THE 100 TOP BRANDS

Here's how we calculate the power in a name

To rank the world's 100 most valuable global brands, we set three hurdles that all contenders have to meet to merit consideration. First, they must have brand values greater than $1 billion. They also have to be global in nature, meaning they must derive at least a third of their sales from outside their home countries and have significant distribution throughout the Americas, Europe, and Asia. Finally, they must have publicly available marketing and financial data. That excluded some big brands, such as Visa International, the BBC, and Mars.

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

To start the process, Interbrand first figures out what the brand's overall sales are. (The brand may be almost the entire company, as in the case of McDonald's Corp. For others, such as Marlboro, it may be just a portion.) Next, with the help of analysts from J.P. Morgan Chase & Co., Citigroup, and Morgan Stanley, Interbrand projects net earnings for the brand. It then deducts a charge for the cost of owning the tangible assets, on the theory that whatever income is generated beyond that cost is due to intangible factors. This is the economic value added by things like patents, customer lists, and, of course, the brand.

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

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

The Global Brand Scoreboard

RANK	2003 BRAND VALUE $BILLIONS	2002 BRAND VALUE $BILLIONS	PERCENT CHANGE	COUNTRY OF OWNERSHIP	DESCRIPTION
1 COCA-COLA	70.45	69.64	+1%	U.S.	New variations such as Vanilla Coke and a lemon-flavored diet drink helped the soft-drink icon remain bubbly.
2 MICROSOFT	65.17	64.09	+2	U.S.	The software giant shifted its advertising to build the brand, not just sell products, at a time when most rivals were suffering.
3 IBM	51.77	51.19	+1	U.S.	Big Blue gained recognition in new markets, partly thanks to an $800 million marketing campaign pushing e-business on demand.
4 GE	42.34	41.31	+2	U.S.	Getting double-digit growth is harder, but in tough times, the brand that Edison built held its own.
5 INTEL	31.11	30.86	+1	U.S.	With Intel Inside and Wi-Fi out to take over the world, the chipmaker's Centrino wireless notebook package delivered a powerful punch.
6 NOKIA	29.44	29.97	–2	Finland	Still the world's leading mobile-phone maker, Nokia faced stiff challenges from fast-riser Samsung and a growing crop of operator-branded phones.
7 DISNEY	28.04	29.26	–4	U.S.	Not the Happiest Place on Earth as Disney Stores were up for sale, ABC overhauled prime time, and travel woes sapped theme parks.
8 McDONALD'S	24.70	26.38	–6	U.S.	Mixed-up orders and dirty restaurants hurt the brand. Now business is recovering somewhat behind a renewed focus on service and salads.
9 MARLBORO	22.18	24.15	–8	U.S.	Under siege from smoking bans and lawsuits, the Marlboro Man was looking like a fugitive.
10 MERCEDES	21.37	21.01	+2	Germany	The luxury auto maker crafts the sumptuous sedans the rich and famous love to buy—and ordinary consumers dream of owning.

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RANK	2003 BRAND VALUE $BILLIONS	2002 BRAND VALUE $BILLIONS	PERCENT CHANGE	COUNTRY OF OWNERSHIP	DESCRIPTION
11 TOYOTA	20.78	19.45	+7	Japan	Always solid, if stodgy, Toyota stole a march on Honda with aggressive moves into eco-friendly hybrid cars and low-priced models for younger buyers.
12 HEWLETT-PACKARD	19.86	16.78	+18	U.S.	Many feared the next Titanic when it acquired Compaq last year, but HP emerged relatively unscathed and more profitable than before.
13 CITIBANK	18.57	18.07	+3	U.S.	Latest phase of its successful “Live Richly” campaign included ads shot in 17 countries, characterizing a firm with global reach but a down-home flavor.
14 FORD	17.07	20.40	–16	U.S.	Sky-high rebates and 0% financing took some of the shine off Bill Ford’s lineup; snazzy new SUVs from Japan and Europe are stealing more thunder.
15 AMERICAN EXPRESS	16.83	16.29	+3	U.S.	American Express punched up ad spending to target retail customers. Now they use cards to pay for groceries, gas, even rent.
16 GILLETTE	15.98	14.96	+7	U.S.	In an era of falling consumer prices, the King of Blades still managed to get shavers to pay premium prices.
17 CISCO	15.79	16.22	–3	U.S.	It played the downturn beautifully to generate record profits. But the brand was still mired in the networking depression that followed the Net boom.
18 HONDA	15.63	15.06	+4	Japan	Sagging sales in its home Japanese market have yet to dent its renown for reliable, dependable products.
19 BMW	15.11	14.43	+5	Germany	The Ultimate Driving Machines are fast, fun, stylish—and now come in more flavors. A rapidly expanding lineup primed global growth.
20 SONY	13.15	13.90	–5	Japan	Still the platinum brand in gizmos, but rivals Panasonic and Samsung were catching up with snazzy cell phones, digital cameras, and flat-panel TVs.
21 NESCAFE	12.34	12.84	–4	Switzerland	The world's favorite instant coffee advertised heavily to attract younger coffee drinkers.
22 BUDWEISER	11.89	11.35	+5	U.S.	The King of Beers continued to swipe market share, despite rivals’ wacky ad campaigns built around twins and female mud wrestling.
23 PEPSI	11.78	11.14*	+6	U.S.	With innovations like Twist, Wild Cherry, and Pepsi Blue, this fizzy rival was determined to catch up with Coke.
24 ORACLE	11.26	11.51	–2	U.S.	The software giant had always been a Silicon Valley maverick. Now add “corporate raider” to the long list of adjectives.
25 SAMSUNG	10.85	8.31	+31	S. Korea	Riding the electronics industry’s shift to digital products, it wowed consumers with a blizzard of feature-packed gadgets and leading-edge chips.
26 MORGAN STANLEY	10.69	11.21	–5	U.S.	Once a seemingly invincible white-shoe firm, it struggled to rise above Wall Street's scandals involving analysts’ investment-banking conflicts.
27 MERRILL LYNCH	10.52	11.23	–6	U.S.	Merrill sought to escape the tarnish of scandals, while its retail business tried to move beyond its rep as a thundering herd of brokers.
28 PFIZER	10.46	9.77	+7	U.S.	A master acquirer and marketer, it leveraged a stable of top-selling drugs that includes Viagra and Lipitor, the world’s sales leader.
29 DELL	10.37	9.24	+12	U.S.	Annoying pitchman Steven is gone, but that didn’t slow the pace of PC sales or assaults on new markets like printers and PDAs.
30 MERCK	9.41	9.14	+3	U.S.	Patent expirations dampened earnings growth, but Merck continued to cultivate its image as a research leader.
31 JPMORGAN	9.12	9.69	–6	U.S.	Viewed by many as the banker’s bank, it suffered from corporate scandals and a slump in mergers and IPOs. Heavy exposure to derivatives is also a dark cloud.
32 NINTENDO	8.19	9.22	–11	Japan	This former master of the video-game universe saw its empire shrink in the wake of an onslaught from Sony’s PlayStation and Microsoft’s Xbox.
33 NIKE	8.17	7.72	+6	U.S.	An extreme marketing effort during soccer’s World Cup and tie-in to Tiger Woods showed there’s more to sporting goods than basketball shoes.
34 KODAK	7.83	9.67	–19	U.S.	Steadily falling film sales and a sputtering digital strategy could mean that Kodak’s moment has passed.
35 SAP	7.71	6.78	+14	Germany	Behind sharper marketing and a strong sailing tie-in, the German software giant survived the tech downturn looking more solid than ever.
36 GAP	7.69	7.41	+4	U.S.	Bright colors and a fresh new ad campaign helped lift it out of a sales swoon.
37 HSBC	7.57	N/A	N/A	Britain	The 138-year-old lender’s frugal management built the world’s second-largest retail bank through acquisitions in the U.S., Europe, and developing markets.
38 KELLOGG’S	7.44	7.19	+3	U.S.	Boosted market share by sprinkling fruits into its flakes and pepping up marketing with pitchmen like Disney's Winnie the Pooh.
39 CANON	7.19	6.72	+7	Japan	Already the world’s top copier and laser-printer company, it emerged as a major force in digital cameras, too.

*Pepsi’s 2002 brand-value data was revised upward due to new data.

The Global Brand Scoreboard

RANK	2003 BRAND VALUE $BILLIONS	2002 BRAND VALUE $BILLIONS	PERCENT CHANGE	COUNTRY OF OWNERSHIP	DESCRIPTION
40 HEINZ	7.10	7.35	–3	U.S.	The world's favorite ketchup now comes in upside-down bottles and colors like "stellar blue." But competition took a bite.
41 GOLDMAN SACHS	7.04	7.19	–2	U.S.	Raising capital for Corporate America made it arguably the most prestigious investment bank. But a drought in mergers and equity issuances took a toll.
42 VOLKSWAGEN	6.94	7.21	–4	Germany	The stalwart maker of quality mass-market cars suffered from high costs, an aging lineup, fierce French competition, and a slew of overlapping brands.
43 IKEA	6.92	6.55	+6	Sweden	The chain made flat-packed furniture both affordable and fashionable, bringing its concept of democratic design to 31 countries.
44 HARLEY-DAVIDSON	6.78	6.27	+8	U.S.	Aging customers still think Harley when they think motorcyle. They're also rich enough to afford such innovations as the sleek $18,000 V-Rod.
45 LOUIS VUITTON	6.71	7.05	–5	France	A downturn in tourism slowed this awesome profit machine fueled by monogrammed bags and accessories.
46 MTV	6.28	6.08	+3	U.S.	Still a big favorite among teens, and not just in the U.S. MTV International was one of the fastest-growing businesses at parent Viacom Inc.
47 L'OREAL	5.60	5.08	+10	France	Who's boycotting France? Not the millions of women who made L'Oreal the No.1 cosmetics seller in the U.S.
48 XEROX	5.58	5.31	+5	U.S.	With new financing and a range of hot color products, the troubled copier company's image was on the mend.
49 KFC	5.58	5.35	+4	U.S.	The chicken chain goosed global business by promoting local fare—tempura crispy strips in Japan and potato-and-onion croquettes in Holland.
50 APPLE	5.55	5.32	+4	U.S.	The "I's" have it—iPod, iTunes, and iBooks lifted the perennial underdog, while the innovative Music Store download service left rivals in the dust.
51 PIZZA HUT	5.31	6.05	–12	U.S.	The dough wasn't rising. Asian restaurant sales were hurt by SARS, while at home the chain was slow to sling popular new products such as wings.
52 ACCENTURE	5.30	5.18	+2	U.S.	Hit hard by the slump in telecom, the consulting icon took its own advice and nimbly built its outsourcing specialty.
53 GUCCI	5.10	5.30	–4	Italy	Chief designer Tom Ford was still a hit on the catwalks of Paris and New York, but Gucci's profits were shredded by economic stagnation and SARS.
54 KLEENEX	5.06	5.04	0	U.S.	From aromatherapy tissues to 3-D holiday boxes, this leader still managed to pull out some fresh ideas.
55 WRIGLEY'S	5.06	4.75	+7	U.S.	Hip ad campaigns to relaunch core brands Juicy Fruit and Doublemint and introduction of new sugar-free gum reinvigorated the chew-chew train.
56 COLGATE	4.69	4.60	+2	U.S.	As it neared the end of its second century, the brand continued to win over more smiles.
57 AVON	4.63	4.40	+5	U.S.	The Avon Ladies were on a tear, leveraging healthy R&D and marketing budgets through online sales and an expanding door-to-door network.
58 SUN MICROSYSTEMS	4.47	4.77	–6	U.S.	A perception that this computer maker wasn't keeping up with technology trends made it appear as less than cutting-edge.
59 PHILIPS	4.46	4.56	–2	Netherlands	In Europe, its name equals home electronics, but Philips struggled with awareness in the U.S. and perennially tough competition from Asia.
60 NESTLE	4.46	4.43	+1	Switzerland	From chocolate to baby formula, the Swiss food giant keeps the world's pantry stocked.
61 CHANEL	4.32	4.27	+1	France	A symbol of Parisian sophistication for mom's generation, but Chanel had a harder time luring younger customers.
62 DANONE	4.24	4.05	+5	France	The maker of Dannon yogurt, already a powerhouse in Europe, was betting big on emerging markets.
63 KRAFT	4.17	4.08	+2	U.S.	The master of line extensions scored with new frozen-pizza flavors and other products but lost share on its cheese business to private labels.
64 AOL	3.96	4.33	–8	U.S.	Often dubbed the "Internet on training wheels," the king of the dial-up services risked losing subscribers as they graduated to broadband connections.
65 YAHOO!	3.90	3.86	+1	U.S.	This Internet icon soared again but will have to watch out for the Net's next killer brand: Google.
66 TIME	3.78	3.68	+3	U.S.	After winning a National Magazine Award for coverage of September 11, the weekly ramped up again with excellent war reporting and photography.
67 ADIDAS	3.68	3.69	0	Germany	The maker of athletic shoes and clothing suffered from a plunge in U.S. sales as youths balked at paying more than $100 for a pair of sneakers.
68 ROLEX	3.67	3.69	0	Switzerland	Tough times failed to put a dent in the popularity of the signature Swiss watches.
69 BP	3.58	3.39	+6	Britain	John Browne was once again front and center with his controversial "Beyond Petroleum" campaign. A megadeal in Russia also helped.

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70 TIFFANY	3.54	3.48	+2	U.S.	Even hard times couldn't dim the luster of Tiffany's extravagant baubles in their signature blue box.
71 DURACELL	3.44	3.41	+1	U.S.	Terrorist fears bolstered battery sales, but the category remained hampered by cutthroat competition.
72 BACARDI	3.43	3.34	+3	Bermuda	New flavors, coupled with the popularity of the mojito—a Cuban rum mint julep—kept the venerable rum brand on the hip parade.
73 HERMES	3.42	N/A	N/A	France	Known for classic scarves and leather goods, Hermes recently hired celebrity designer Jean-Paul Gaultier to update its image.
74 AMAZON.COM	3.40	3.18	+7	U.S.	Amazon's relentless focus on making online buying easier—not to mention steady progress toward profits—improved its standing among consumers.
75 CATERPILLAR	3.36	3.22	+5	U.S.	The economy gave Cat a rough ride, but the heavy-equipment and engine maker bulldozed ahead, strengthening earnings through cost-cutting.
76 REUTERS	3.30	4.61	–28	Britain	The news and data service still had not found the formula to outgun financial-screen rival Bloomberg in a weak market.
77 LEVI'S	3.30	3.45	–5	U.S.	This struggling American icon has tried—sometimes too hard—to be cool, but it's also going mass-market with a line for Wal-Mart.
78 HERTZ	3.29	3.36	–2	U.S.	Saddled with a difficult travel market, Hertz Rent-A-Car had a tough time standing out as the premium choice. This company will have to try harder.
79 PANASONIC	3.26	3.14	+4	Japan	Once a dowdy line of home electronics, Matsushita's Panasonic brand stood for style, quality, and function-packed products.
80 ERICSSON	3.15	3.59	–12	Sweden	The cellular equipment giant survived the telecom bust but faced a tough future. Two years of sturm and drang have taken a toll.
81 MOTOROLA	3.10	3.42	–9	U.S.	This electronics brand was cut down to size by intense competition and weak demand, while product delays put customers on hold.
82 HENNESSY	3.00	N/A	N/A	France	Hip-hoppers and other celebs made this top-of-the-line cognac relevant to a new generation of drinkers.
83 SHELL	2.98	2.81	+6	Brit./Nether.	CEO Phil Watts drove a money machine fueled by $30 oil prices and hard-nosed cost-cutting.
84 BOEING	2.86	2.97	–4	U.S.	Management worked hard to prove the brand stood for more than commercial airliners, only to fall behind Airbus in that crucial market.
85 SMIRNOFF	2.81	2.72	+3	Britain	Shook up the booze business with its introduction of flavored vodkas and a range of ready-to-drink Smirnoff spin-off products.
86 JOHNSON & JOHNSON	2.71	2.51	+8	U.S.	The halo effect from J&J's trusted consumer brands helped the company's sales reps as they marketed a broad lineup of drugs and devices.
87 PRADA	2.54	2.49	+2	Italy	The Italian icon's minimalist clothing, nylon handbags, and ultra-trendy shoes took fashion capitals by storm, but heavy debt slowed its strut.
88 MOET & CHANDON	2.52	2.45	+3	France	With sales up 14% last year, it kept the bubbly flowing at parent company LVMH Moet Hennessy Louis Vuitton.
89 NISSAN	2.50	N/A	N/A	Japan	On a roll under new management from Renault, but the brand's reputation had yet to catch up to Nissan's crowd-pleasing new models.
90 HEINEKEN	2.43	2.40	+1	Netherlands	Young people were drinking less, but if they spend more for quality, the Dutch-made premium beer could prosper.
91 MOBIL	2.41	2.36	+2	U.S.	Success of its reformulated Mobil 1 motor oil, racing sponsorships, and its status as NASCAR's official lubricant reinvigorated this ExxonMobil franchise.
92 NIVEA	2.22	2.06	+8	Germany	Hamburg-based parent company Beiersdorf kept the skin cream growing by spreading it into categories such as sun protection and deodorants.
93 STARBUCKS	2.14	1.96	+9	U.S.	This fast-growing brand continued to corner the U.S. market, although it hit some speed bumps overseas.
94 BURGER KING	2.12	2.16	–2	U.S.	As talks dragged on to sell the Home of the Whopper, it suffered from a stale menu, management exodus, and financial strains among some franchisees.
95 POLO RALPH LAUREN	2.05	1.93	+6	U.S.	Another record year for the preppy purveyor of American style that launched in 1967 as a line of flamboyant ties.
96 FEDEX	2.03	1.92	+6	U.S.	FedEx was riding high behind a successful expansion of its ground home-delivery service, stealing market share from leader United Parcel Service Inc.
97 BARBIE	1.87	1.94	–3	U.S.	The babe in pink reinvented herself as a DVD movie star, even taking a spin around Swan Lake. But she's slipping against fresh new competitors like Bratz.
98 WALL ST. JOURNAL	1.76	1.96	–10	U.S.	The downturn in advertising, especially for business publications, pummeled the Dow Jones flagship.
99 JOHNNIE WALKER	1.72	1.65	+4	Britain	Four bottles of this nearly 200-year-old blended scotch whiskey are consumed every minute, making it owner Diageo's most spirited brand.
100 JACK DANIELS	1.61	1.58	+2	U.S.	A global push and marketing campaign to appeal to women and younger drinkers means Jack Black ain't just for Good Old Boys anymore.

The brand valuations draw upon publicly available information, which has not been independently investigated by Interbrand. Valuations do not represent a guarantee of future performance of the brands or companies.
Data: Interbrand Corp., J.P. Morgan Chase & Co., Citigroup, Morgan Stanley, *BusinessWeek*

WHAT'S SHOOTING DOWN SATELLITE SALES

Congress needs to refine strict licensing rules meant to keep unfriendly states from buying U.S. technology

COMMENTARY

By Stan Crock

It's hard to find a more loyal customer for U.S. satellites than Telesat Canada. In the past 30 years, this unit of BCE Inc. has bought 14 birds, all from south of the border. But in March the Ottawa company announced it was buying a spacecraft from France's Astrium. After gaining experience with the new gear, Telesat will be less likely to return to U.S. suppliers: "It's very much easier to buy a second and a third," notes Roger J. Tinley, Telesat's vice-president for space systems.

What caused the shift? The inability of Congress to distinguish between an aircraft carrier and a TV satellite. In 1998, lawmakers put satellites on the State Dept.'s munitions list alongside traditional weapons, imposing the strictest export standards. Licensing, monitoring, and notifying Congress of each export deal may work for selling fighters to foreign governments but doesn't fly in the commercial world. "It's very difficult to do business with U.S. companies," Tinley gripes.

Satellites are Exhibit A in the case against Washington's quixotic attempt to regulate exports of widely available commercial products. The global spread of technology has rendered almost all such efforts obsolete. After the tough export rules took effect, America's share of global satellite sales plummeted from 64% of the $12.4 billion market in 1998 to 36% of the $12.1 billion market in 2002, according to the Satellite Industry Assn. And the U.S. turned from a net exporter of commercial birds and parts to a net importer. On July 15, former highflier Loral Space & Communications Ltd. filed for Chapter 11 bankruptcy. The same day, Boeing Co. announced a $1.1 billion charge for its space operations—further evidence that export rules handicap U.S. companies reeling from a stagnant world economy and the telecom bust. "We are jeopardizing America's dominance of the satellite industry," declares Representative Dana Rohrabacher (R-Calif.), who backed the 1998 rules but now has second thoughts.

The iron law of unintended consequences is clearly at work. A policy designed to deprive America's potential enemies of advanced spying and communications technology while protecting America's hardware edge has been ruinous on both counts. The barriers to U.S. sales have spurred rivals overseas to offer a variety of satellite services, so any adversaries can easily buy imaging and communications services elsewhere. And by making U.S. companies less attractive suppliers, the rules crippled an industry the Pentagon wants to rely on for space-based radar and lasers. The industry's "foundations are being eaten away," says Loral Chairman and CEO Bernard L. Schwartz.

A BOEING BIRD TO BE BUILT FOR A MALAYSIAN TV OUTFIT

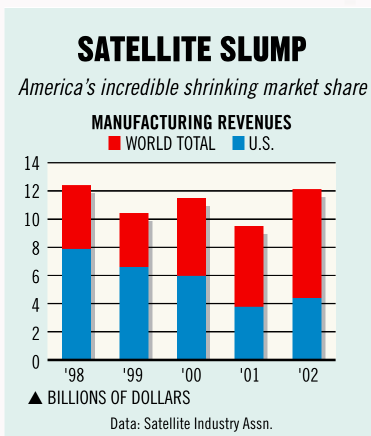

CHART BY ERIC HOFFMANN/BW

The snafu is part of a larger problem. Export curbs make little sense when applied to "dual-use" items—products, such as computers, with both military and commercial applications—that are available in many places. Customers who want to continue buying U.S. technology suffer the delays but eventually get licenses, while terrorists and unfriendly states bypass the system. The solution: Instead of spending millions on bureaucracies to grind out licenses, Congress should shift the money to intelligence agencies to better monitor what America's adversaries are trying to buy. The spooks should forget about dual-use gear and focus on blocking sales of purely military technology, such as stealth equipment, for which there is no legitimate commercial market.

Trouble is, Congress seems incapable