

Coca-Cola, IBM Top List Of Trusted Brands

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Consumers lost trust in brands this year as the recession deepened, according to an industry report released Thursday, although longtime staples Coca-Cola and IBM retained their spots as the world's two most valuable brands.

This is the first time the combined value of the world's top 100 brands as ranked by Interbrand, a branding agency, has fallen in the 10 years Interbrand has assessed them.

The list's total value, including brands like Google Inc., Nintendo and Sony, fell 4.6 percent to \$1.15 trillion, Interbrand estimates.

"That says something about the environment that we're in, especially when you consider that brands are by nature less volatile than business valuations," said Interbrand CEO Jez Frampton, who called a company's brand its most valuable asset.

The environment — a recession the likes of which the world hasn't seen for decades — has eaten away at people's trust in specific brands, starting with financial companies, he said. Consumers even started to question retail brands as stores slashed prices to get sales, leading consumers to wonder about pricing, and why they had to pay so much before.

"All of these things lead you to re-evaluate the nature of the relationships that we have with brands and indeed how confident we feel in brands to live up to the promises they make," he said. "Brands are promises which we value and are prepared to pay for and if we feel those promises have been broken we're less likely to trust."

Brands are more than just names, colors or logos — think Coca-Cola's red or McDonald's golden arches. A brand includes all the elements of a product or service from its design, ingredients and manufacture to its marketing, advertising and logo.

A well-honed brand evokes in consumers an emotion and a promise of what it will deliver, without the consumer having to do much — if any — research, said Allen Adamson, managing director at branding firm Landor Associates. Brands are important for all businesses, and critical in categories that have direct consumer contact, like autos, he said.

"In a cluttered world where people are time-compressed, brands are short cuts to help them make decisions," he said.

Each year, Interbrand ranks companies by the amount of their revenue that is attributable to their brands, using a formula that takes into account the brand's

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future strength and its role in creating demand, whether among consumers or business customers or both.

The firm assigns a monetary value to each brand and measures annual growth, in this case from July 1, 2008, to June 30, 2009.

Given the recession, it was not surprising to see financial companies posting the steepest decline in their brands' values this year, with drops by American Express (now number 22, down from 15) HSBC (now 32, down from 27), Citi (now 36, down from 19), and UBS (now 72, down from 41). Merrill Lynch and AIG both dropped off the list.

Automakers also dropped in the rankings as their sector's sales slumped in the recession. In addition, major U.S. automakers General Motors Corp. and Chrysler Group LLC received government aid to stay afloat, which generated negative feelings among consumers. Neither of those brands made the top 100 Interbrand list.

Even Toyota's brand — top-ranked among auto companies at number eight, down from 6 in 2008 — suffered, while BMW went from 13 to 15, and Ford was unchanged at 49. Honda edged up two slots to 18.

Despite the economic uncertainty, the top 10 brands this year stayed relatively stable, with Coca-Cola Co. in the first slot, a place it has held since the rankings started in 2000. The soft-drink maker retains its recognition around the world, Frampton said, and it has been releasing new products as it hopes to woo consumers shifting to healthier juices and teas.

Coca-Cola's brand value rose 3 percent in 2009 to \$68.73 billion, while IBM's gained 2 percent to \$60.21 billion.

The technology giant, often known as "Big Blue," also rolled out new products that increased the value of its brand in 2009, according to the report. The company — which sells computer servers, software and technical services to businesses — received more than 4,000 U.S. patents during the period, marking the 16th straight year it has received the most.

Rolling out new products keeps customers interested and spending, even in a recession, Frampton said. Companies can't be idle when times are tough, he warned.

"Innovation is the bedrock of any successful company in the future," he said. "Nobody can stand still nowadays."

The remaining brands in the top five all lost value but retained their ranks from last year. Microsoft's brand value fell 4 percent to \$56.64 billion to take third, while General Electric's value fell 10 percent to \$47.77 billion for fourth. Nokia lost 3 percent to place fifth at \$34.86 billion.

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The value of online giant Google's brand grew the fastest in the world again, rising 25 percent to \$31.98 billion to place seventh, up from 10th place last year and 20th the year before. Frampton said the company's brand growth is "miraculous," though the report notes that as it gets bigger, "it has to deal with the inevitable mistrust and ugliness ascribed to being a very large, diversified and very profitable company."

But Deborah Mitchell, executive fellow at the Center for Brand and Product Management at Wisconsin School of Business, thinks Google already has found balance by earning consumers' trust even as it becomes nearly omnipresent in their lives.

That's partly due to Google's value statement — "Do no evil" — which resonates with consumers, especially in a downturn, she said. Mitchell said consumers are increasingly focusing on a company's values and don't want to associate with businesses whose values they question.

"There's been a shift in the focus on values and not just economics to consumers," she said. "They're looking more closely at who is selling them what."

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