GLOBAL BRANDS

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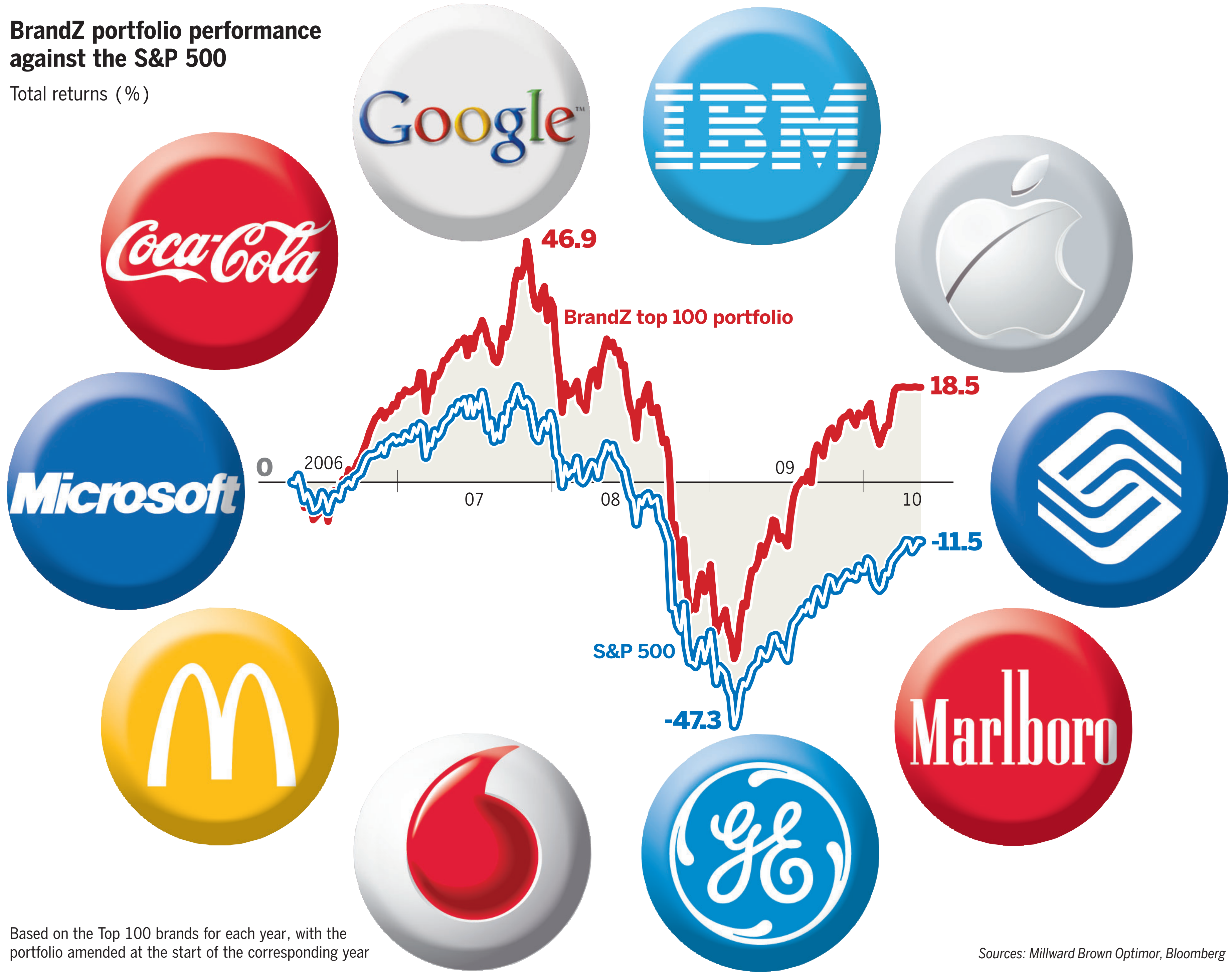
Big names prove worth in crisis

John Gapper finds that top brands are emerging from recession in better shape than their rivals



Based on the Top 100 brands for each year, with the portfolio amended at the start of the corresponding year

Sources: Millward Brown Optimor, Bloomberg

For companies whose financial value depends heavily on the health of their brands, the severity and abruptness of the recession was a challenge.

The abruptness with which many consumers stopped spending, and large companies reduced capital investment and wound down capital investment, caused a shock to the system. Many companies experienced not only the financial crisis, but also a crisis of confidence.

Marketers and advertising agencies preach the gospel that the companies that emerge best out of recessions are those that maintain their marketing budget and protect brands when the going gets tough. In practice, few companies were certain enough of the future to comply.

Yet some of the Doomsday scenarios about the value of brands in a new, less leveraged world, have not come to pass. Emerging from the recession, luxury goods companies and many other consumer brand companies are enjoying a rebound.

The underlying value of any brand – the premium commanded by products and services with strong reputations and identities – has not been eliminated by the crisis. Even those companies that did not invest heavily in their portfolio in the worst times are regaining some confidence.

Indeed, this year's BrandZ brands survey suggests that, even if the value of brands is below its 2007 peak, it has rebounded more sharply than the S&P 500. Millward Brown Optimor, the WPP subsidiary that compiles the ranking, calculates that a portfolio of the top 100 brands – updated each year as a new list is compiled – is 18.5 per cent up from its level four years ago, compared with an 11.5 per cent fall in the S&P 500.

The premium for the top 100 brands was squeezed as many countries went into recession but it opened up again coming out. In other words, the outlook for brands has not been fundamentally altered as a result of the recession; instead, it looks familiar.

"Brands outperform in good times and when there is a recession they do go down, but they come out the other side with a sustainable advantage," says Joanna Seddon, chief executive of MBO.

The nature of brands continues to evolve. Technology rather than marketing is now the defining characteristic of seven of the top 10 brands, with Coca-Cola, McDonald's and Marlboro making up the other three.

Google remains the world's most valuable brand, but edging up close behind it are two other technology companies, IBM and Apple. Both of these outrank Microsoft, whose brand value was stable during the year.

Meanwhile, China Mobile, General Electric and Vodafone occupy the lowest three places in the top 10, which comprises the same brands as last year's ranking. Although GE's brand value fell by 25 per cent from $59.8bn in the list published a year ago, due mainly to its difficulties with GE Capital, the technology and infrastructure-related parts of its business retain their strength.

The resurgence in Apple under Steve Jobs, through the iPod, the iPhone and now the iPad, continues unabated and, on present trends, it could be pressing Google for first place within a year or two. That is a tribute to a company that inspires devotion among customers.

It may also be a reflection of the value of inspirational leadership, and the way in which consumers identify some of the world's most valuable brands, such as Oracle and Starbucks, with founders who embodies their qualities. Larry Ellison of Oracle and Howard Schultz of Starbucks are not only the founders but keepers of the flame.

This broad shift towards technology is a reflection of the importance of the internet and communications in the fortunes of many companies, including Telcel, the mobile phone group controlled by Carlos Slim Helu. Telcel is the first Mexican company to enter the top 100 (in 69th place).

The social media boom led by companies such as Facebook and Twitter – as well the rise in smartphones led by Apple – has had a broader impact on the top 100. It has boosted mobile operators such as Verizon and AT&T, despite the complaints of iPhone users about AT&T's 3G coverage.

Although mobile phone companies are struggling to upgrade their data networks, the trend towards the mobile internet is giving them valuable revenue opportunities. "Everyone is twittering and sending pictures on iPhones, and data is what makes money," says Ms Seddon.

Yet technology can also disturb traditional brand values and make it easier for young competitors to break into markets. The best example of that at the moment is the media industry, where technology companies such as Google, Amazon and Apple dominate distribution.

That is causing problems for media conglomerates with old-established brands in film, television and print. They are facing similar problems to the consumer goods companies that confront powerful discounting distributors, particularly Walmart.

Apart from the influence of technology, the biggest secular shift in brand value is the continuing rise of emerging market brands. Some 13 of the top 100 brands now come from emerging markets, with seven of these from China. In the 2006 ranking there was just one emerging-market brand – China Mobile.

For the moment, most of these brands tend to be based on finance or resources, with banks such as ICICI of India and China Construction Bank, and energy companies such as PetroChina and Petrobras combining both financial value and a large domestic market.

One reason for the two latter groups' debut in the latest BrandZ Top 100 is that MBO has used new research to reflect the upstream brand value of oil companies for the first time. Previously, only the downstream distribution arms of energy groups such as BP and ExxonMobil were fully reflected in the brand rankings.

This has had a significant effect, with BP being allocated a brand value of $17bn and entering the top 100 at 34 while ExxonMobil comes in just behind it in 39th place, with brand value of $15.5bn. It is an illustration of how brands matter not just to customers but in a business-to-business context.

As ever, the year included examples of famous brands having difficulties – the most notable being Toyota, the Japanese car company. Problems with the brakes on some models led to product recalls in the US and damage to its reputation for quality.

Toyota's brand value fell from $29.9bn in the 2009 ranking to $21.7bn in the latest one, and the effect of the product recalls may not yet have fully worked its way through. Toyota joined Home Depot, another well-established brand that lost its way, falling from a brand value of $18.3bn in 2007 to $9bn this year.

Many analysts expected problems for luxury clothing and goods makers, which faced a wave of discounting by retailers at the end of 2008, and fears about whether consumers would continue to be extremely high prices for a luxury image.

In practice, however, well-established luxury goods brands such as Louis Vuitton have kept their value, even if they have not seen the kind of growth they might have hoped for. The value of the Louis Vuitton brand, at $19.8bn, is 2 per cent up on the previous year.

So, despite the shock that many experienced following the financial crisis, brands are playing their traditional role of giving companies some cushion against market pressures. They have proved their capacity to retain loyalty among consumers even through downturns.

Many brands will experience crises, or simply stagnate, in the coming year and have to claw their way back but the aftermath of the crisis has proven once again an old lesson. Brands may suffer, but they are hard to destroy altogether.

Inside this issue

On FT.com

The rankings
There is a wealth of extra data from Millward Brown Optimor's 2010 BrandZ ranking published online at **www.FT.com/global-brands-2010**. This includes top 10s and top 20 tables for 17 product categories. We also publish Top 10s on a regional basis – covering North America, Europe and Asia.
The full report from MBO is also available as an app for the iPhone, Nokia and BlackBerry. The ranking can be downloaded at **www.millwardbrown.com/brandz** and **www.brandz.com**

Rebound is on the cards in banking

Financial institutions

MasterCard and Visa have led the recovery, writes **Andrew Baxter**

A year ago financial brands were still reeling from the after-effects of the global banking crisis of autumn 2008, so it was little surprise that the category was one of the worst performing in the April 2009 Top 100, beaten to the wooden spoon only by the lamentable performance of cars and insurers.

But, after falling 11 per cent in last year's ranking, the financial institutions category has bounced back, rising 12 per cent in the 2010 list – more than any of the other 16 categories.

The bald figures are flattering, however. The recovery is due in large measure to a very strong performance by brands that have been relatively well insulated from the credit crisis because of their business model, conservative approach to lending or location. Four of the 20 are in this year's list of top 20 risers by brand value *(see table on Page 2)*.

Pride of place goes to the two big card payment companies, MasterCard and Visa, whose brand values rose 57 and 52 per cent respectively. Cristiana Pearson, an MBO director, attributes this in part to the brands' growing presence beyond credit cards, with the expanding use of debit cards for small payments, and pre-paid cards. "In emerging markets in particular, you are seeing a rise in the way that people pay for things like utility bills and other sorts of basic bills, which used to be by cheque or cash," she says.

Joanna Seddon, MBO's chief executive, adds that in China, workers are receiving their pay on credit cards – "your pay is a card and you go and deal with it in a bank". Elsewhere, she says an increasing number of US airlines have switched from cash to credit card for small purchases by passengers. Another strength, according to Peter Walshe, MBO's global BrandZ director, is that paying by debit prevents a large monthly credit card bill from building up. "That's a smart move in times of recession," he says.

> An increasing number of US airlines have switched from cash to cards for small onboard purchases

This healthy scenario for the card payment brands is confirmed by Antonio Lucio, Visa's global chief marketing officer. "I'd attribute the improvement in Visa's brand position to two key factors," he says. "First, Visa's product mix includes debit, pre-paid and credit, and that diversity gives us tremendous resilience in challenging economic times.

"Second, our marketing efforts are gaining real traction. The 'More People Go with Visa' campaign and its recent Olympic Games extension, 'Go World', were the first global campaigns in Visa's history. Together they're delivering excellent returns."

Compared with Visa and MasterCard, American Express has been more exposed to the broader financial crisis, says MBO, and less to some of the factors that have boosted its two rivals. So its brand value has fallen by 7 per cent.

The other two big risers in this sector were Goldman Sachs – currently facing mounting threats to its reputation following US fraud charges – and HSBC. Goldman, up 25 per cent, was the bank that predicted the crisis, says MBO, and consequently did not suffer as the other banks did. As well as having a record financial year, its brand value is also up across most countries.

HSBC's 23 per cent rise in brand value is attributed partly to its strength in Asia, but also to the creation of a global brand from scratch via acquisitions over the past seven years. "They're positioned around values, the idea of celebrating global diversity," says Ms Seddon. "They've really been pushing their global brand marketing around something that is a bigger idea than banking."

Nick Cooper, MBO's senior

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All about emerging markets, trust and price

Analysis

Andrew Baxter looks behind the numbers to pick out the main themes in the BrandZ Top 100

The growing importance of brands from emerging markets is one of several themes picked out by compilers of the 2010 BrandZ Top 100 ranking.

Seven of the 13 emerging-market brands on the list come from China, two each from Russia and Brazil, and one apiece from India and Mexico. New entrants include Baidu, the Chinese search engine, along with ICICI and Telcel from India and Mexico respectively. Both these last two are their country's first representatives in the Top 100.

ICICI, the big Indian financial services group, makes its debut in an impressive 45th place, with a brand value of $14.5bn.

Joanna Seddon, chief executive of Millward Brown Optimor, praises ICICI's chairman, KV Kamath, for championing ATMs throughout India as a way of breaking down the country's traditional hierarchical barriers – everyone has to wait in line, whether they are a cleaner or a bank executive. ICICI scores a high nine for brand momentum because of its potential in India and elsewhere – it already operates in 18 countries.

Just outside the Top 100, but included for the first time in the Technology Top 20, is Infosys Technologies, the big Indian IT group. Ms Seddon says it is an interesting brand because of its co-founder Nandan Nilekani and his espousal of the "flat world" concept – that is, servicing customers through outsourcing anywhere in the world (as popularised in the bestseller by Thomas Friedman, *The World is Flat: A Brief History of the Twenty-First Century*).

Both Mr Kamath and Mr Nilekani feature in another theme identified by MBO – the chief executive as brand leader.

Many of the top 100 have been built – or revived – by leaders with brand vision. They include Carlos Slim of Telcel, Apple's Steve Jobs, Lou Gerstner of IBM and Starbucks' Howard Schultz, who returned to a day-to-day role as chief executive two years ago to revive the fortunes of the company he nurtured from infancy into a global brand.

Mr Schultz's vision for Starbucks was all about making human connections, says Ms Seddon.

"He abdicated from running it and what did they do? They went into drive-throughs. Now, if you've got a brand that's about human connections, maybe a drive-through doesn't quite fit. They expanded very fast, and kind of lost the brand essence, and he's come back again and the brand is doing better [its brand value rose 17 per cent in the latest Top 100]."

Peter Walshe, MBO's global BrandZ director, says some of the visionaries are no longer chief executives but their successors are following the same vision as a unique aspect of those companies, with great success.

Nandan Nilekani, co-founder of India's Infosys, espoused the 'flat world' concept – servicing customers by outsourcing anywhere in the world

Examples of the successors include Sam Palmisano at IBM and Michael Geoghegan at HSBC, whose chairman, Stephen Green, is an ordained minister in the Church of England and author of *Serving God, Serving Mammon.*

Legal addiction – whether of the long-established variety (cigarettes) or modern (playing with mobile phones or BlackBerry) – is another theme picked out by the ranking's compilers. Marlboro, ever present in the top 10, has seen its brand value grow at an average compound annual rate of 10 per cent over the past five years.

Overall, the latest Top 100 list "tells you that people in their stressful lives want to do something to relieve the stress, fiddling with their hands", she says. "They are either smoking, or they're twiddling on their BlackBerries, and we have an example: if you have a really stressful job, like president of the United States, you may feel the need to do both."

In mobile phones, the world's top 10 operators are all in the top 100 of the BrandZ rankings, says Ms Seddon, along with Apple, BlackBerry and Samsung, and a lot of this is down to the phenomenal growth of mobile applications or apps – "everything from Sudoku to Find a Mechanic to BrandZ", she says.

Mr Walshe adds that two key things drive brands – trust, which is the historic brand value that has been built up, and current user recommendation. "What's interesting about this category . . . is that the brands are particularly high in user recommendation. They're not particularly driven by trust," he says.

Some of the most valuable brands are underpinned by both trust and recommendation – another key finding from the rankings.

While IBM is driven hugely by trust and Apple by recommendation, research by MBO has shown that Pampers and Tide, two consumer/household products, are the top trusted and recommended brands (Tide has slipped out of the Top 100 because of the influx of oil companies).

Brands that are high on both criteria are either visionary or benefit from having built up a heritage, based on historic performance, says Mr Walshe. "And they are delivering it today, together with innovation, and keeping themselves relevant…particularly in recent times, as politicians and banks lose credibility, trusted brands become more and more valuable."

The role of price, and the fact that the strongest and most valuable brands are more price-resistance, is a further important finding from research by MBO.

Because of the desire they create from consumers, they tend to command a healthy price premium, even in recessionary times, and the Top 100 brands get the balance right between pricing and the power of the brand.

Data from BrandZ show that only 7 per cent of consumers buy on price alone; under a third make a compromise between price and brand; and brand is an important influence for nearly nine out of 10, while more than half take little notice of price.

Global Brands

Going upstream to capture big groups' full value

Oil and gas brands

Joanna Seddon on a key change in this year's Top 100

Five of the 11 new entrants into the latest BrandZ Global Top 100 – BP, ExxonMobil, Shell, PetroChina and Petrobras — are oil companies. This is not because of a sudden surge in their brand values last year, but because a new method has been used to capture their full value.

Previously, the BrandZ rankings measured only the value of brands in the retail fuel station businesses. This resulted in the undervaluation of oil brands, since retail is a relatively small part of the business.

The major part of oil company business and brand value is created in their upstream businesses – exploration, extraction, refining, trading and wholesale – not on fuel station forecourts. The brand element is at least as important, if not more, in the business-to-business environment than it is on the retail side.

A government, for example, will carefully weigh an oil company's reputation for having the latest technology and promoting sustainability when granting drilling rights.

However, unlike many business-to-business brands, oil companies have relatively few customers in their upstream markets, and these can be very difficult to reach through quantitative research.

This year MBO further developed the BrandZ methodology to capture the full value of oil and gas brands. The existing methodology was retained for the retail piece, which values each brand via the amount of retail gasoline it generates. A royalty relief approach — the generally accepted way of determining brand value for licensing purposes — was adopted to measure brand value in the upstream businesses.

This approach calculates brand value as the present value of the brand royalties that the business would pay if it had to license the brand from a third party instead of owning it.

The licensing rate for the brand within the upstream businesses is estimated based on two factors: comparable brand licensing rates for upstream oil businesses, and an adjustment to the average of the comparable licensing rates based on the strength of the oil company brand being valued. The strength of each oil company's brand in the upstream businesses is determined by conducting research among oil and gas industry analysts and portfolio managers.

> The correlation between size and brand value is far from a straight line relationship

The outcome is that, not surprisingly, some oil companies have very valuable brands. This is not just because they are very big companies. The correlation between oil company size and brand value is far from a straight line relationship.

PetroChina, for example, is the largest company in the world by market capitalisation – it is almost twice as big as Google – and it is popular in China precisely because of its size. But size does not equate directly to brand value, and PetroChina comes in only at 51st place in the Top 100. Despite a market capitalisation exceeding $350bn, more than double Google's $170bn, its brand value is only $14bn compared with $114bn for Google.

And despite being the market cap leader among oil companies, PetroChina is only the fourth most valuable oil company brand. BP, Shell and Petrobras all have smaller market caps than PetroChina, but their brands contribute proportionately greater value. All three have been notably successful in cultivating their brands in ways that help them address the particular challenges they face.

Among oil companies, ExxonMobil is considered the most innovative, the best corporate citizen and the best at communicating with its shareholders. Based on those factors and its upstream businesses, it would be the brand leader.

However, BP has propelled past ExxonMobil to the number one brand value position with a somewhat less valuable upstream brand but a much stronger downstream brand among businesses and consumers. Key factors in BP's downstream brand value are its worldwide retail network – most of it strongly branded with the green Helios "sun god" logo – and its large investment in advertising and communications.

For BP, brand is now playing a complex role. The BP brand must reconcile a reputation for environmental leadership with the business imperative to produce fossil fuels to meet energy needs.

Shell is respected for its expertise in dealing with local governments and communities and its 45,000 Shell branded retail outlets in every corner of the globe. Its acquisition and rebranding of Texaco's US outlets and those of DEA in Germany make it the world's largest branded retailer: Shell now has more retail locations outlets than McDonald's.

Petrobras is the most trusted oil company with a brand strength that flows directly from an enormous depth of national feeling. Brazil was an energy importer until Petrobras established a bold strategy to develop new deep sea drilling technology, found deposits which doubled its reserves and made Brazil energy self-sufficient. The company is seen as having saved the country. It wins on both sides — consumers love it and investors recognise it as one of the best brand investments among companies in the Bric (Brazil, Russia, India and China) nations.

Five other brands – Chevron and ConocoPhilips from the US, Total from France, Eni from Italy and Gazprom from Russia are ranked in the Oil & Gas Top 10 *(see chart)* but none of them made it into the Top 100.

Oil companies have come to recognise that brand is increasingly important to their industry. In addition to the role of their brands to increase sales to consumers and businesses, brands influence investors, regulators, and governments, and are important in addressing the environmental concerns of civil society everywhere.

Joanna Seddon is chief executive of Millward Brown Optimor.

Oil and gas companies

Top 10 by brand value

Rank	Brand	BV 2010 ($m)	BC	BM
1	BP	17,283	1	3
2	Exxon Mobil	15,476	1	2
3	Shell	15,112	1	3
4	Petrochina	13,935	1	5
5	Petrobras	9,675	1	8
6	Chevron	7,254	1	3
7	Total	6,986	1	2
8	Gazprom	6,350	1	5
9	ConocoPhilips	5,347	1	1
10	Eni	4,566	1	3

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

A worker checks pipelines at a PetroChina oilfield in Sichuan province Reuters

Across the sectors

After the sharp peaks and troughs in last year's BrandZ report, the 17 categories covered in the 2010 ranking have performed more sedately, reflecting a less volatile business environment, writes **Andrew Baxter.**

The top risers in the previous ranking were mobile operator brands, up an aggregate 28 per cent, and soft drinks, up 24 per cent, but the biggest increase this time is just 12 per cent for financial institutions, reversing the 11 per cent decline of a year ago.

At the other end of the table, cars and insurance are still battling for the wooden spoon, but at least this time both sectors have stemmed the decline. After a whopping 48 per cent decline in brand value in last year's ranking, insurance brands have fallen just 7 per cent in the latest list, while cars are down 15 per cent, compared with 22 per cent a year ago.

The best performing category after the financial brands (see article, Page 1) is beer. "Like last year, light beer brands are growing faster," says Cristiana Pearson, a director at Millward Brown Optimor. "Corona, the Mexican brand, is also doing well, helped by its 'Corona tu espacio' concept of having a moment alone with your Corona. Skol is benefiting from the merger of Anheuser-Busch and InBev, and from its strong position in Brazil where it is very involved in cultural events, music festivals, things that young people really bond with."

In cars, Toyota has lost its top place to BMW. "As a corporation Toyota has been affected by the recalls [see article, Page 4], so that has impacted on the financials [which form an element of the brand value formula]," says Joanna Seddon, MBO's chief executive. "All the brands are down except for Ford, VW and Audi in the top 10. Ford, apart from having the best social media campaign ever [see Tim Bradshaw's article on Page 4], dealt with the whole [crisis in the US car industry] beautifully from a brand and reputation point of view."

Full details of all 17 categories, with tables, are at www.FT.com/global-brands-2010

Year-on-year growth

Sector	Brand value growth (%)
Financial Institutions	12
Beer	10
Technology	6
Fast Food	1
Retail	-1
Soft Drinks	-1
Mobile Networks	-1
Bottled Water	-2
Gaming Consoles	-3
Spirits	-3
Luxury	-3
Apparel	-4
Personal Care	-4
Coffee	-6
Insurance	-7
Cars	-15

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

Global top 100

By value

Rank	Ranking Change	Brand	Brand value 2010 ($m)	Brand value 2009 ($m)	Brand value 2008 ($m)	Brand contribution	Brand momentum	% Brand value change 2010 vs. 2009	Four-year CAGR (%)
1	=	Google	114,260	100,039	86,057	5	9	14	32
2	2	IBM	86,383	66,622	55,335	4	4	30	24
3	3	Apple	83,153	63,113	55,206	5	8	32	51
4	-2	Microsoft	76,344	76,249	70,887	5	7	0	5
5	-2	Coca-Cola[1]	67,983	67,625	58,208	5	6	1	13
6	-1	McDonald's	66,005	66,575	49,499	5	6	-1	23
7	3	Marlboro	57,047	49,460	37,324	4	7	15	10
8	-1	China Mobile	52,616	61,283	57,225	5	9	-14	8
9	-1	GE	45,054	59,793	71,379	1	2	-25	-5
10	-1	Vodafone	44,404	53,727	36,962	3	4	-17	17
11	1	ICBC	43,927	38,056	28,004	4	7	15	N/A
12	5	HP	39,717	26,745	29,278	3	6	48	19
13	-2	Walmart	39,421	41,083	34,547	2	8	-4	1
14	2	BlackBerry	30,708	27,478	13,734	4	8	12	107
15	11	Amazon	27,459	21,294	11,511	4	9	29	46
16	-1	UPS	26,492	27,842	30,492	4	5	-5	5
17	4	Tesco	25,741	22,938	23,208	5	4	12	13
18	18	Visa	24,883	16,353	N/A	4	9	52	N/A
19	6	Oracle	24,817	21,438	22,904	1	5	16	16
20	14	Verizon Wireless	24,675	17,713	19,202	5	9	39	13
21	-2	SAP	24,291	23,615	21,669	3	5	3	26
22	6	AT&T	23,714	20,059	12,030	4	6	18	N/A
23	7	HSBC	23,408	19,079	18,479	4	3	23	14
24	3	Bank of China	21,960	21,192	19,418	3	6	4	N/A
25	-7	BMW	21,816	23,948	28,015	5	6	-9	-2
26	-12	Toyota	21,769	29,907	35,134	5	4	-27	-8
27	-3	China Construction Bank	20,929	22,811	19,603	3	7	-8	N/A
28	-6	Gillette	20,663	22,919	21,523	5	4	-10	4
29	=	Louis Vuitton	19,781	19,395	18,446	5	8	2	1
30	7	Wells Fargo	18,746	16,228	24,739	5	7	16	N/A
31	7	Santander	18,012	16,035	14,549	3	9	12	11
32	=	Nintendo[2]	17,834	18,233	N/A	3	8	-2	N/A
33	-2	Pampers	17,434	18,945	N/A	5	6	-8	N/A
34	New	BP	17,283	N/A	N/A	1	3	N/A	N/A
35	-2	Cisco	16,719	17,965	24,101	2	5	-7	-4
36	12	RBC	16,608	14,894	18,995	5	9	12	N/A
37	4	Bank of America	16,393	15,480	33,092	2	9	6	-12
38	14	Budweiser[3]	15,991	13,292	10,839	4	8	20	9
39	New	ExxonMobil	15,476	N/A	N/A	1	2	N/A	N/A
40	New	Shell	15,112	N/A	N/A	1	3	N/A	N/A
41	-21	Disney	15,000	23,110	23,705	3	5	-35	-8
42	5	Carrefour	14,980	14,961	15,057	5	7	0	10
43	-30	Nokia	14,866	35,163	43,975	4	5	-58	-13
44	-1	Accenture	14,734	15,076	14,137	4	4	-2	11
45	New	ICICI	14,454	N/A	N/A	1	9	N/A	N/A
46	4	Honda	14,303	14,571	16,649	3	4	-2	1
47	9	Colgate	14,224	12,396	10,576	5	7	15	25
48	-25	Intel	14,210	22,851	22,027	2	3	-38	-13
49	-4	L'Oréal	14,129	14,991	16,459	5	6	-6	7
50	3	Orange	14,018	13,242	14,093	2	6	6	11
51	New	PetroChina	13,935	N/A	N/A	1	5	N/A	N/A
52	-6	American Express	13,912	14,963	24,816	3	3	-7	-7
53	-13	Mercedes	13,736	15,499	18,044	5	3	-11	-6
54	-5	Citi	13,403	14,608	30,318	2	7	-8	-18
55	8	T-Mobile	13,010	10,864	8,940	3	8	20	3
56	-1	BBVA	12,977	12,549	9,457	5	9	3	N/A
57	-18	NTT DoCoMo	12,969	15,776	15,048	3	7	-18	-10
58	-14	Pepsi[4]	12,752	14,996	15,404	4	5	-15	N/A
59	=	Nike	12,597	11,999	12,499	5	7	5	4
60	2	Movistar	12,434	10,911	8,117	1	6	14	N/A
61	5	Chase	12,426	10,582	12,782	4	9	17	6
62	-5	Target	12,148	12,254	14,738	4	7	-1	19
63	-5	H&M	12,131	12,061	11,182	2	7	1	11
64	-4	Subway	12,032	10,997	10,335	5	5	9	N/A
65	-30	Porsche	12,021	17,467	21,718	5	4	-31	0
66	-24	Dell	11,938	15,422	15,288	3	6	-23	-10
67	20	MasterCard	11,659	7,427	6,970	4	7	57	N/A
68	33	Samsung	11,351	6,322	11,870	4	9	80	-1
69	New	Telcel	10,850	N/A	N/A	4	9	N/A	N/A
70	7	O_2	10,593	8,601	6,309	2	7	23	29
71	-10	TD	10,274	10,991	N/A	5	7	-7	N/A
72	-1	MTS	9,723	9,189	8,077	3	4	6	N/A
73	New	Petrobras	9,675	N/A	N/A	1	8	N/A	N/A
74	-5	FedEx	9,418	9,491	11,486	5	6	-1	3
75	32	Baidu	9,356	5,768	N/A	5	10	62	N/A
76	-22	eBay	9,328	12,970	11,200	3	7	-28	-8
77	-26	Siemens	9,293	13,562	14,665	1	6	-31	8
78	10	Goldman Sachs	9,283	7,415	11,944	4	9	25	1
79	-15	Wrigley's	9,201	10,841	N/A	5	4	-15	13
80	-4	Zara	8,986	8,609	8,682	3	4	4	16
81	-11	Home Depot	8,971	9,280	15,378	2	3	-3	-24
82	-3	Red Bull[5]	8,917	8,154	N/A	4	4	9	N/A
83	-9	Aldi	8,747	8,638	5,811	1	6	1	37
84	-17	Nissan	8,607	10,206	11,707	2	2	-16	-5
85	4	Starbucks[6]	8,490	7,260	12,011	5	5	17	-5
86	-4	Hermès	8,457	7,862	6,951	5	7	8	16
87	3	Barclays	8,383	6,992	7,382	1	7	20	14
88	New	US Bank	8,377	N/A	N/A	5	8	N/A	N/A
89	-11	Standard Chartered	8,327	8,219	6,855	1	6	1	31
90	-10	China Merchants Bank	8,236	8,052	3,000	1	4	2	N/A
91	=	State Farm	8,214	6,922	9,425	5	8	19	1
92	-20	Beeline	8,160	8,884	N/A	4	4	-8	N/A
93	-10	JP Morgan	8,159	7,852	9,762	1	7	4	4
94	8	Sony[7]	8,147	6,848	6,109	3	5	30	-3
95	-3	Morgan Stanley	8,003	6,765	11,327	2	2	18	-6
96	-31	Auchan	7,848	N/A	7,148	4	7	N/A	11
97	-11	Gucci	7,588	7,468	6,479	5	4	2	17
98	=	Bradesco	7,450	6,565	N/A	2	9	13	N/A
99	-24	Avon	7,293	8,631	7,209	3	5	-16	4
100	-1	Tim	7,280	6,409	7,903	2	6	14	-21

[1]Includes Diet Coke, Coke Light and Coke Zero
[2]Includes Wii and DS
[3]Includes both Bud Light and Budweiser
[4]Includes Diet Pepsi and Pepsi
[5]Includes Sugar-free and Cola
[6]Includes retail as well as coffee sold at supermarkets
[7]Includes PlayStation 2 and 3, and PSP

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

Fastest risers

Samsung takes the prize for fastest-rising brand in this year's BrandZ Top 100 – an 80 per cent increase takes its brand value to $11.3bn, allowing the Korean electronics group to power its way back into the Top 100, in 68th place, after a one-year absence, writes **Andrew Baxter.**

The company's television business has been performing "incredibly well", says Cristiana Pearson, a director at Millward Brown Optimor. Joanna Seddon, MBO's chief executive, adds: "The TV business is very strongly branded and Samsung has the strongest brand in LCD [liquid crystal display] TVs, that's really a lot of what this is about."

Close behind is Baidu, the Chinese internet search engine, which makes its debut in the Top 100 after a 62 per cent rise in brand value to $9.4bn, putting it in 75th place. Baidu is also one of just two brands – Skol is the other – to achieve a maximum 10 for brand momentum, which indicates each brand's short-term growth potential.

Peter Walshe, MBO's global BrandZ director, says Baidu is one of the most trusted brands in China. This is due partly to the fact that a majority of Chinese think they do a better job than Google at picking up the nuances of different Chinese dialects, says MBO.

Next, the UK clothes retailer, achieved a 54 per cent rise in brand value to $2.6bn (the brand is not in the Top 100). "Next is a recovery brand, it was down 40 per cent last year," says Ms Pearson. "It has tried to adopt the Zara/H&M model of quick turnrounds. moving its products fast through the stores."

Then comes Hewlett-Packard, the US hardware and IT services group, with a 48 per cent rise in brand value to $39.7bn. This reflects the rebranding of EDS to the HP brand and a brand repositioning, with a new logo and "Let's do amazing" tagline.

There is an expanded version of this article at www.FT.com/global-brands-2010

Top 20 risers

By brand value growth, (year-on-year)

Brand	Brand value growth (%)
Samsung	80
Baidu	62
MasterCard	57
Next	54
Visa	52
HP	48
Verizon Wireless	39
Apple	32
IBM	30
Sony	30
Amazon	29
Goldman Sachs	25
HSBC	23
O_2	23
Skol	22
Gatorade	22
Corona	21
Evian	21
Budweiser	20
T-Mobile	20

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

How the BrandZ ranking is created

The BrandZ Top 100 is the only ranking based on a brand valuation methodology that is grounded in quantitative customer research and in-depth financial analysis, writes **Joanna Seddon.**

Insights into customer behaviour and brand strength come from WPP's unique BrandZ database — the world's largest repository of brand equity data. Covering thousands of brands and based on more than a million interviews, it provides a detailed, quantified understanding of customer decision-making the world over.

Financial data are sourced from Bloomberg, analyst reports, Datamonitor industry reports, and company filings with regulatory bodies. Millward Brown Optimor's consultants then prepare financial models for each brand that link brand perceptions to company revenues, earnings, and ultimately shareholder and brand value.

The valuation methodology is similar to that employed by analysts and accountants. Brand value (BV) is derived from each brand's ability to generate demand. The dollar value of each brand in the ranking is the sum of its predicted future earnings, discounted to a present day value.

An important element of the overall calculation is brand contribution (BC), the portion of earnings that can be considered to be driven by brand equity, which is presented as an index from 1 to 5 (5 is the highest); an additional metric is brand momentum (BM), which indicates each brand's short-term growth potential. This is presented as an indexed figure that ranges from 1 to 10 (10 is the highest).

Trust the stores to get into banking

Credit where it's due: an employee at a Walmart bank store in Mexico – the giant US retailer has long harboured ambitions to offer banking services in its home market Bloomberg

Retailers

Andrea Felsted on ambitious brand extension plans by the sector's giants

While banks' brands have yet to recover from the global financial crisis, retailers have emerged relatively unscathed from the downturn.

This is creating opportunities for big store groups around the world to stretch their brands into other areas, particularly financial services.

Tesco, the UK's biggest retailer and 17th in Millward Brown Optimor's BrandZ Top 100 with a brand value of $25.7bn, has pledged to become the "people's bank". The US supermarket giant Walmart – four places higher with BV of $39.4bn has long harboured ambitions to offer banking services in its home market after successfully developing banking outlets in Mexico.

A host of other retailers, including J Sainsbury (BV of $2.7bn, outside the Top 100), Marks and Spencer (BV of $5.7bn, also outside the Top 100) and John Lewis (not in the ranking) in the UK, are all pushing, or eyeing expansion in, financial services.

Michael Lafferty, of Lafferty Group, a retail banking research house, says retailers have a once-in-a-lifetime opportunity to get into financial services, given the blight on banks' brands and the credit drought in parts of the consumer finance market.

"Bank brands are seriously damaged, there is no doubt about it, and therefore, there is a really major opportunity for retailers to get into consumer lending." There is, he says, a "chance for a new renaissance of retailer based consumer lending."

At the heart of the opportunities for retailers lies the trust in their brands that has withstood the ravages of the recession.

According to research last autumn for Asda, 65 per cent of people polled trusted supermarkets more than political parties, while 36 per cent thought supermarkets were on their side during the recession.

David Roth, chief executive of The Store WPP, the advertising group's retail practice, says the brand value of the top retailers has gone down by 1 per cent, according to the BrandZ ranking published today.

In contrast, the brand values of banks and insurers rose, because they suffered such a steep deterioration in the 2009 ranking. However, other sectors fared much worse this time – car manufacturers saw their brand value fall by 15 per cent.

"It could have been a lot worse [for retailers] says Mr Roth.

Within the retail sector, Tesco, which has set out ambitious plans in financial services, saw its brand value rise 12 per cent, while Amazon's climbed 29 per cent, and Best Buy (not in the Top 100) saw its brand value increase by 18 per cent to $5.8bn.

"There are some very interesting opportunities," says Mr Roth. "[Retailers] can capitalise on consumers' distrust of other sectors, and issues that have come up in the recession, and extend their brands into areas [in which] consumers currently distrust the players. [Retailers'] brands are strong enough, and have that bond of trust that can extend across other categories heavily impacted by the recession."

Mr Roth says consumers' poor opinions of brands damaged by the downturn "will open up space for the power retailers with big brands to enter new markets and create engines of growth. Banking is an obvious one."

Another study by WPP's The Futures Company and Millward Brown, using BrandZ data, looked at the relationship between trust and recommendation – that is, how well a brand is trusted, and how prepared an individual would be to recommend it.

"We found that retailers, in general terms, are highly trusted and getting more trusted as the consumer has a deeper and deeper relationship with that retailer. Once again, [that] allows the retailer the ability to use their brand across many different product sectors," says Mr Roth.

However, offering banking services, particularly current accounts – the key relationship account – and mortgages, is very different from putting soap powder, or even sweaters, on supermarket shelves.

Robert Jones of Wolff Olins, the brand specialist, says that to succeed, retailers first of all require a banking licence.

Tesco has had a banking licence since 1997. In the US, Walmart has yet to secure a banking licence, restricting its US financial services operations to money transfer, cheque cashing, bill payments and the pre-paid cards used to purchase goods. Mr Lafferty suggests however, that in the wake of the financial crisis, the US authorities may be more willing to extend a banking licence to the world's biggest retailer.

> In spite of the bold ambitions stated a year ago, Tesco has yet to offer a current account

Retailers must also build all the requisite infrastructure and information technology systems, something that can be complex and time consuming.

Despite the bold ambitions stated a year ago, Tesco has yet to offer a current account or a mortgage. It has indicated it could introduce a mortgage by the end of this year and current accounts next year.

Store groups must also enhance existing skills, or develop new ones, such as the management of capital and liquidity. Mr Jones says they must also encourage the most lucrative customers to switch to their services.

The complexity of building banking operations leads him to suggest that retailers may have missed the optimum time to enter banking – last year when memories of the financial crisis were still fresh in consumers' minds.

"At a time when banks were in crisis, that was a moment of turbulence that could have been exploited," he says. "The really hot opportunity last year, they have missed out on, but that doesn't mean there is not still an opportunity."

Retailers also face challenges entering financial services, and the trust in supermarkets must not be overstated. "Surveys show that this lack of trust in banks actually goes across big corporations generally, and banks just happen to be a special case of it recently," says Mr Jones.

In addition, if store groups begin behaving like banks – repossessing houses at the most extreme for example – customers may come to view them with the same disdain.

"That is the brand dilemma," says WPP's Mr Roth. "But the customer centricity of retailers can teach the banks some very interesting lessons, and I think, overall, there is a very strong customer proposition for retailers in financial services."

He adds: "I don't think any retailer will want to go into the banking arena to then behave like a traditional bank. There is no value in doing that. They will want to go into banking to do it in a different way. That may well be a proposition that consumers find very attractive."

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Rebound is on the cards as banking sector recovers

Continued from Page 1

vice-president in the UK and Europe, adds that HSBC also emerged with clean hands from the credit crisis, and with no state aid. "They've obviously picked up a lot of business from other brands that have done less well," he says.

Other good performers in this sector include Barclays, which also did not take any public funding and has been investing heavily in its brand; Chase, buoyed by its acquisition of Washington Mutual but also by avoiding serious trouble in the credit crisis; and Royal Bank of Canada, helped by its home country's conservative banking laws, and a beneficiary of the fall-out from the financial turmoil. Through acquisitions in the US over recent years it has been building a North American identity via its RBC branding – "it's difficult to expand to the southern American states if you're called the Royal Bank of Canada", says Ms Seddon.

Then there is Santander, with its strong position in Latin America offsetting the financial crisis in Spain, but also benefiting from overt brand promotion through its sponsorship of Formula One motor racing.

> 'It's difficult to expand to the southern American states if you're called the Royal Bank of Canada'

Ms Seddon forecast a further big rise in brand value for the "monolithic" Santander in next year's ranking as brands it has acquired, including Abbey in the UK, are renamed.

Overall, the top 20 in this sector underlines how the world of banking has changed in the past five years. In 2006, 2007 and 2008, the Citi and Bank of America brands were jostling for top place, but now it is China's ICBC, up 15 per cent this year, that heads the ranking *(see table)*.

"[ICBC] really does have a strong brand – you mightn't think so from looking at its name but it does," says Ms Seddon. Bank of China and China Construction Bank occupy fourth and fifth places, respectively, while India's ICICI makes its debut in 10th slot. Meanwhile, Bank of America and Citi have fallen to 9th and 12th.

Looking ahead, however, it is not all about the inexorable rise of the Asian bank brands. Four of the top 20 brands – Visa, Santander, RBC and Bank of America – are in the overall top 10 for "brand momentum", a forward-looking measure of a brand's potential. A strong presence in emerging markets is one reason for this.

Financial institutions
Top 20 by brand value

Rank	Brand	Brand value $M	Brand contribution	Brand momentum	Brand value change (%)	Two-year CAGR
1	ICBC	43,927	4	7	15	11
2	Visa	24,883	5	9	52	NA
3	HSBC	23,408	4	3	23	6
4	Bank of China	21,960	3	6	4	3
5	China Construction Bank	20,929	3	7	-8	3
6	Wells Fargo	18,746	5	7	16	-5
7	Santander	18,012	3	9	12	7
8	RBC	16,608	5	9	12	-2
9	Bank of America	16,393	2	9	6	-15
10	ICICI	14,454	1	9	NA	NA
11	American Express	13,912	3	3	-7	-13
12	Citi	13,403	2	7	-8	-17
13	BBVA	12,977	5	9	3	10
14	Chase	12,426	4	9	17	0
15	MasterCard	11,659	5	7	57	15
16	TD	10,274	5	7	-7	NA
17	Goldman Sachs	9,283	4	9	25	-6
18	Barclays	8,383	1	7	20	4
19	US Bank	8,377	5	8	NA	NA
20	Standard Chartered	8,327	2	6	1	5

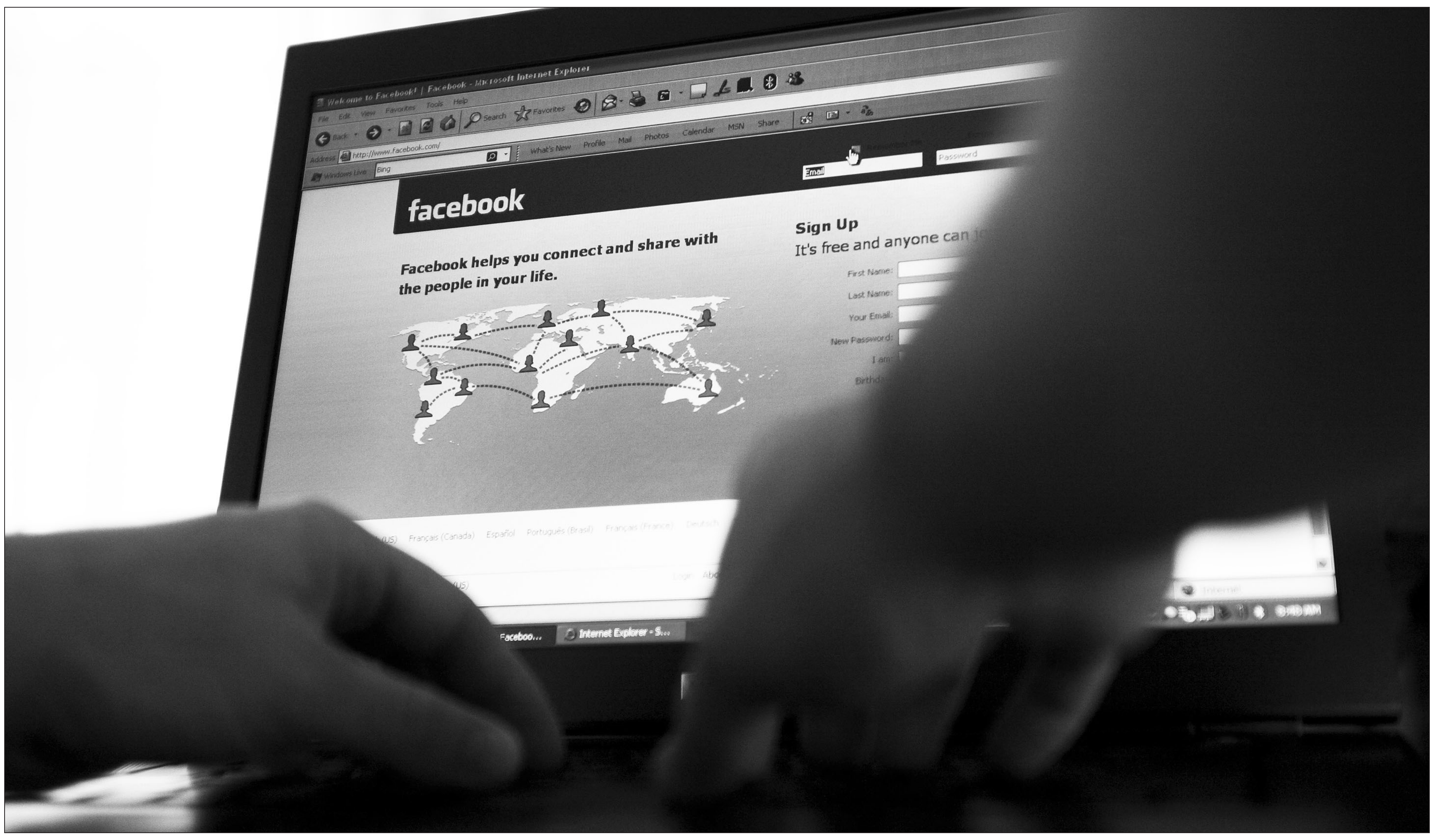
Source: Millward Brown Optimor (including data from BrandZ, Datamonitor and Bloomberg)

Global Brands

Big names are all a-Twitter over Facebook

Social media

Tim Bradshaw on a new way to listen and respond to well connected customers



Brand new medium: more than 10m people each day become a 'fan' of a brand on Facebook AP

When first faced with the prospect of marketing on social networks, many people ask a reasonable question: how many people want to be friends with a brand? The answer – surprisingly, perhaps – is: millions do, on a daily basis.

More than 10m people each day become a "fan" of a brand on Facebook. The world's largest social network – with well in excess of 400m members globally – plays host to more than 1.4m branded fan pages on Facebook. BrandZ Top 100 brands such as Coca-Cola and Starbucks, along with other smaller brands outside the Top 100 such as Adidas (brand value or BV of $3.3bn in the latest MBO list), have each "befriended" millions of people.

"A lot of our best brand builders are also some of the best companies using social media," says Joanna Seddon, chief executive of Millward Brown Optimor, which compiles the BrandZ ranking. "A lot of the leadership in social media is really centred in the top 100 brands."

Social media has matured rapidly in recent years. Sites such as YouTube, Facebook and Twitter offer scale and reach to rival Google – still the most dominant single site for online advertising – and many television channels. The best advertisers use social media alongside these traditional channels for a combination of brand-building, direct sales, customer service and PR. The worst simply ignore them, blissful only until they realise the complaints and accusations that disgruntled customers are telling other would-be consumers.

"Social media have given consumers a voice to respond, as well as hundreds of channels through which to do so," says Debbie Klein, joint chief executive of Engine, a UK-based agency group. "These websites have fundamentally transformed marketing from a monologue to a dialogue. Brands cannot hide."

Eurostar, for instance, faced criticism last December for ignoring Twitter messages – which, unlike most Facebook posts, are usually made public for anyone to read – from angry customers trapped on trains between Paris and London. Eurostar had failed to grab its brand name on Twitter, and its main presence on the site – named "little_break" to tie into a wider marketing campaign – was still showing special offers rather than information on the disrupted service for some hours after the problems began.

In the fast-paced, "real-time" environment of Twitter, just a few hours is long enough for such criticism to spread widely, be chewed over by its denizens and, if it reaches a certain volume, be picked up and amplified further by the mainstream media. Kevin Smith, a film director, caused a similar Twitter storm when he complained to more than 1m followers that Southwest Airlines threw him off a flight for being overweight. Southwest later made two public apologies on its blog.

But for every Eurostar or Southwest, there is a success story that proves social media need not be just for moaning and crisis management. Dell, another Top 100 brand, claims to have generated several million dollars in sales from Twitter alone, where it regularly posts special offers on its computers.

Facebook likes to point to the example of Adidas, the sportswear maker which has more than 2.7m fans on its Adidas Originals page. Each fan is estimated to be worth around $100 a year in footwear, making its fan page a community worth more than $200m with which it can communicate directly all year around, for only the cost of maintaining the page. Becoming a fan of a brand on Facebook means agreeing to allow a company to send messages into that user's main "news feed" – the part of the site in which Facebookers spend around two thirds of their time.

> Seasoned observers say many ostensibly 'viral' campaigns have had more than a little nudge along the way

The new forms of social media are also generating new creative possibilities for brands. Ahead of the launch of its new Fiesta, Ford (BV up 19 per cent this year to $7bn, just short of the cut for making the Top 100) gave 100 "internet celebrities" the latest model and gave them freedom to document their experience online. Millions of YouTube viewings later, they had sold 10,000 cars in six days and had ready-made content for the TV ad officially launching the car.

Last year, Burger King's "Whopper Sacrifice" offered a free hamburger to anybody who deleted 10 of their Facebook friends. Each sacrificial victim was sent a message explaining what had happened, and so the message spread (at least, until Facebook made Burger King tone down its application after more than 200,000 such sacrifices were made).

But although social media can be used to achieve high impact with much lower investment than traditional media, seasoned observers note that many ostensibly "viral" campaigns have had more than a little nudge along the way.

"The beauty of social media is that they are accessible across a large range of budgets," says Jason Klein, co-president of LBi in New York, a digital agency. "[As for Facebook] pages with hundreds of thousands of people, some [companies or products] have brand equity to attract that but a lot, I would assume, have been driven up with some form of media buy… Facebook has been shrewd about building a platform that makes it very difficult to grow groups organically."

Facebook's "engagement ads" are one way for companies to buy traffic for their fan pages. Twitter has recently introduced advertising in its search results, in the form of "promoted tweets", which have seen Starbucks' messages appear when people search for "coffee".

But Mr Klein warns against using follower counts or group size as a measure of success in social media. "People don't know what they want to get back so they have to hang their hat on the number of posts, friends or comments. We have tried hard to educate our clients that even though these aren't the exact metrics to know something is successful, to focus just on the numbers takes your eye off the ball a bit. Would I rather have thousands of people believe in my brand than hundreds of thousands signing up because they got a free key chain?"

Navigating the constantly evolving world of social media will claim more casualties yet.

Simon Clift, until recently the chief marketing officer at Unilever, has warned of a "lost generation" of marketers who do not understand the social web, either because they are too old, or too young to learn from their children.

"There is no question that social media of all the challenges in media is the hardest one," Mr Clift says. "You have to listen rather than impose, which is difficult for all marketers."

Meanwhile, in another sign of the times, Facebook has made its own debut in the BrandZ rankings. With a BV of $5.5bn, it is not yet in the Top 100, but slips in as 20th in the Technology Top 20.

How to avoid making a drama out of a crisis

Stefan Stern

The brand careering off the road is Toyota's. Chilling recordings of the phone calls made by distressed drivers to the emergency services – sometimes from people behind the wheel of an out-of-control car – have been repeated on TV programmes for months now. Proof, if any were needed, that there is such a thing as bad publicity.

The Japanese carmaker has been strongly criticised for its response to this crisis, and the embarrassing recall of several Toyota models. "Speed of response, transparency of message and visibility are the three key principles to successful crisis management," says Basil Towers, founding partner of Hesleden, a reputation management consultancy. "Toyota arguably failed on all three."

For a brand built on the key elements of quality and reliability, the events of the past few months have been disastrous. Worse, the at times slow and almost grudging response to that criticism the company displayed – at least initially – seems to have done it even more harm. US politicians leapt on to the opportunity to kick a foreign business when it was down.

So if Toyota (brand value down 27 per cent to $21.8bn in the latest BrandZ Top 100 ranking – *see Page 2*) offers us a case study in how not to react to a crisis and protect your brand, which examples are more helpful? The gold standard in brand protection remains the 1982 case of Johnson & Johnson's Tylenol painkiller.

For once the scare stories put out by the media had some substance to them. Seven people living in the Chicago area died after taking Tylenol, the top-selling painkiller in the US, which had been contaminated with cyanide.

Johnson & Johnson did not go into denial. Senior managers did not get into a non-communicative huddle and hope the problem would go away. Instead, the company quickly took the difficult and financially painful decision to recall more than 30m bottles of the drug. It kept up a regular flow of information – the "transparency and visibility" recommended by Hesleden above – and introduced new safety measures, including improved tamper-proof packages.

When the new batches of safe Tylenol started reappearing on the pharmacy shelves, the company opted to take another financial hit by offering discount coupons. But the public was convinced. The Tylenol brand was intact, regaining 70 per cent of its market share within five months. It is still the number one brand today.

Mattel, the US toymaker, had to own up to severe problems with its Chinese manufacturers in the summer of 2007. It went into hyper-communication mode. After a product recall announcement a team of 16 press officers contacted dozens of US media outlets. A conference call with senior executives was arranged.

Robert Eckert, Mattel's chief executive, did 14 TV interviews in one day, as well as conducting many phone calls with reporters. He got the tone of contrition and candour just right, apologising for his company's recall of faulty toys.

> The gold standard remains the 1982 case of Johnson & Johnson's Tylenol painkiller

"I'm disappointed, I'm upset, but I can assure your viewers that we are doing everything we can about the situation," Mr Eckert said on CNN. "Every production batch of toys is being tested, and we'll continue to enforce the highest quality standards in the industry." In one week, Mattel dealt with more than 300 media requests in the US alone. Their faith in the company intact, shoppers stuck with the brand.

Facing the press: Toyota president Akio Toyoda AP

PepsiCo was also praised for its open and robust reaction to a crisis in 1993. It was claimed that syringes had been found in cans of diet Pepsi. When an arrest was made after a police investigation, the company was happy to publicise it. It also produced a video made at one of its factories showing how such tampering was impossible.

The so-called syringe problem was in fact a hoax, carried out clumsily by various individuals around the country. There was nothing wrong with the company's production procedures, as they were able to show. Pepsi reacted fast partly because it already had a plan of action in place ready to deal with a case of product tampering.

Clearly it is possible to take action quickly and explain to a worried public that a perceived problem is being dealt with. But of course, wise managers try to make sure that, as far as possible, they avoid sudden, unexpected crises in the first place. This, too, is part of the business of protecting the brand and the corporate reputation.

Hesleden's Mr Towers raises a few questions about the Toyota debacle which, had they been answered sooner, might have prevented a lot of the subsequent damage:

"Did/does Toyota engage in systematic scenario planning and simulation to stress test or benchmark its responses to crises?" he asks.

"Did/does its business leaders recognise the importance of the broadest level of stakeholder engagement and transparency? To what extent is Toyota reviewing its approach to the crisis and the lessons it can learn?"

Unexpected disasters can hit any company at any time. But as some have shown, the brand can still be protected and repaired. You do not have to make a drama out of a crisis.