Asia and technology leading the way
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The key trends in this year's Brandz Top 100 rankings - the strength of leading technology and mobile communications brands, the power of innovation, the rise of Asian and especially Chinese brands - all emerge in this detailed look at 16 business categories.

This year, insurance companies have been given their own category rather than being lumped in with other financial institutions. Some additional research in laundry care (fabric detergent and fabric softener/conditioner) and deodorants has covered some of the brands in the category. Spirits is an entirely new category and gives fresh insight into the performance of companies such as Diageo, which owns five of the Top 10 brands.

The following is an edited version of the Brandz sectoral findings, with additional comments for the fastest-growing categories, and the two new ones, from Joanna Seddon, chief executive of Millward Brown Optimor, Peter Walshe, director of the Brandz programme at MBO, and Anna Chen, associate director.

*There is an increased link between sport and lifestyle, leading to a smaller distinction between sports and regular apparel brands - many consumers are wearing more sportswear, but not participating in more sports activities.

*The sporting goods industry has benefited from global sporting events such as the World Cup and the forthcoming Beijing Olympics, which have placed the industry in the limelight. In China, rising disposable incomes and interest in western sporting events have created an opportunity for western sports brands.

*Retailers are placing more focus on online channels as more and more consumers turn to e-retailing.

Brand highlights: Ralph Lauren is seeking better control over its products to maintain its prestigious brand image, and has seen strong demand for its "collection" products.

Esprit is the one brand from this category to feature in the overall list of top 20 risers. It has not deviated from its original aim, says Ms Chen - focusing on affordable, casual clothing that is not overly trendy and thus likely to fall out of fashion quickly. Esprit is also a relatively rare example of a global mass market brand, says Ms Seddon - while others such as Zara and H&M are still becoming global.

*In the west, smoking bans, shrinking core markets and a widening choice of alternative alcoholic beverages have conspired to stunt the growth of the beer market, although the 2006 World Cup and a spate of unusually hot weather have softened the blow.

*Companies are increasing their focus on emerging markets.

*Domestic beers in developed markets face stagnant volumes while imported premium brands see strong growth.

*In the US, a preference for imported premium beers and for healthier options has boosted the "luxury imp-orted light" category,with sales almost twice those of imported regular beers.

*There has been consolidation in the brewing industry as companies seek to secure brands and national positions as well as broaden global footprints.

Brand highlights: Skol's results come from long-term brand renovation work and significant outreach to young men. The Stella Artois brand grew beyond the UK, with good results in North America and eastern Europe. For Beck's, innovative products such as Beck's Green Lemon have helped refresh the brand image and attract interest.

*The strong brands benefit from cool new designs, fuel efficient and green models in an environment where gas prices are rising.

*Recent business conditions have been characterised by increases in crude oil and raw materials prices, fluctuations in currency exchange rates, and structural changes in demand.

*Development was influenced by dynamic growth in the emerging economies of Asia and Latin America, whereas the traditional car markets (US, Japan and western Europe) recorded zero or negative growth.

Brand highlights: Porsche capitalised on the success of the previous fiscal year in the Middle East, Latin America and southern and eastern Europe. Fiat's revenues reached a record high, due to the success of the Punto, Panda, Bravo and light commercial vehicles.

*The global coffee market has experienced slow but positive sales growth, leading to good results for most brands.

*A big characteristic is innovation and movement towards quality/premium products.

*Fair trade sales have significantly increased.

*Nestlé and Kraft dominate instant coffees and the whole category as a result.

*Consumers are turning to ground coffee and/or stopping consumption of instant coffee.

Brand highlights: Nespresso has capitalised on the success of the previous fiscal year in the Middle East, Latin America and southern and eastern Europe. The brand is leading the "premium" trend because it is positioned as almost a luxury coffee - sold only at top department stores and its own "boutiques". So the product can be sold at a relatively high price.

*Consumers are returning to fast-food restaurants as efforts to revamp the industry's image through healthier and better quality offerings pay off.

*Growth in the number of outlets is forecast to slow down as operators focus on maximising sales from existing stores with later hours and increased menu variety.

*Asia offers great opportunity for fast food operators to expand. Western fast-food brands hold an aspirational status and are regarded as a treat.

*Coffee houses have reached a level of maturity in leading markets, which means that profits are substantial but not as large as early 2000.

*Competition is also increasing as major retailers have or are developing their own-brand coffee shops.

Brand highlights: The category was the fastest overall riser in the previous year's rankings and is still doing well. McDonald's and Burger King remain the sector's "Yin and Yang" in terms of strategy, as Ms Seddon puts it, yet have both recorded big rises in brand value. Meanwhile KFC's "new fast food" positioning in China has strengthened the brand's No 1 position, far outstripping McDonald's.

Apart from Wendy's, the one brand whose value declined, by 25.2 per cent, was Starbucks. This partly reflects the decline in the "business value" element of the calculation and the fact that the brand has fallen from its peak position.

But MBO's experts point out that Starbucks' "brand contribution" is still rising and the brand remains fundamentally strong.

Howard Schultz, the chairman and founder who this year returned to the post of chief executive, is given credit by Ms Seddon for realising early that the company, in its dash for growth, may be losing something essential to the brand - the "smell of fresh coffee in the stores".

*Many US and British banks have been affected by the subprime crisis.

*Chinese banks have had two big years but it is hard to tell how much of their performance is due to better management and how much to the exceptionally favourable economic conditions.

*To maintain a competitive edge, banks need to both provide a service that clients perceive as being personalized and focus on a specific area rather than a wide range of functions.

*Leading banks and financial services companies are making proactive attempts to be more "green".

Brand highlights: the impact of last summer's credit squeeze can be seen in the declines or small rises in brand value for Citi, UBS, Merrill Lynch, Wells Fargo and Morgan Stanley, whereas Goldman Sachs, up 45 per cent, is benefiting from taking a contrarian line to its rivals. "They saw the credit crunch coming and actually bet against the sub-prime mortgage market," says Ms Seddon.

Citi's 10 per cent decline in brand value has allowed Bank of America to claim top spot. Mr Walshe notes that 10 years ago, Bank of America hardly registered as a brand, but that acquisitions, rebranding and "shouting about what it is and where it stands in the marketplace", have made a big impact.

The inexorable rise of the Chinese banks is also charted by the Brandz rankings, with ICBC, China Construction Bank and Bank of China all achieving big rises in brand value. Standard Chartered Bank benefits from its presence in Asia. The increases would have been greater if MBO had not adjusted for the so-called "Shanghai bubble" on stock markets last year, which would have given an inflated overall view of the banks' brand value.

* Leading insurance companies are positioning themselves for a future that requires significant changes in the way they do business (unprecedented volatility, a changing customer base and exacting regulators). * New markets will help drive profits, as developed economies see slower growth in demand for insurance. * Insurers collectively spent $2bn last year on advertising, surpassing the beer, entertainment and soft drink industries.

Brand highlights: The Aviva brand (a new entry) is not used in the UK, where it trades as Norwich Union. Net income increased 26 per cent with special help from the UK and the Netherlands, acquisitions and rapidly growing organic start-ups.

Axa's net income rose significantly, including the acquisition of Winterthur, the former insurance arm of Credit Suisse. Axa wants to address eroded confidence in the sector.

* The global value of the market is around $400bn and it is tipped to grow to $2,000bn by 2010. * There are emerging consumers for "New Luxury" items, products and services that deliver higher levels of quality, taste, and aspiration than conventional ones. * Luxury brands prefer to use standard advertising and marketing formats as they have concerns that interruptive formats have a negative impact on their brand. * There is pressure even for luxury brands to be environmentally responsible. A report by WWF, the conservation organisation, criticised the luxury products industry as being "slow to recognise their responsibilities and opportunities". * Recently luxury brands have been entering the leisure/construction industries, exporting lifestyle brands to hotels and apartments.

Brand highlights: the solid rises in brand value, from an already high base, attest to the importance of innovation - and making a splash about it. "It's about constantly coming up with something new and creating a buzz around the brands, and all these brands are very good at

that," says Ms Seddon. Consistent application of brand management principles has resulted in very similar brand value increases across the LVMH brands - Louis Vuitton, Moët & Chandon and Hennessy. Yet LVMH is a true "house of brands" , says Ms Seddon - each is managed separately and synergies are not exploited because this could have a long-term impact on the share price and the success of the brand. "It's the opposite of some of the car companies, who make the same chassis for all their cars and just stick different top pieces on it," she says. "There is no same car under different labels here. The employees stay within one brand, they don't jump from one to another, so they live the principles of the brand."

Elsewhere, Gucci has branched away from the conservative approach typical of brands in this category through the creation of a strong online corporate identity, allowing it to stand out among competitors.

* Mobile phones are ubiquitous, so network operators are focused on getting customers to spend more. * The biggest influence on the growth of the market has been the advent of 3G technology, which enables facilities such as video calling and game downloads. * The liberalisation of the telecommunications sector has led to price pressure. * As markets approach saturation point, providers are focusing on strengthening existing customer relationships. At the European level, competition is increasing because of the introduction of Europe-wide services.

Brand highlights: Vodafone, Movistar and Orange are expanding globally from bases in smaller markets, while China Mobile has built a very strong brand in one huge market. "It's a premium-priced brand, unlike its competitors, and it is not just big," says Ms Seddon. "It is also very much being developed, positioned and marketed as a brand, as opposed to just a product or service."

O 2 , now part of Telefónica, is maintaining its brand personality, standing for solidity, globalisation and innovation while reinventing itself through marketing efforts such as sponsoring the England rugby team.

MTS is the first Russian company to reach the BrandZ Top 100, coming in at 89th.

* Brands are globalising, as is shown by the expansion not only of the BP brand, but also the recent appearance of the Lukoil brand in retail petrol in the US and other markets. * Companies are trying to manage the difficult balancing act of promoting a "green" agenda and sustainability in a credible manner. * The strategic focus for the companies remains on upstream and refining activities - brand-building is at the bottom of the agenda.

Brand highlights: PetroChina's consolidated turnover increased 24.8 per cent and consolidated net profit rose 6.6 per cent.

* In all areas of the personal care market, products offering additional properties to simply cleaning have been booming (for example, skin-firming for face, whitening for teeth or curl-enhancing for hair). * As manufacturers have extended their offerings, brands have shifted consumer perceptions so that these products are now viewed as beauty products and not simply as toiletries. * A big trend in the sector is the rise of spa-influenced products, which command price premiums.

Brand highlights: The sector has some very strong brands that continue to grow, says Mr Walshe. The biggest riser is Nivea. Innovation underlies the strength of the top brands, he says - but this may not necessarily be in the products themselves. "There's a feeling of communications innovation, which gives you a sense of dynamism about the brand and why, therefore, it's worth buying it and being seen to use it."

A further point is that brands with a "premium feel" to them, if not actuallyluxury brands, are doing well. Lancôme and Shiseido, which has expanded beyond Japan, are examples.

Unlike in other categories, no strong indigenous brands have yet developed in emerging Asian markets, attesting to the international brands' marketing and distribution clout and their recognisability.

In deodorants, Axe is now the number one deodorant in the US, with strong double-digit growth. The "Axe effect" - giving men the edge in the dating game - underpins all the brand's campaigns. Branding and marketing is very similar for Lynx, as the Unilever product is called in the UK, Ireland and Australia.

Dove associated its deodorant with positive skincare credentials, and positioned it more as a beauty product than a functional one, which helped to increase penetration and achieve a double-digit increase in turnover.

* The race to capture the green moral high ground has gone into overdrive. * Grocery retailers are moving into non-traditional business areas such as digital media services, marking a new position as providers of lifestyle products. * There has been significant growth in online retailing as consumers seek more convenient ways to shop. Many retailers have enhanced multi-channel offers to give a more flexible service.

* In line with the trend towards healthy eating, retailers are increasingly displaying nutrition labels on products.

Brand highlights: At Amazon, increased product offerings and new initiatives not only improved financial performance but also helped to refresh the brand with consumers.

"There is one internet retail success story and this is it," says Ms Seddon. "It's about focusing on ease of use and involving the consumer. They reach out to you by saying: 'What books do you want to buy this week? We think you might be interested in this'."

At Tesco, meanwhile, the introduction of more healthy foods boosted sales. Wider product choice and a flexible delivery system led to a 30 per cent increase in Tesco.com revenues as consumers seek more convenient ways to shop.

At Home Depot in the US, the slowdown in the home improvement market resulted in a decrease of comparable store sales of 4.6 per cent; increasing labour and store costs also reduced profitability.

Soft Drinks

* The sector is struggling to sustain growth as an unhealthy image drives down consumption of soft drinks, while juices and water are claiming market share. Unsurprisingly, the low-calorie category is faring best. * The sector is dominated by a handful of superbrands and strong promotional support will ensure that the sector continues to grow, even if it is at a slower rate. * Events such as the football World Cup provided good opportunities for marketing, while the sector continues to embrace the web to reach a youthful audience, particularly in the form of websites for music downloading or video uploading. * The inclusion of bottling has boosted business value for all brands.

* The European beverage sector is trading at a higher relative valuation than for more than a decade. * The US market continues to deliver growth in the premium segments. * Emerging markets are increasingly important toprofitability and have shown accelerating sales. * Growth in the spirits market is coming from "premiumisation". Many brands are trying to innovate and extend brands upwards. * Brands have faced greater advertising restrictions, especially around the issue of linking sex to alcohol and responsibility among younger drinkers.

Brand highlights: The most valuable spirits brand, Hennessy, is not on the list as it is in the luxury category. Innovations include new flavours to add pizzazz to he big base brands, according to Ms Seddon. Bacardi is a good example with additional flavours to complement the core white rum.

Elsewhere, Smirnoff relaunched its Smirnoff Black Label at the premium end of the market and emphasised its copper-pot distillation method.

Johnnie Walker has harnessed tremendous growth as a result of price increases, additional investment, a focus on premiumisation and success in Latin America and Asia.

Jack Daniels has been boosting market share through a super-premium offer recently redirected at younger drinkers, with a strong bias towards males.

Technology

* This is a rapidly evolving market driven by technological advancements available at a cheaper price. At the same time, the industry is experiencing a new wave, led by Apple, of sophisticated premium-priced products that command higher margins for design, functionality and trendiness. * The majority of brands have minimal product differentiation and are jostling for a position in the market. * Microsoft is still king in the software category. * The mobile handset category is still growing fast, especially in the Latin American and Asian markets as mobile phones become more affordable. * Apple's iPhone is having a powerful impact. * After several years of moving at a healthy pace, the search engine industry seems to be sailing off in new directions. * There has been a recent surge of selling and buying of web businesses in which lofty sums are being paid. * The internet has become a principal medium for community, communication, and entertainment - three areas that have collided and are impacting each other's growth.

Brand highlights: Google, leading the Top 100 ranking again, continues to expand its business into different areas: it acquired DoubleClick, a vibrant advertising business for banners, videos, and other so-called display ads, and launched an open operating system for mobile phones (free to use), called Android, promising "better, cheaper" mobile phones.

BlackBerry and Apple had the biggest rises in brand value for the Top 100.

Two other strong performers in the category were: IBM (up 64.8 per cent) which benefited from continued growth in emerging markets, improved cost competitiveness and utilisation levels, and ongoing productivity initiatives. And Siemens, up 61 per cent, had strong financial results throughout the year, powered by multiple acquisitions and strategic alliances. This year, however, has brought a shock €900m profit warning that it blamed on a contract cancellation, project delays and capacity issues.

Nokia benefited from big year-on-year increases in sales in Middle East and Africa, and Asia Pacific. Two company acquisitions during 2007 and four in 2006 have improved process integration and quality, resulting in greater customer loyalty and profitability.

According to Mr Walshe, Nokia's relationship with its customers, already strong 10 years ago, has become even closer. The company's 38.9 per cent rise in brand value reflects a resurgence after rivals stole a march on it in the clamshell phone market. But Mr Walshe says that "the relationship people have got with the Nokia brand is putting the company in a strong position, so if it ever got out of synch with the product cycle, as can sometimes happen with technology companies, it would be better placed to recover than others".

B ottled Water

* While bottled water is thriving as a healthy alternative to carbonated soft drinks, a rise in the environmental consciousness of consumers has put the industry in the spotlight. * Commoditisation and a lack of brand and product differentiation have caused the "brand contribution" to drop across the category. * Still water has continued to outsell sparkling, with flavoured variants from the big brands thriving.

Brand highlights: Perrier has revived its exclusive image, and with its distinctive green bottle, is one of the most recognisable bottled water brands.

Volvic, the top brand in the UK, is continuing its positioning as a water for the younger consumer with its "Volcanicity" campaign.

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