

# THE 100 TOP BRANDS

## What's in a name? Plenty, if you play your cards right

It was a tough year to build a brand—or defend one against the corrosive effects of a bear market, financial scandals, and shifting consumer priorities. For proof, look no further than the fact that roughly half of the 100 global brands that Interbrand Corp. and *BusinessWeek* ranked this year fell in value compared with a year ago. In this environment, just holding your own is an accomplishment.

To qualify for our ranking, brands had to have a value greater than \$1 billion. They were selected according to two criteria: They had to be global in nature, deriving 20% or more of sales from outside their home country. They also had to have publicly available marketing and financial data on which to base the valuation. That excluded some big brands, such as Visa International, the BBC, and Mars.

How do you place a value on a brand? Some attempts rely on little more than opinion polls or ad spending. *BusinessWeek* selected Interbrand's method because it values brands the same way analysts value other assets: on the basis of how much they're likely to earn in the future. Those projected profits are then discounted to a present value based on how risky the projected earnings are—that is, the likelihood that they will in fact materialize.

To start the process, Interbrand first figures out what

percentage of overall revenues are accounted for by the power of the brand. Next, with the help of analysts from J.P. Morgan Chase & Co., Interbrand projects net earnings for that segment of the business. Interbrand then deducts a charge for the cost of owning the tangible assets, on the theory that whatever income is generated beyond that cost is due to intangible factors. This is the economic value added by things like patents, customer lists, and, of course, the brand.

The next step is to winnow the earnings generated by the brand from the earnings generated by other intangibles. For example, are people buying Shell gasoline because of the brand name or because the gas station is conveniently located? Interbrand uses market research and interviews with industry executives to sift through those variables.

The final phase is to analyze the strength of the brand to figure out how risky those future brand earnings are. To calculate the brand's strength, Interbrand looks at seven factors, including the brand's market leadership, its stability, and its ability to cross geographical and cultural borders. The risk analysis produces a discount rate that is applied to the brand earnings to come up with a net present value of the brand. *BusinessWeek* and Interbrand believe this figure comes closest to representing the true economic value of that complex array of forces that make up a brand.

### Special Report

## The Global Brand Scoreboard

RANK	2002 BRAND VALUE \$BILLIONS	2001 BRAND VALUE \$BILLIONS	PERCENT CHANGE	COUNTRY OF OWNERSHIP	DESCRIPTION	
1	COCA-COLA	69.64	68.95	+1%	U.S.	Still the best brand by far. Growth in the developing world offset so-so new products like Diet Coke with Lemon.
2	MICROSOFT	64.09	65.07	-2	U.S.	Its name is still dragged through the courtroom, but the biggest challenge is stagnant PC purchases.
3	IBM	51.19	52.75	-3	U.S.	Good thing Big Blue was rebuilt on services, which remains the most promising segment for tech spending.
4	GE	41.31	42.40	-3	U.S.	The retirement of Jack Welch and angst over Corporate America took a toll on the GE name.
5	INTEL	30.86	34.67	-11	U.S.	"Intel Inside" put it on the map, but now the brand faces tough competition and sluggish PC sales.
6	NOKIA	29.97	35.04	-14	Finland	Still the cell-phone brand of choice among consumers, but overall sales of mobile handsets are weak.
7	DISNEY	29.26	32.59	-10	U.S.	Even monster hit <i>Monsters Inc.</i> couldn't compensate for a post-September 11 falloff at theme parks.
8	MCDONALD'S	26.38	25.29	+4	U.S.	Who remembers Mad Cow disease? Global expansion continues as negative PR fades.
9	MARLBORO	24.15	22.05	+10	U.S.	The iconic brand uses line extensions and merchandising clout to overcome court challenges and skyrocketing price of cigs.

Data: Interbrand Corp., J.P. Morgan Chase & Co., *BusinessWeek*

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10	MERCEDES	21.01	21.73	-3	Germany	The leading luxury car brand, but its low-end models suffered from poor reviews.
11	FORD	20.40	30.09	-32	U.S.	At least Ford admitted to pursuing strategies that were "poorly conceived or poorly timed." But where's the fix?
12	TOYOTA	19.45	18.58	+5	Japan	Cruising along after capturing broad mid-market appeal in the U.S., including new SUVs and pickups.
13	CITIBANK	18.07	19.01	-5	U.S.	A slowing U.S. economy and a hit from the Enron fiasco hurt both results and image.
14	HEWLETT-PACKARD	16.78	17.98	-7	U.S.	More and more, its printers are commodities. Bickering during the Compaq merger also didn't boost HP's image.
15	AMERICAN EXPRESS	16.29	16.92	-4	U.S.	Wary U.S. consumers, penny-pinching corporations, and white-hot competition in credit cards made it a tough year for the prestigious brand.
16	CISCO	16.22	17.21	-6	U.S.	The popping of the Internet bubble, and the plunge in telecom spending, drew down brand value.
17	AT&T	16.06	22.83	-30	U.S.	Nobody loves telecom these days. But at least it's faring better than WorldCom.
18	HONDA	15.06	14.64	+3	Japan	Solid, dependable, and nurturing a growing reputation for earth-friendly "hybrid" technology.
19	GILLETTE	14.96	15.30	-2	U.S.	The King of Blades is still gaining share, as higher marketing boosts the premium Mach 3 and Venus razors.
20	BMW	14.43	13.86	+4	Germany	Bold new designs—from the space-age 7-series sedan to the athletic X5 SUV—helped BMW boost sales and profit margins.
21	SONY	13.90	15.01	-7	Japan	Still known for its design flair, Sony gadgets have come under attack by Samsung.
22	NESCAFE	12.84	13.25	-3	Switzerland	Cheap instant coffee is losing favor as people consume more java outside the home.
23	ORACLE	11.51	12.22	-6	U.S.	Look out below: Oracle's value has eroded along with tech spending.
24	BUDWEISER	11.35	10.84	+5	U.S.	Nimble advertising for Bud and soaring Bud Light gives it continued dominance in the U.S. and U.K.
25	MERRILL LYNCH	11.23	15.02	-25	U.S.	Investors have long memories, so Merrill's conflict-of-interest fiasco between bankers and analysts could linger.
26	MORGAN STANLEY	11.20	N/A	N/A	U.S.	Few on Wall Street emerged unscathed from the earnings controversy, but Morgan Stanley also had a poor performance underwriting IPOs.
27	COMPAQ	9.80	12.35	-21	U.S.	A big grab for market share by Dell, coupled with the histrionics over Compaq's merger with HP, hurt a tired brand.
28	PFIZER	9.77	8.95	+9	U.S.	Pfizer took the high ground on a hot-button issue with initiative to sell reduced-price drugs.
29	J.P. MORGAN	9.69	N/A	N/A	U.S.	The market was bad enough, but J.P. Morgan also had big negative exposure in the Enron collapse.
30	KODAK	9.67	10.80	-10	U.S.	Kodak so far hasn't transferred the equity from its longtime dominance of photo into the digital market.
31	DELL	9.24	8.27	+12	U.S.	Proved that its built-to-order business model works in bad times as well as good.
32	NINTENDO	9.22	9.46	-3	Japan	On top of the price battle faced by its GameCube, the handheld Game Boy Advance was only a middling success.
33	MERCK	9.14	9.67	-6	U.S.	Vioxx faces patent expiration and new-drug pipeline is dry. Now, investors are ill over accounting questions.
34	SAMSUNG	8.31	6.37	+30	S. Korea	Revved up brand value with brilliant product design and arresting marketing.
35	NIKE	7.72	7.59	+2	U.S.	Strides in penetrating soccer market, and signs it may do the same in golf, augur well for this premium brand.
36	GAP	7.41	8.75	-15	U.S.	Its slide accelerated as consumers turned elsewhere for cutting-edge styles or lower prices.
37	HEINZ	7.35	7.06	+4	U.S.	A classic brand that exploits core markets with memorable extensions in everything from ketchup to tuna.
38	VOLKSWAGEN	7.21	7.34	-2	Germany	Global car sales are down, and the new Beetle was not the megahit VW might have hoped for.
39	GOLDMAN SACHS	7.19	7.87	-9	U.S.	CEO Henry Paulson spoke out about declining corporate credibility, but so far it hasn't rubbed off on the Goldman brand.

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40	KELLOGG'S	7.19	7.01	+3	U.S.	Stabs at innovation, and a Disney alliance that put Buzz Lightyear on cereal boxes, renewed the brand's relevance.
41	LOUIS VUITTON	7.05	7.05	0	France	Still a fashion must-have, particularly in Asia, but sales have been anemic because of post-September 11 travel decline.
42	SAP	6.78	6.31	+7	Germany	SAP has delivered on theme, "The best-run e-businesses run SAP." The software maker benefited from a flight to established suppliers.
43	CANON	6.72	6.68	+2	Japan	A reasonable performance in a camera market that is exhibiting almost no growth. And it's gaining on Xerox in copiers.
44	IKEA	6.55	6.01	+9	Sweden	Resonant brand benefited from the weak economy, which made more customers willing to assemble their own tables.
45	PEPSI	6.39	6.21	+3	U.S.	Innovations keep coming, like lemon-flavored Pepsi Twist. But biggest challenge is a consumer shift to bottled water and juices.
46	HARLEY-DAVIDSON	6.27	5.53	+13	U.S.	Masterful job of selling Baby Boomers on a high-margin symbol of youthful rebellion.
47	MTV	6.08	6.60	-8	U.S.	Phenomenal success of <i>The Osbournes</i> shows MTV still has its spark. Unfortunately, the ad market is dead.
48	PIZZA HUT	6.05	6.00	+1	U.S.	Tough market, but the chain upgraded its restaurants and added new products like P-Zone, Twisted Crust, and Quad.
49	KFC	5.35	5.26	+2	U.S.	Introduced Popcorn Chicken, new Chicken Twister sandwich, and restaurants co-branded with corporate sibling Pizza Hut.
50	APPLE	5.32	5.46	-3	U.S.	A well-received new iMac couldn't overcome weak sales to consumers and design professionals.
51	XEROX	5.31	6.02	-12	U.S.	Trying to dodge its stodgy image, with digital and high-speed copiers. But a financial cloud lingers.
52	GUCCI	5.30	5.37	-1	Italy	The ongoing allure of lead designer Tom Ford could offset a slow start to 2002.
53	ACCENTURE	5.18	N/A	N/A	U.S.	In light of former parent Arthur Andersen's fate, Accenture's branding initiative looks like sheer brilliance.
54	L'OREAL	5.08	N/A	N/A	France	No slowdown here. The brand now gets more than half its sales outside Europe, thanks to smart acquisitions.
55	KLEENEX	5.04	5.09	-1	U.S.	Kleenex held most of its value because of innovations like Kleenex Travellers, for car door pockets.
56	SUN	4.78	5.15	-7	U.S.	Sun still leads in servers, but must deal with the implosion of the once-fertile dot-com sector.
57	WRIGLEY'S	4.75	4.53	+5	U.S.	Innovations kept the Wrigley's brand fresh. Can "functional" products like tooth-cleaning gum add further shine?
58	REUTERS	4.61	5.24	-12	Britain	Reuters lost considerable ground to Bloomberg as customers fled its old-fashioned image and poor service.
59	COLGATE	4.60	4.57	+1	U.S.	A toothpaste/mouthwash combo and other novelties helped offset slipping share in other product areas.
60	PHILIPS	4.56	4.90	-7	Netherlands	Potent in Europe but weak in North America, this brand was dogged by tough consumer-electronics markets and lackluster U.S. marketing.
61	NESTLE	4.43	N/A	N/A	Switzerland	The king of chocolate, cookies, and baby food is eating up U.S. ice cream with Dreyer's.
62	AVON	4.40	4.37	+1	U.S.	A makeover of its sales force and product lines boosted U.S. sales. But Avon has stumbled with its foray into retail sales.
63	AOL	4.33	4.50	-4	U.S.	Few signs of promised synergies following merger with Time Warner, and AOL's subscriber growth has slowed.
64	CHANEL	4.27	4.27	0	France	The perfume and fashion icon held its own in a tough global economy.
65	KRAFT	4.08	4.03	+1	U.S.	Still dominates lineup stretching from cheese to salad dressing, and isn't afraid to use its muscle to get the best store display.
66	DANONE	4.05	N/A	N/A	France	No. 1 in yogurt outside the U.S. and No. 2 in water, Danone is well-positioned to benefit from health worries.
67	YAHOO!	3.86	4.38	-12	U.S.	Forget the ad slump, Yahoo needs to prove it is relevant to consumers as they become more experienced at browsing.
68	ADIDAS	3.69	3.66	+1	Germany	Benefited from World Cup fever, but still has little appeal among trend-setting black and Hispanic youth.
69	ROLEX	3.69	3.70	0	Switzerland	There's nothing like a classy watch in bad times. But improved sales must wait.

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70	TIME	3.68	3.72	-1	U.S.	Ads are way off but big news year has helped the magazine's reputation.
71	ERICSSON	3.59	7.07	-49	Sweden	Ericsson keeps falling further behind Nokia, Samsung, and Motorola.
72	TIFFANY	3.48	3.48	0	U.S.	With sales down in Japan, the world's most famous jewelry retailer has had to sell more lower-priced gold and silver.
73	LEVI'S	3.45	3.75	-8	U.S.	Until new designs hit store shelves, Levi's will continue to lose ground to youth-oriented labels.
74	MOTOROLA	3.42	3.77	-9	U.S.	Suffered from softness in phone handsets and semiconductors, but its greater diversification was a hedge.
75	DURACELL	3.41	4.14	-18	U.S.	Forced to spend heavily on promotions to hold onto market share, cutting profit margins.
76	BP	3.39	3.24	+4	Britain	While efforts to recast itself as environmentally conscious are controversial, the BP brand is motoring along.
77	HERTZ	3.36	3.62	-7	U.S.	Rental car business suffered as more Americans stayed home.
78	BACARDI	3.34	3.20	+4	Bermuda	Solid marketing and the cachet of its Cuban heritage have the rum brand on a growth track.
79	CATERPILLAR	3.22	N/A	N/A	U.S.	The No.1 heavy-equipment brand has steamrolled into merchandise and clothing, playing off its rough-and-tumble image.
80	AMAZON.COM	3.18	3.13	+1	U.S.	Amazon looks to extend its brand with more retail alliances like the ones it has with Target and Toys 'R' Us.
81	PANASONIC	3.14	3.50	-10	Japan	It has overhauled product lines and chopped costs, but Panasonic hasn't been able to pull off a Samsung-like makeover.
82	BOEING	2.97	4.06	-27	U.S.	The grounding of airlines last fall hit Boeing hard. Now it wants to be known as much for its space and defense businesses.
83	SHELL	2.81	2.84	-1	Brit./Neth.	Ad spending got a boost in 2001, but the brand still has little exposure in the U.S.
84	SMIRNOFF	2.72	2.59	+5	Britain	Smirnoff got a shot of relevance thanks to the explosive growth of ready-to-drink Smirnoff Ice.
85	JOHNSON & JOHNSON	2.51	N/A	N/A	U.S.	The strong image of caring built up by its baby products stood the company in good stead.
86	PRADA	2.49	N/A	N/A	Italy	Fashion exposure was helped by two high-profile store openings but poor market conditions have stalled moves to go public yet again.
87	MOET & CHANDON	2.45	2.47	-1	France	The champagne brand should pick up fizz after clearing away unsold inventory from Millennium celebrations.
88	HEINEKEN	2.40	2.27	+6	Netherlands	Its reputation for quality—and high profits—remains intact despite efforts to branch out through acquisitions.
89	MOBIL	2.36	2.41	-2	U.S.	Tough year for any oil company, but Mobil's strong U.S. focus helped it fare better than most.
90	BURGER KING	2.16	2.43	-11	U.S.	Diageo's poor supervision of franchisees led to inconsistent quality. Will a new owner do better?
91	NIVEA	2.06	1.78	+16	Germany	Nivea capitalized on an image of wholesomeness to branch out beyond its core hand and body cream products.
92	WALL STREET JOURNAL	1.96	2.18	-10	U.S.	Its staid format got a radical re-do, including color reproduction. But the Journal still got smacked by the ad recession.
93	STARBUCKS	1.96	1.76	+12	U.S.	Starbucks hasn't stumbled yet. There are still gaps to fill in the U.S., as it gears up for expansion in Asia and Europe.
94	BARBIE	1.94	2.04	-5	U.S.	Another year of brand erosion as little girls opted for more fashionable toys.
95	POLO RALPH LAUREN	1.93	1.91	+1	U.S.	Modest growth and a U.S. focus helped this brand in a difficult year at the luxury end of the rag trade.
96	FEDEX	1.92	1.89	+2	U.S.	FedEx consolidated its leadership and secured more flights into Hong Kong to service booming Asian markets.
97	JOHNNIE WALKER	1.65	1.65	0	Britain	"Keep walking" ad message focusing on personal journeys seemed to strike a chord with younger drinkers.
98	JACK DANIEL'S	1.58	1.58	0	U.S.	Jack Daniel's "birthday parties" celebrated the brand's 150th year.
99	3M	1.58	N/A	N/A	U.S.	In a world of commodities, 3M churns out continual innovation to command premium prices.
100	ARMANI	1.51	1.49	+1	Italy	Twenty new stores slated to open from Milan to Hong Kong this year are helping overcome the downturn.

Data: Interbrand Corp., J.P. Morgan Chase & Co., *BusinessWeek*