A STUDY OF FASTEST GROWING COUNTRIES AMONG TOP 100 BRANDS

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Abstract

The purpose of this study is to illustrate the impact of Country of Origin (COO) on the top 100 global brands. A total of eighteen countries having 158 brands appeared during 2001-2013. Countries were analyzed on the basis of Cumulative Brand Equity (CBE), number of brands, Average Brand Equity (ABE) and growth patterns in Cumulative Brand Equity. Cumulative Brand Equity (CBE) represents summation of brand equities for all brands in a particular country while ABE represents CBE divided by number of brands in a particular country. The most distinctive part of this research is its usage of country of origin for brand equity trend analysis. Results indicate that (a) Korea is the fastest growing country among Top 100 brands; (b) The American brands are un-doubtfully champions of the world and form the major chunk of the global brand list; (c) As country of origin Germany is known for its Automobiles which is also reflected in the global brand list where 5 out of 12 brands are with German origin; (d) France: The birthplace of luxury fashion has 9 brands appeared during this period; (e) Switzerland: A small country by population but having strong country of origin effect has 9 brands in the global brand list appeared during 13 years; (f) Japan: Origin of eight strong and consistent brands having concentration in only two industry sectors i.e., Automotive (4) and Electronics (4); (g) United Kingdom: The world's leading financial center has 8 brands in top 100 global brands list.

Keywords: Country-of-Origin, Branding, Global brands, Trends

INTRODUCTION

During the last decade brand equity measurement has gained a greater prominence in the marketing literature and has been hinted as the agenda for future research in brand management (Keller & Lehman, 2006). Although there is reasonable literature is available on brand equity measurement (Berthon, Capon, Hulbert, Murgolo-Poore, Pitt, & Keating, 2001), but the link between Country of Origin (COO) and its brand equity measurement system is in its infancy stage. The purpose of this study is to illustrate the impact of Country of Origin on the top 100 global brands. The study provides the country-wise analysis of brand equity trends among top 100 global brands appeared during the period 2001 – 2013. It also provides support for conceptual frameworks for analyzing country of origin as the salience of the brand equity measurements.

LITERATURE REVIEW

Brand valuation model has been perceived in different directions by the respective organizations and build the methods for the different purposes (Zhang, 2010). Two most prominent methods for brand equity valuation are Simon and Sullivan's and Interbrand's. Simon and Sullivan's method is based on financial perspectives and recommends including only financial performance indicators such as sales, profits and operating margin to Brand Equity (Simon & Sullivan, 1993). The pioneering work on evaluating brand equity with the perspective of consumers has been done in early 1990s (Aaker, 1993). Most of the brand equity measurement work has been done at late 1990s and in early 2000s (Keller, 2001). Brand equity has been referred as the consumer based brand equity (CBBE) model which involved four aspects: brand awareness, brand associations, brand response and brand relationship (Keller, K.L., 2001).

Brand equity can be estimated on various financial and value added techniques one of the famous among these is Interbrand model, this technique estimates brand value on the basis of projected branded earnings / profits discounted to a present value (Perrier, 1997) therefore, it possess great preference in Academic research along with the corporate brand management exercises (Ambler, 1995; Arvidsson, 2006; Yeung, & Ramasamy, 2008; Ille, 2009; Kapferer, & Bastien, 2009; Keller, & Lehmann, 2009; Raggio, & Leone, 2009; Wang, 2010; Liu, .& Hu, 2011)strong recommendations has been imposed on Interbrand's valuation methodology for brand equity by the London Stock Exchange (LSE) as well as majority of accounting and auditing giants (Ward, & Perrier, 1998). The Global brands help providing benefits, highlight the unique selling point of the brand and take advantage of being first mover in the market for the massive launch of new products in different segment of the markets. Local brands helps fulfilling the local needs of a consumer that best fits with his solution, it can better compete with

local competitors, flexible pricing strategies, and maintain the possible selection criteria among different brands (Schuiling & Kapferer 2004). More recently some work has been done on presenting the brand equity trends among top 100 brands (Siddiqui, 2011).

METHODOLOGY

Interbrand's ranking list for top 100 global brands is based on four major criteria to be met. (a) a brand has to be globally recognized with at least one-third of its share in the market that is from earnings which comes from outside of its country-of-origin.(b)the brand must be an activated brand facing the major portion of the market segment and avoiding monopsonic conditions that reduces the brand awareness (c) the firm must be a publicly held and financial data must be significantly available.(d) probably most importantly the Economic Value Added (EVA) must be positive and overall brand value must be greater than US $ 1 B (Interbrand, 2013).

A total of eighteen countries having 158 brands appeared during 2001-2013. All 18 countries were analyzed on the basis of Cumulative Brand Equity (CBE), number of brands, Average Brand Equity (ABE) and growth patterns in Cumulative Brand Equity. Cumulative Brand Equity (CBE) represents summation of brand equities for all brands in a particular country while ABE represents CBE divided by number of brands in a particular country. The most distinctive part of this research is its usage of country of origin for brand equity trend analysis.

Table-1 Number of Brands/Countries listed in Top 100 Global Brands List

Country	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
US	62	65	62	58	53	52	53	52	51	50	49	53	55
Germany	7	6	6	9	9	9	10	10	11	10	10	9	9
Japan	6	6	7	7	7	8	8	7	7	6	7	7	7
France	3	5	7	7	7	7	8	8	8	7	6	6	6
UK	5	4	5	4	4	5	5	3	4	5	5	4	4
Switzerland	3	3	3	5	6	6	5	5	5	6	6	4	3
Netherland	3	3	3	4	4	3	3	3	2	3	3	3	3
Italy	3	3	2	3	4	4	2	4	4	3	3	3	3
Korea	1	1	1	1	3	3	3	2	2	2	2	3	3
Sweden	3	2	2	1	1	1	1	2	2	2	2	2	2
Spain					1	1	1	1	1	2	2	2	2
Canada								2	2	2	2	2	1
Mexico											1	1	1
Finland	1	1	1	1	1	1	1	1	1	1	1	1	1
Taiwan											1		
Bermuda	1	1	1										
Ireland	1												
Denmark	1												
Total	100	100	100	100	100	100	100	100	100	100	100	100	100

Table-2 Cumulative Brand Equity (B US $)-Country-wise Analysis

Country	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
US	740	727	706	707	708	722	751	768	726	762	794	912	1008
Germany	56	55	57	73	73	80	91	99	97	98	108	117	129
Japan	68	67	71	71	74	83	92	94	88	81	85	87	91
France	14	23	30	31	41	44	57	60	59	55	55	57	61
Korea	6	8	11	13	21	23	24	23	22	25	29	44	53
Sweden	14	10	10	7	8	9	10	25	27	29	28	29	32
UK	14	12	19	19	21	25	28	21	21	26	27	24	26
Switzerland	18	21	20	29	39	42	37	37	33	35	35	27	25
Italy	8	9	8	10	15	16	11	19	19	15	16	17	20
Netherland	10	10	10	13	14	13	15	16	11	16	17	18	20
Spain	0	0	0	0	4	4	5	6	7	12	13	14	15
Canada	0	0	0	0	0	0	0	13	14	16	16	12	8
Finland	35	30	29	24	26	30	34	36	35	29	25	21	7
Mexico	0	0	0	0	0	0	0	0	0	4	4	4	4
Taiwan	0	0	0	0	0	0	0	0	0	0	4	0	0
Bermuda	3	3	3	0	0	0	0	0	0	0	0	0	0
Ireland	1	0	0	0	0	0	0	0	0	0	0	0	0
Denmark	1	0	0	0	0	0	0	0	0	0	0	0	0
Total	988	977	974	996	1045	1093	1156	1214	1158	1203	1258	1385	1501

Table-3 Average Brand Equity (B US $)- Country-wise Analysis

Country	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
US	11.9	11.2	11.4	12.2	13.4	13.9	14.2	14.8	14.2	15.2	16.2	17.2	18.3
Korea	6.4	8.3	10.8	12.6	7.0	7.8	8.1	11.3	11.1	12.3	14.7	14.8	17.8
Sweden	4.8	5.1	5.0	7.2	7.8	8.8	10.1	12.4	13.7	14.3	14.2	14.7	16.0
Germany	8.0	9.2	9.5	8.1	8.1	8.9	9.1	9.9	8.8	9.8	10.8	13.0	14.3
Japan	11.3	11.2	10.1	10.2	10.5	10.4	11.5	13.5	12.6	13.5	12.2	12.4	13.0
France	4.6	4.6	4.3	4.4	5.9	6.4	7.1	7.5	7.4	7.9	9.2	9.4	10.2
Switzerland	6.0	7.0	6.8	5.9	6.5	6.9	7.3	7.3	6.5	5.8	5.9	6.8	8.4
Canada	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.6	6.8	7.9	8.0	6.2	8.1
Spain	0.0	0.0	0.0	0.0	3.7	4.2	5.2	6.0	6.8	6.2	6.6	7.1	7.7
Finland	35.0	30.0	29.4	24.0	26.5	30.1	33.7	35.9	34.9	29.5	25.1	21.0	7.4
UK	2.8	3.1	3.8	4.7	5.3	5.1	5.6	6.9	5.3	5.2	5.5	6.0	6.6
Italy	2.6	3.1	3.8	3.3	3.7	3.9	5.5	4.7	4.6	5.1	5.4	5.8	6.6
Netherland	3.3	3.3	3.3	3.2	3.6	4.5	5.0	5.2	5.7	5.4	5.7	5.9	6.6
Mexico	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.8	3.9	4.1	4.3
Taiwan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.6	0.0	0.0
Bermuda	3.2	3.3	3.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ireland	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Denmark	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	10	10	10	10	10	11	12	12	12	12	13	14	15

Table-4 Annual Growth Rate (%) in Brand Equity-Country-wise Analysis

Country	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Korea	30.4	30.5	15.7	19.1	13	5.5	6.9	-3.0	10.3	19.8	32.4	18.8
Italy	0.1	-1	-3.1	16.8	5.5	10.9	8.2	-2.2	2.4	5.3	6.4	14.8
Germany	3.8	4	2.6	3.2	8.2	9.5	7.7	-4.0	6.8	9.7	11.4	12.2
Netherland	-0.8	1.8	-1.3	11.7	9.2	10.6	3	-4.7	15.5	6.6	5	11.3
UK	-0.6	-3.9	8.7	8.2	4.3	8.9	2.1	-7.3	2.8	7.4	7.6	10.5
Switzerland	-1.7	-1.2	-0.3	7.9	7	9.4	2.6	-9.7	-2.8	3.9	1.4	10.1
France	-0.3	2.8	3.9	23.9	8	10.6	4.4	-0.7	4.6	7.5	2.4	9.2
Sweden	-20.1	-3.2	3.8	8.8	12.1	15.1	8.2	10.5	4.5	-1.5	4.3	8.8
US	-4.4	1.8	2.5	2.6	4	4.4	2.2	-4.2	4.9	6.3	7.7	7.4
Spain					13.5	22	15.3	14	10	6.5	5.7	5.9
Mexico										2	3.5	5.3
Japan	-1.7	0.8	1.8	4.6	6.4	8.3	6.3	-5.6	-1.1	0.3	4.1	2.7
Canada								4.2	19.0	0.5	-25.1	-4.0
Finland	-14.5	-1.8	-18.3	10	13.9	11.8	6.7	-3.0	-15.4	-15	-16.2	-64.6
Bermuda	4.3	2.7										
Total	-3	1.7	2.4	6.1	5.8	6.9	3.8	-3.6	4.7	6	6.5	7.6

Figure -1 Annual Growth Rate (%) in Brand Equity-Country-wise Analysis
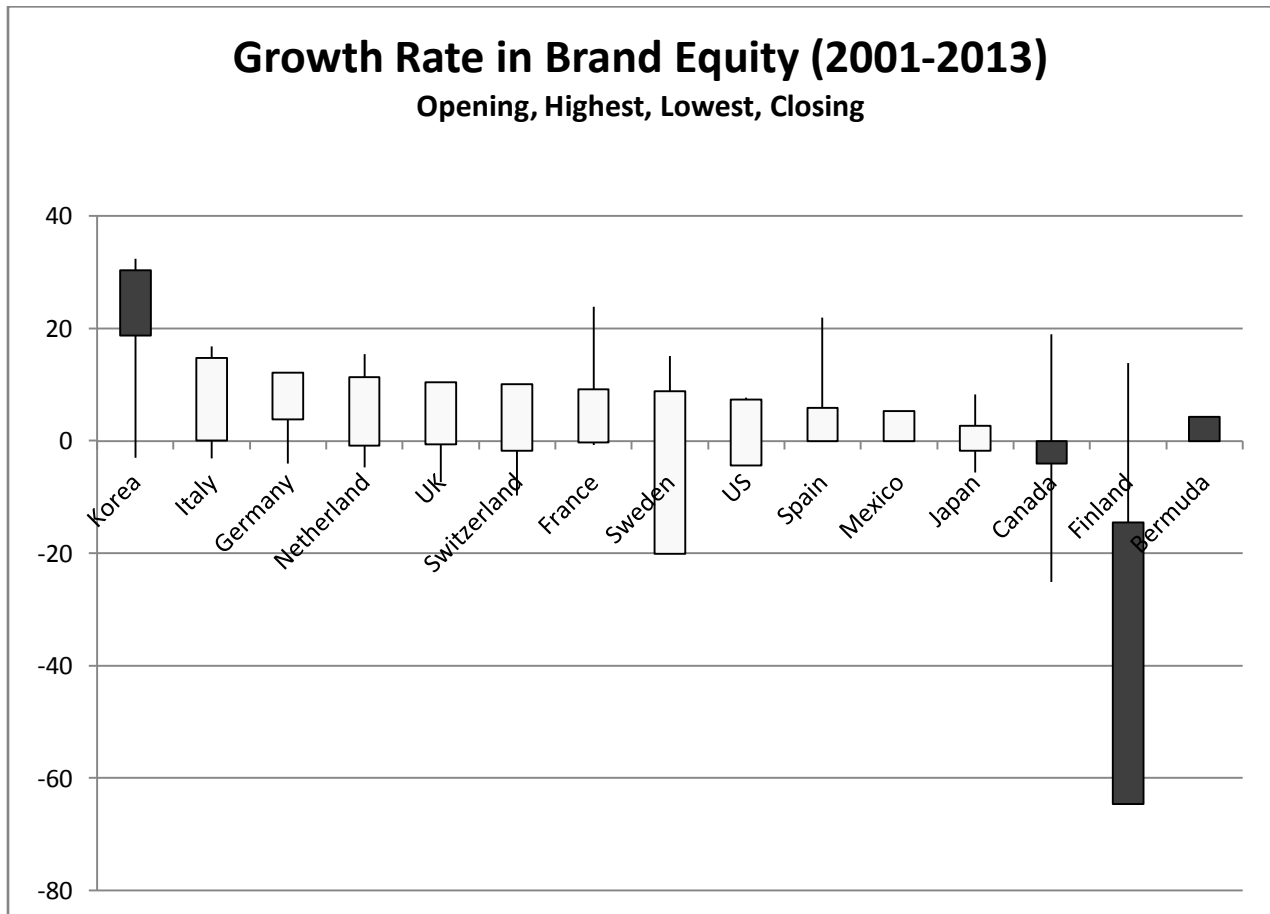
FINDINGS

The major findings are grouped and presented under the country headings.

USA: The American brands are un-doubtfully champions of the world and form the major chunk of the global brand list (Table 1**),** a total of 85 brands appeared during 2001-2013 period. Over a period of time (2001-13), this supremacy of American brands – a dominating force on the global scenario is at a declining edge. Decline in the American brand numbers was noticed from 62 in 2001 to 55 in 2013 among the top 100 list but still fills up almost half of the list (Table 1).On the other side, Total CBE for American brands is more than US $ 101 B in 2013 (Table 2). During 2001-2013 periods 85 brands were consistent and successful in making their place among top 100 global brands with a major chunk of American brands (Interbrand, 2013). Computer Hardware, Computer Software, Internet Services, Fast Foods, Transportation, Hospitality Aerospace, Motor Cycles, Rent-A-Car, Telecom, Tobacco and Toy Manufacturing industries reflect a true dominance of American Brands. These industry sectors have 100 % American brands in the Interbrand's top 100 global brand list (Interbrand, 2013).

Germany: The second largest country of origin among top 100 global brands is the Germany with 11 brands appeared during 2001-2013. These brands are clustered into different industry sectors such as Automotive (5), Sporting Goods (2), Consultancy (1), Diversified (1), Personal Care (1) and Financial Services (1). In 13 years time German brands have almost doubled their CBE and found at US $ 129 B at the end of the period and placed as the second largest brand equity for a country after USA. As country of origin Germany is known for its Automobiles which is also reflected in the global brand list where 5 out of 12 brands are with German origin. However they have been ranked as 6 for their ABE in 2013 i.e $ 14.3 B.

France: The birthplace of luxury fashion (Sciolino, 2009) has 9 brands appeared during 2001-2013. These brands are scattered in Luxury (3), Personal Care (2), Alcohol (2), Financial Services (1) and Food (1) industry sectors. Their CBE was US $ 13.8 B in 2001 and rose to US $ 61.4 B in 2013 (Table 2), where as its ABE $ 10.2 B at the end of period.

Korea: Korean appearance in top brands list is restricted into two sectors i.e., Automotive (1) and Electronics (2). It is the fastest growing country of origin among top 100 global brands list (Table 4). The growth rate is above 16.6% per year for last 13 years. This growth rate was an outcome of three fast growing Korean brands namely LG, Samsung and Kia. Korea CBE was $ 6 B in 2001 which rose to $ 53 B in 2013, its ABE $ 17.8 B whereas; its growth rate is 18.8%.

Switzerland: A small country by population but having strong country of origin effect (Erik & Gripsrud, 2010) has 9 brands in the global brand list appeared during 13 years. These brands may be grouped in Financial Services (3), Luxury (3), Beverages (1), Food (1) and Pharmaceuticals (1). Total CBE was US $ 18.0 B in 2001 and now US $ 25.0 B (Table 2). Major reason as explained by many brand researchers for their strong country of origin effect is legal protection to Swiss firms by their governments against misuse (Silverstein, 2009) ABE is $ 8.4 B in the year 2013.

Japan: Origin of eight strong and consistent brands having concentration in only two industry sectors i.e., Automotive (4) and Electronics (4).Ranked as #3 for their CBE, US $ 913.4 B in 2013, 4 for their ABE with US # 13.0 B in 2013, hit severely by the global recession 2008-2009 (Table 2 & 3).

United Kingdom: The world's leading financial center (Quinn, 2009) has 8 brands in top 100 global brands list and clustered in Financial Services (2), Media (2), Alcohol (2), Energy (1) and Luxury (1). CBE is $ 26 B ,and its ABE is $ 6.6 B.

Italy: Another candidate for fashion and luxury industry leadership holds 6 brands in top 100 global brands list i.e., Luxury (4), Apparel (1) and Automotive (1).Total CBE is US $ 20.0 B while ABE US $ 6.6 B which is lowest in the list.

Netherlands: Host of diversified portfolio of 4 brands in four different sectors i.e., Alcohol (1), Diversified (1), Energy (1) and Financial Services (1).Total CBE is US $ 20.0 B while ABE US $ 6.6 B which is on the lower end of the list (Table 2).

Sweden: Another host of diversified portfolio of 4 brands in four different sectors i.e., Alcohol (1), Apparel (1), Electronics (1) and Home Furnishings (1).Total CBE is US $ 28.3 B in 2011 while ABE US $ 14.2 B which is fourth highest in the list (Table 2 & Table 3).

Canada: Has only 2 brands in two different sectors i.e., Electronics (1), Media (1).Joined the elite group in 2008 but increased their CBE to US $ 15.9 B (Table 2).One of two countries having positive growth rate in 2009 where all other countries had negative growth.

Spain: Has only 2 brands in two sectors i.e., Apparel (1) and Financial Services (1).Spain Joined the elite group in 2005 but since then had a double digit growth rate in their CBE i.e $15

B (Table 2).It is one of two countries having positive growth rate in 2009 where all other countries had negative growth.

Finland: Primarily Finland was relying on Nokia in top 100 global brands list. On an average since last 13 years they have lost 8.9% brand equity and downgraded from 5th in 2001 rankings to 14th in 2013 (Table 2) CBE is $7 B whereas, ABE is $7.4 B at the end of period.

Others: Include Mexico, Taiwan, Bermuda, Denmark and Ireland. Due to inconsistent and insufficient appearances on Top 100 Global brand list detailed analyses for individual countries is not included in this list. Except for Taiwan, the host of HTC electronics brand, rest of the countries has Alcohol brands in top 100 global brand list; i.e., Bermuda (Bacardi), Mexico (Corona), Ireland (Guinness) and Denmark (Carlsberg).

CONCLUSIONS

Analyses mentioned above have the potential to offer new and important insights concerning Brand Equity with respect to their country-of-origin. Following conclusions were made based on the various trends in equity of top 100 global brands; (a) America emerged as the most dominant country-of-origin among top 100 brands, (b) Sectors like Electronics, Computer Hardware, Computer Software, Internet Services, Fast Foods, Transportation, Hospitality Aerospace, Motor Cycles, Rent-A-Car, Telecom, Tobacco and Toy Manufacturing industries reflect a true dominance of American Brands. (c) This brand dominance is declining each year; (c) Japan has very stronger brands in only two industry sectors i.e., Automotive and Electronics. (d) Germany has powerful brands in Automotive and Sporting Goods; (e) Dominance of European brands especially in Apparel, Sporting goods and Luxury categories; (f) Relegation of American brands in automotive sector leaving stiff competition among German and Japanese brands; (g) Korea is the fastest growing country of origin among top 100 global brands list.

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