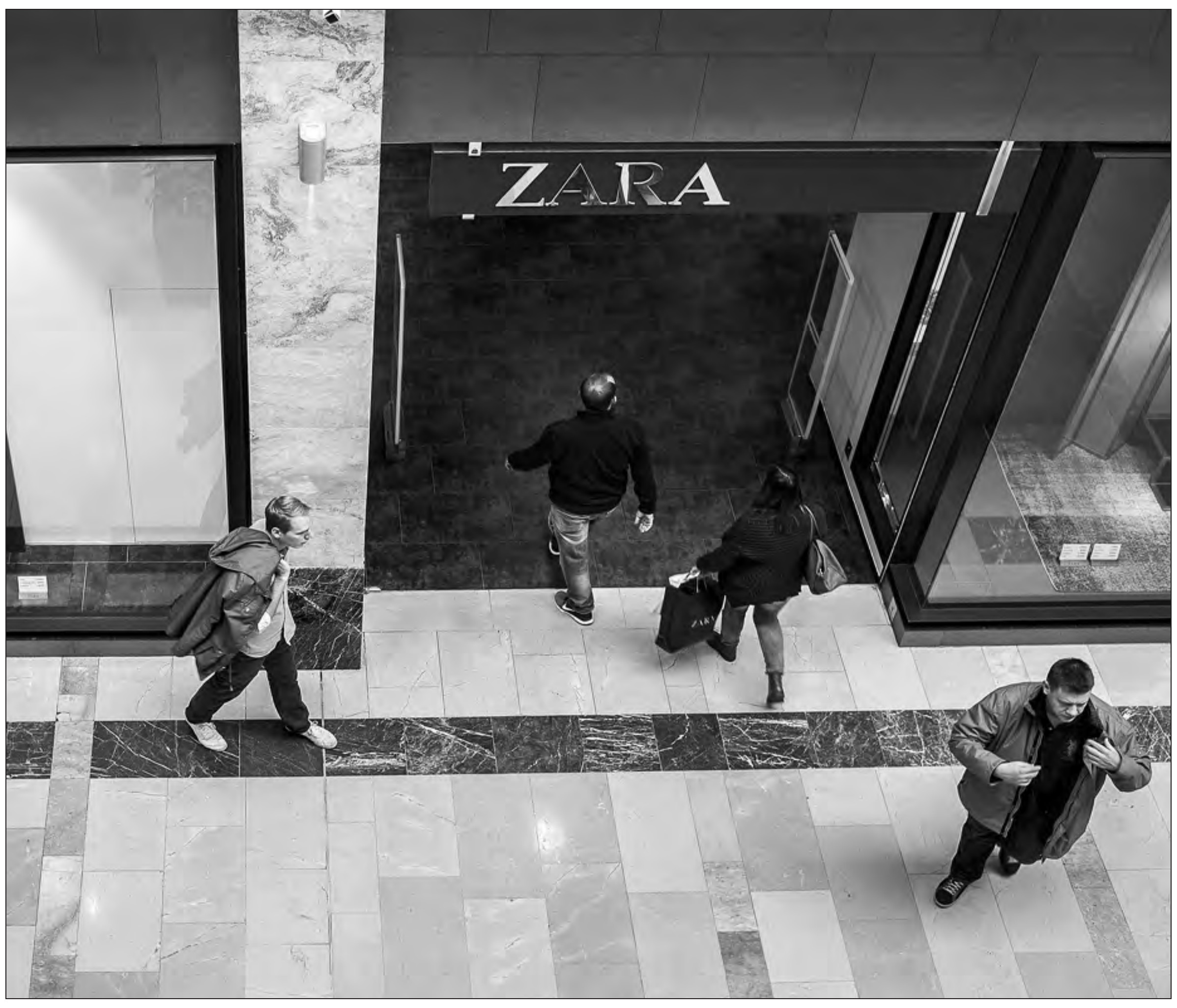
Apparel retailers have also been working on the look and feel of stores, says Ms Hinton, and have been consolidating smaller outlets into statement stores, augmenting the strategy with a strong presence online.

Consequently, the leading apparel retailers have "a very strong physical presence that establishes what the product is all about, what the brand is all about. That will be inspiring if you go and visit. But you have the capability of buying online as well," she says.

This approach has been paying off. According to Millward Brown Optimor, the brand value of Uniqlo, the affordable fashion brand owned by Japan's Fast Retailing, rose 58 per cent year on year. The value of Nike's brand was up 55 per cent, while Adidas's brand value rose 47 per cent.

Elsewhere, the brand value of Next, the UK-based fashion retailer, rose 39 per cent, while Hennes & Mauritz (H&M) of Sweden was up 22 per cent and Zara of Spain up 15 per cent. Even the brand value of Marks and Spencer, the UK-based high street retailer that has been making efforts to improve its clothing business, was up 16 per cent year on year.

But there is also an element of necessity about developing an apparel retailer's brand. The global economic downturn saw a reduction in the volume of clothing acquired. Many retailers, particularly at the value end, had relied on selling large volumes of garments at low prices



Fashion conscious: Zara can get the latest looks to stores within two weeks Bloomberg

'A strong physical presence establishes what the product is about'

There were some casualties, such as Peacocks, the UK value fashion chain, which collapsed in early 2012, although it was later rescued from administration.

Others, such as Primark in the UK, and Zara sought to differentiate themselves further. Primark, which has expanded across continental Europe and is preparing to enter the US, concentrated on having up-to-date fashion at very low prices.

Primark has also improved its stores, and Richard Hyman, an independent retail consultant, says it is developing a stable of brands under the Primark umbrella, moving from being a purely commoditised clothing retailer to "a great exponent of branding".

Zara, meanwhile, backed by Inditex's model that can get the latest looks to stores within two weeks, has concentrated on interpreting fashion trends at what customers perceive to be very good value, as well as opening large, state-of-the-art stores in locations such as New York's Fifth Avenue, and forging into markets such as China.

Mr Hyman says that with the end of volume-driven growth, "the market will become polarised between the volume players at one end and the more niche, narrow and deep in terms of customer penetration retailers at the other. And it is all about branding".

Experts say that in the apparel market that has emerged from the global economic downturn, differentiating one's product from the competition will be crucial to sales and profits.

"Having a brand is to do with differentiation and demarcation," says Mr Hyman. "It's about understanding where it begins and where it ends, and it's about understanding that if you take it beyond where it naturally ends, you will be devaluing it."

Yet, he says, some retailers have a patchy record when it comes to managing their brands: "Retailers' understanding of brands and branding is very poor.

"Over the next five years, the fortunes of a lot of retailers will be determined by how quickly they can learn about it, because they have an awful lot to learn," says Mr Hyman.

Those apparel retailers that have already learned how to create valuable brands will have a natural advantage in this new fashion reality.

Sportswear Going digital may put the training shoe icon Nike on the front foot

For a time, Nike ran rings around the competition when it came to a winning foothold in the wearable technology market.

Its $149 FuelBand, launched in 2012, offered customers a thin rubber bracelet that would track their biorhythmic data, upload it to Apple devices and then make that information both accessible and shareable.

In less than two years, the network's fan base grew to almost 30m members, as users embraced Nike as a facilitator of their continuing fitness as well as fashion-focused workout wear.

Trainers and running shorts this was not. But industry observers were also quick to suggest that the group's expansion over a new digital frontier was part of a broader trend emerging among the world's most successful fashion brands.

Other companies offering accessories relating to – but separate from – their original *raison d'être* seem rapidly to have gained customer loyalty and additional market share.

The BrandZ ranking of the Top 100 Most Valuable Global Brands placed Nike at 34th on its list for 2014, a spectacular jump of 22 places since last year, with its brand value spiking by 55 per cent.

But, for a company that spent a staggering $733m on advertising in its latest quarter, has the much hyped FuelBand helped when it came to concrete sales?

Perhaps not. Shockwaves rippled through the industry this month, when Nike announced it was canning the FuelBand's development.

The market was getting increasingly crowded as rivals such as Jawbone, Samsung and FitBit launched comparable models – but Nike insisted it had not bowed out of the race.

"We are focusing more on the software side of the (FuelBand) experience," Mark Parker, Nike chief executive, said, as speculation rose that its activity tracking software would end up on the rumoured Apple iWatch, expected to be unveiled this year.

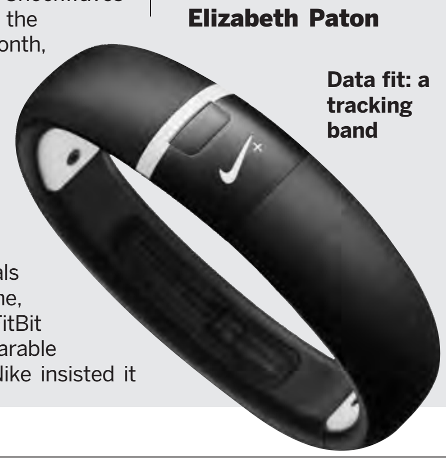
Sales figures of physical bands were always kept under wraps, but were thought to be less than 5m, leaving a question mark over their success.

But if return on investment is measured beyond just immediate short-term cash in hand, and instead on the long-term value of having being linked to your customers – and having accessible data on their behaviour and fitness – then Nike could strike gold.

Amid the explosion of the wearables market and the probable dominance of tech groups such as Apple and Amazon – the latter just opened an online wearable tech store – the step away by Nike from its trend-focused fitness apparel product roots may turn out to be a savvy one.

As it seeks to leverage its branding equity as a leading force in sports and fitness in the minds of millions of consumers, Nike's move from clothing and accessories to digital connectivity may prove lucrative, but for the time being remains high risk.

Elizabeth Paton



Data fit: a tracking band

Google pips Apple in popularity

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100 brands are in the technology category and – with 18 brands valued at $827bn combined – account for nearly a third of the total value.

The next most valuable sector is finance, which has many more brands but, at $584bn, less than three-quarters of the value.

Brands that have earned consumers' trust score highly in the rankings. Global banks, unsurprisingly, scored particularly badly on this metric, while the three leading logistics businesses UPS, FedEx and DHL – boosted by the rise in internet shopping and thus parcel delivery – scored particularly well.

Consumers also trust Samsung – maker of the popular Galaxy mobile phone – to deliver good products at a reasonable price, even if they are not regarded as truly original.

The brand which has grown most in value since 2006 is Subway, the US sandwich franchise company, albeit from a low base. Subway's brand value has risen more than 7,000 per cent over that period, considerably outperforming the next highest growth brands – AT&T and Amazon – whose value has grown by less than 1,000 per cent each.

BrandZ has identified some themes common to the ranking's most successful brands. One key determinant of success, it says, is how a company creates or maintains "positive differentiation" of its brand.

One example it cites is BT, up from 94th to 64th in the rankings and the UK's top riser this year. It offers a "triple play" to UK consumers which includes televised sports.

Amazon, Mr Walshe says, has "insinuated" its brand into more and more aspects of consumers' lives. It has taken a place in the top 10 for the first time this year, with a brand value estimated at $64.3bn.

Other companies, BrandZ says, have achieved success through careful long-term nurturing of their brand. Visa's brand, for example, is worth more than those of MasterCard and American Express combined.

This year also saw a good performance by Microsoft, which benefited from consumers' perception that the company's aim is not solely the pursuit of profit.

The work of the Bill and Melinda Gates Foundation contributed to the value of the company's brand.

Similarly, Google's "Do No Evil" corporate motto boosted its brand value.

High-speed broadband and better service help boost BT

Telecoms

Network investment sets up company for pay-TV launch, says *Daniel Thomas*

The turning point for many at BT was felt during the balmy summer nights of the London Olympics in 2012, where an exclusive sponsorship was turned into a celebration for a company emerging from a tough few years of restructuring and cost-cutting with aggressive plans for the future.

Little could temper the excitement around the Olympics, which went off without a hitch for BT's communication network. Some of that magic was felt to have rubbed off on the former national monopoly.

"The Olympics gave us a rallying cry," says Gavin Patterson, BT chief executive. "That began to change people's perception outside but had an even greater impact inside.

"It gave people some confidence that after a couple of difficult years where we were resetting the business, there was the potential to grow again."

BT had for many years laboured under the stigma of being a former state monopoly, with sluggish customer services and a bloated, unmotivated workforce.

The Olympics were a signal that things were changing within BT, positioning the group away from a traditional role in providing home phone calls to creating the future infrastructure of Britain for high-speed internet.

The BT board had made a crucial decision a few years earlier to invest more than £2bn in building a fibre network that would deliver fast broadband even in the midst of a widespread corporate restructuring that slashed thousands of jobs.

"We had to reset the business in 2008-09," says Mr Patterson, referring to a difficult period when huge losses resulted from deep-rooted problems at the global services division.

Gavin Patterson says the Olympics gave BT a rallying cry

On the back of the advanced fibre network and a more streamlined workforce, BT could think about moving from a defensive position of protecting traditional business from rivals to an offensive strategy. "The success of the fibre programme has been critical," says Mr Patterson. "We have been rebuilding the business over the past five to six years and have made a number of strategic moves that have been well executed. These have impacted on the brand. A brand without substance doesn't work."

The shift in perception has been shared by investors. The share price doubled between 2012 and 2014, even as the company was making the sort of costly investments that shareholders tend to treat with distrust.

While the benefits to the BT brand of the fibre rollout have been gradual, Mr Patterson acknowledges the more instant impact of its shock decision to enter the pay-TV market.

Sky had previously seen off competition with ease, given its strong position in football rights in particular. BT took on the satellite broadcaster at its own game with a £2bn investment to secure rights to show some English Premier League football games, as well as other sports such as rugby and tennis.

"The move we made into sport caught everyone by surprise," says Mr Patterson, who was part of the covert team that acquired the football rights packages. "It has demonstrated there is more than one way to look at this company – taking on a company of the quality of Sky and doing a very good job in creating an alternative. It has really shaken up how people look at the business."

There is still work to be done, Mr Patterson admits. BT remains a large, sprawling company with a lot of legacy businesses that need to be maintained. The big bets on sports rights and TV still need to be proven right, while a fierce response is always a possibility from such aggressive competitors as Sky.

Global brands Top 100 *(continued)*

Rank 2014	Brand	Brand value ($m) 2014	Brand value ($m) 2013	Rank 2013	Change	Value change 2014 vs 2013
6	Coca-Cola	80,683	78,415	5	-1	3%
7	VISA	79,197	56,060	9	2	41%
8	at&t	77,883	75,507	6	-2	3%
9	Marlboro	67,341	69,383	8	-1	-3%
10	amazon	64,255	45,727	14	4	41%

Rank 2014	Rank 2013	Change	Brand	Brand value 2014 ($m)	Brand value 2013 ($m)	Value change 2014 vs 13
56	50	-6	Colgate	17,668	17,250	2%
57	64	7	Citi	17,341	13,386	30%
58	62	4	FedEx	17,002	13,732	24%
59	72	13	Siemens	16,800	12,331	36%
60	68	8	Gucci	16,131	12,735	27%
61	47	-14	eBay	15,587	17,749	-12%
62	60	-2	Orange	15,580	13,829	13%
63	69	6	H&M	15,557	12,732	22%
64	94	30	BT	15,367	9,531	61%
65	63	-2	US Bank	14,926	13,716	9%
66	55	-11	Tesco	14,842	16,303	-9%
67	67	0	Sinopec	14,269	13,127	9%
68	58	-10	Bank of China	14,177	14,236	-0.4%
69	92	23	Yahoo!	14,174	9,826	44%
70	71	1	Honda	14,085	12,401	14%
71	New	n.a.	Twitter	13,837	new	new
72	77	5	Cisco	13,710	11,816	16%
73	98	25	DHL	13,687	8,940	53%
74	78	4	BP	12,871	11,520	12%
75	70	-5	Sberbank	12,637	12,655	-0.1%
76	65	-11	Petrochina	12,413	13,380	-7%
77	84	7	Ping An	12,409	10,558	18%
78	New	n.a.	LinkedIn	12,407	new	new
79	93	14	JPMorgan	12,356	9,668	28%
80	82	2	MTS	12,175	10,633	14%
81	57	-24	China Life	12,026	15,279	-21%
82	80	-2	Woolworths	11,953	11,039	8%
83	91	8	KFC	11,910	9,953	20%
84	New	n.a.	Ford	11,812	7,556	56%
85	88	3	Westpac	11,743	10,070	17%
86	61	-25	Intel	11,667	13,757	-15%
87	81	-6	Chase	11,663	10,836	8%
88	75	-13	Pepsi	11,476	12,029	-5%
89	85	-4	Scotiabank	11,351	10,396	9%
90	86	-4	Nissan	11,104	10,186	9%
91	96	5	Santander	11,060	9,232	20%
92	83	-9	Red Bull	10,873	10,558	3%
93	79	-14	MTN	10,221	11,448	-11%
94	New	n.a.	Bank of America	10,149	new	new
95	90	-5	NTT DoCoMo	10,041	10,028	0.1%
96	95	-1	Prada	9,985	9,454	6%
97	New	n.a.	PayPal	9,833	new	new
98	New	n.a.	ING Bank	9,771	7,596	29%
99	New	n.a.	UBS	9,683	7,429	30%
100	99	-1	Aldi	9,584	8,885	8%

Coca-Cola brand value includes Lights, Diets and Zero. Budweiser brand value includes Bud Light. Pepsi brand value includes Diets. Red Bull brand value includes sugar-free and Cola

Global Brands

Campaigns demand a leap of faith

Beyond profit Promotions often seek to be stories in themselves, writes *Duncan Robinson*

On 14 October 2012, Felix Baumgartner climbed out of his balloon capsule at an altitude of 39km and jumped. He hurtled towards the ground, breaking the sound barrier in the process for nearly four minutes before opening his parachute. Written on it in a large, red font were two words: Red Bull.

Mr Baumgartner's descent to earth was just one of myriad heart-stopping ways that Red Bull promotes its brand. The Austrian drinks company sponsors everything from the Red Bull Air Race World Championship, in which highly trained pilots fly aerobatic planes round a course, to the Red Bull Flugtag, in which foolhardy men and women jump off piers in homemade gliders. It also has a Formula One team.

When it comes to building a brand, buying a full-page ad in a newspaper and a few slots on prime time, or even just sponsoring a football team, do not cut it any more.

Ian Stephens, principal at Saffron, a brand consultancy, says: "It has reached a tipping point, where it is a legitimate strategy to create things that get talked about". When the then 43-year-old Austrian Mr Baumgartner made his jump, he was watched by 8m people on YouTube – at the time, the biggest live online audience ever.

None of Red Bull's sponsorship deals have much to do with creating a short-term fillip in sales of its sugary, caffeinated drinks. Instead, the company is investing heavily to give its brands a longer-term boost.

Other brands are starting to use the same tactic. "It is not done purely for profit," says Peter Walshe, a retail analyst at Millward Brown Optimor, a brand consultancy. "It is done for a differentiation aspect."

Other brands have used more prosaic methods to boost their standing. Dove, the personal care brand, has run a decade-long campaign based around "real beauty", putting out videos to stimulate debate about what beauty is and how the cosmetics industry portrays it.

In one Dove advert, women are drawn by a police sketch artist based first on a self description and then on the description of strangers who have just seen them for the first time (the second version turns out to be more attractive than the first). These adverts have been viewed tens of millions of times on YouTube, providing a longer promotional shelf life than a standard advertising campaign.

Meanwhile, Gillette, the shaving brand owned by US consumer goods giant Procter & Gamble, has sponsored Movember, the prostate cancer awareness drive in which men do not shave their moustaches for a month.

But differentiation has its risks. In Red Bull's case, extreme sports are by their nature very dangerous. When Mr Baumgartner did his jump, for a few stomach churning seconds the Austrian seemed to lose control and started to spin uncontrollably.

Thankfully, he landed successfully. But other Red Bull-sponsored athletes have not. Shane McConkey, a skier and base jumper paid by the drinks company, died in 2009 while base-jumping in Italy.

In general, though, when branding goes wrong it does not have lethal consequences.

Some online ribbing is a risk, as Dove found with its "real beauty" campaign, which included an advert in which ordinary-looking women were told to wear a beauty patch that was actually a placebo. One spoof mocking the revelatory tone of Dove's adverts ended: "You fell for our weird psychology experiment and it showed you you're not actually a hideous monster, so where's our Nobel peace prize or whatever?"

Any effort to stand out must be coherent and complement a brand's day-to-day work. Brands can look clumsy when they try to change how they are perceived, says Mr Stephens, who cites the efforts of confectionery maker Cadbury, fast-food company McDonald's and drinks maker Coca-Cola to sponsor sports in an attempt to divert attention from the high calorie count of their products.

"What's an antidote to fatness? Sports days! Let's sponsor sports day! It looks a bit guilty," says Mr Stephens.

The day job can overshadow other efforts. "McDonald's did some lovely work," says Rita Clifton, chairman of BrandCap, an international branding firm. "But it was divorced in people's minds from its main work."

Likewise, corporate owners of brands have to make sure the ethos of separate brands do not overlap or jar too sharply.

Some have criticised Unilever for double standards because it owns both Dove, with its wholesome "real beauty" campaign, and Lynx, which advertises via the more traditional device of scantily clad models throwing themselves at teenagers.

This is an important consideration for large consumer goods groups, such as P&G and Unilever, that have tried to build more visible corporate brands.

Creative energy: Red Bull stunts are aimed at generating a longer-term boost Garth Milan

'[Sponsorship] is not purely for profit but for a differentiation aspect'

Case study
Gillette

Movember: Peter Crouch

Gillette spends the bulk of its time trying to persuade men to be clean shaven. To this end it has signed up smoothly shaved sportsmen such as tennis player Roger Federer and former England footballer Peter Crouch.

But for one month a year, the razor blade maker switches its aims and encourages men to grow a full moustache. Why?

Movember, when men forgo shaving their tashes for November to raise money to fight prostate cancer has grown to be a popular feature of office life.

It has ballooned in popularity since it began in Australia a decade ago.

Gillette has been involved since 2012, becoming a global partner last year. Procter & Gamble, which owns Gillette, sends senior marketing executives to work with the charity, helping raise its profile.

"P&G has a longstanding commitment to corporate social responsibility," says a senior P&G executive who was seconded to the scheme last year.

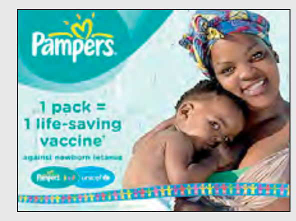
"So, it is not unusual for people to invest time in these causes."

Last year, the charity raised more than £75m.

But Gillette has not received much corporate karma for its good deeds. In fact, Movember has come at a cost to the company. This year, P&G executives blamed the charity drive for a decline in sales of Gillette razors.

Duncan Robinson

Case study
Pampers



Charitable work: vaccines

Dirty nappies are big business. In 2012, Pampers became the first brand in Procter & Gamble's stable to reach $10bn in annual sales. To reach that point, it had to win over lots of mums and dads.

It achieved this not just through heavy marketing but via other methods, such as offering new parents advice and becoming involved in children's charities.

Pampers has also launched charity drives with organisations such as Unicef, for example, donating a tetanus vaccine to a developing country whenever a pack of Pampers was sold.

Pampers has also tried to make itself a source of parenting advice with its Pampers Village website.

Not all the advice is welcome. One user of Mumsnet, the online parenting forum, was critical of a free magazine.

"Yes, I know that disposable nappies are an eco-nightmare, but at least they serve a useful purpose," the user said. "However, if anyone can tell me about a bigger waste of trees than the . . . Pampers magazine, I want to know about it."

But overall, offering advice is a net benefit to Pampers, says Peter Walshe, a retail analyst at Millward Brown Optimor, the branding consultancy.

"A brand like that – with genuine information that is useful and a mission to make motherhood and babies safer – reflects well on the product."

Duncan Robinson

The power of peer-to-peer puts the corporate persuaders in their place

Opinion
ANDREW HILL

If your business is threatened by the biggest economic cataclysm for 75 years, you will probably not spend as much time as usual worrying about your brands. That seems to be one lesson of the aftermath of the financial crisis.

The Conference Board, the US business organisation, asks chief executives every year to rank a series of challenges for the coming 12 months.

It reckons that in its 2012 and 2013 surveys, bosses treated brand and reputation more as "afterthoughts than upfront issues". Quite understandably, they gave priority to areas such as political and economic risk or government regulation.

No wonder that, according to the BrandZ reports covering the same period, the value of brands stagnated or only edged forward in many sectors.

Yet when the Conference Board asked chief executives to assess the challenges for 2014, brand and reputation leapt into their top five priorities as one of "the keys to driving enterprise growth and achieving better performance".

But the world has changed while those companies were fighting fires and letting their brands take care of themselves. In fact, the latest BrandZ top 100 ranking contains the seeds for the destruction of many traditional brands – and a sharp reminder to their owners that brand management needs to keep evolving.

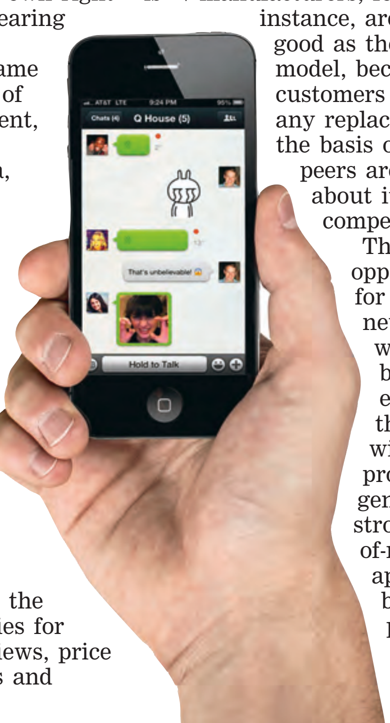
Take technology. That Google has switched positions with Apple as the world's most valuable brand signifies little. More interesting are the rapid rise of Tencent, the Chinese owner of the WeChat mobile chat service, and Facebook; the debut in the top 100 of Twitter; and the arrival in the top 10 of Amazon.

These companies are valuable brands in their own right, of course. But they are also the vectors for discussion of others' products, services and reputation. The "Twitterstorm" – almost a brand in its own right – is capable of tearing apart a corporate name in a matter of hours. Tencent, through its social media, Alibaba in ecommerce, and Baidu (itself ranked 25), in internet search, have the potential to make or break brands in China and beyond.

Facebook, Google, and Amazon are the intermediaries for product reviews, price comparisons and discussion between customers that can leave brand and marketing managers looking leaden-footed.

It is hard to navigate this new landscape using old-fashioned and static concepts of brand, trust and customer loyalty. As Itamar Simonson and Emanuel Rosen have written in their recent book *Absolute Value*, the arts of top-down persuasion, which prevailed for so long, are no longer so potent. In this new world, customers have more confidence in bottom-up assessment of the value of a product or service, by their friends or even unknown fellow shoppers.

Consumer electronics, mobile phone or car manufacturers, for instance, are only as good as their last model, because customers will judge any replacement on the basis of what peers are saying about it and its competitors.



This is an opportunity for newcomers, who may be able to establish their brand with a product that generates strong word-of-mouth approval, but a potential threat to incumbents who have tended to rely on longstanding customer loyalty. Mark Fields, recently named chief executive of Ford, the sixth-fastest rising brand in the BrandZ ranking, and Satya Nadella, new chief executive of Microsoft, ranked number four and now the owner of Nokia's ailing mobile handset business, spring to mind.

All this presages more volatility for brands. I would not be surprised to see more shifts at the top of the BrandZ ranking over the next five years than over the past five.

Companies will place greater emphasis on how to make customers – and non-customers – trust their overall brand and speak up for it, to mitigate the risk of infidelity. No brand owner will be able to stand still. As Mr Rosen and Prof Simonson wrote this year: "Success will come to companies that can closely track the sources of information their customers turn to and find the combination of marketing channels and tools best suited to the ways those consumers decide."

The good news for brand and marketing managers is that their discipline is never again likely to be a low-priority "afterthought" for their bosses. The bad news is that they will have to work harder to justify their position.

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