

Foreign direct investment (FDI) refers to firms or individuals owning controlling interests in foreign firms.

## Multinational Corporations

1. Review of empirical evidence
2. Dunning's OLI, joint inputs, firm versus plant-level scale economies
3. A model with endogenous multinationals I: partial equilibrium
4. Endogenous multinationals II: the Knowledge-Capital Model
5. Motives for internalization
6. A model of internalization

- (1) Multinationals are associated with high ratios of R&D relative to sales.
- (2) Multinationals employ large numbers of scientific, technical, and other "white collar" workers as a percentages of their work forces.
- (3) Multinationals tend to have a high value of "intangible assets"; roughly, market value minus the value of tangible assets such as plant and equipment.
- (4) Multinationals are associated with new and/or technically complex products.

- (5) Evidence suggests that multinationality is negatively associated with plant-level scale economies.
- (6) Multinationals are associated with product-differentiation variables, such as advertising to sales ratios.
- (7) A minimum or "threshold" level of firm size seems to be important for a firm to be a multinational, but above that level firm size is of minimal importance.
- (8) Multinationals tend to be older, more established firms.

- (1) FDI flows primarily from high-income developed countries to other high-income countries, not from capital-rich to capital-poor countries.
- (2) Affiliate production is primarily for local sale and not for export back to the parent country.
- (3) FDI is attracted to large markets and high-income markets
- (4) There are high levels of intra-industry cross-investment, particularly among the high-income countries

Table 16.1: World statistics, 2007

Affiliates sales as a share of world exports	1.82
Value added of affiliates as a share of world GDP	0.11
Affiliate exports as a share of world exports	0.33
Affiliate exports as a share of affiliate sales	0.18

Table 16.2: Developed countries as source *and* destination for FDI: developed countries' share of world totals

	FDI inflows	FDI outflows
2007	0.66	0.85
	FDI inward stock	FDI outward stock
1990	0.73	0.92
2007	0.69	0.84

Table 16.3: Local sales, export sales, and imports of foreign affiliates, 2007

	Affiliate local sales as as share of total sales	Affiliate exports as a share of total sales	Affiliate imports as a share of affiliate sales
United States	0.72	0.28	0.06
Japan	0.65	0.35	0.43
Sweden	0.78	0.22	0.16

Table 16.4 Sales by US and Swedish manufacturing affiliates:  
shares in total, 2003

	local sales	export sales to the US	export sales to third countries
USA 2003	0.60	0.13	0.26
Sweden 1998	0.65	0.08	0.27

## Point of Departure for Theory:

Firms incur significant costs of doing business abroad relative to domestic firms in those countries. Therefore, for a firm to become a multinational, it must have offsetting advantages.

Dunning (OLI): There are three necessary conditions for firms to be willing to undertake investments abroad

*Ownership Advantage:* the firm must have a product or a production process such that the firm enjoys some market power advantage in foreign markets.

*Location Advantage:* the firm must have a reason to want to locate production abroad rather than concentrate it in the home country, especially if there are scale economies at the plant level.

*Internalization Advantage*: the firm must have a reason to want to exploit its ownership advantage internally, rather than license or sell its product/process to a foreign firm.

Figure 16.1

## Ownership Advantages, Firm-Specific Assets, and Knowledge Capital

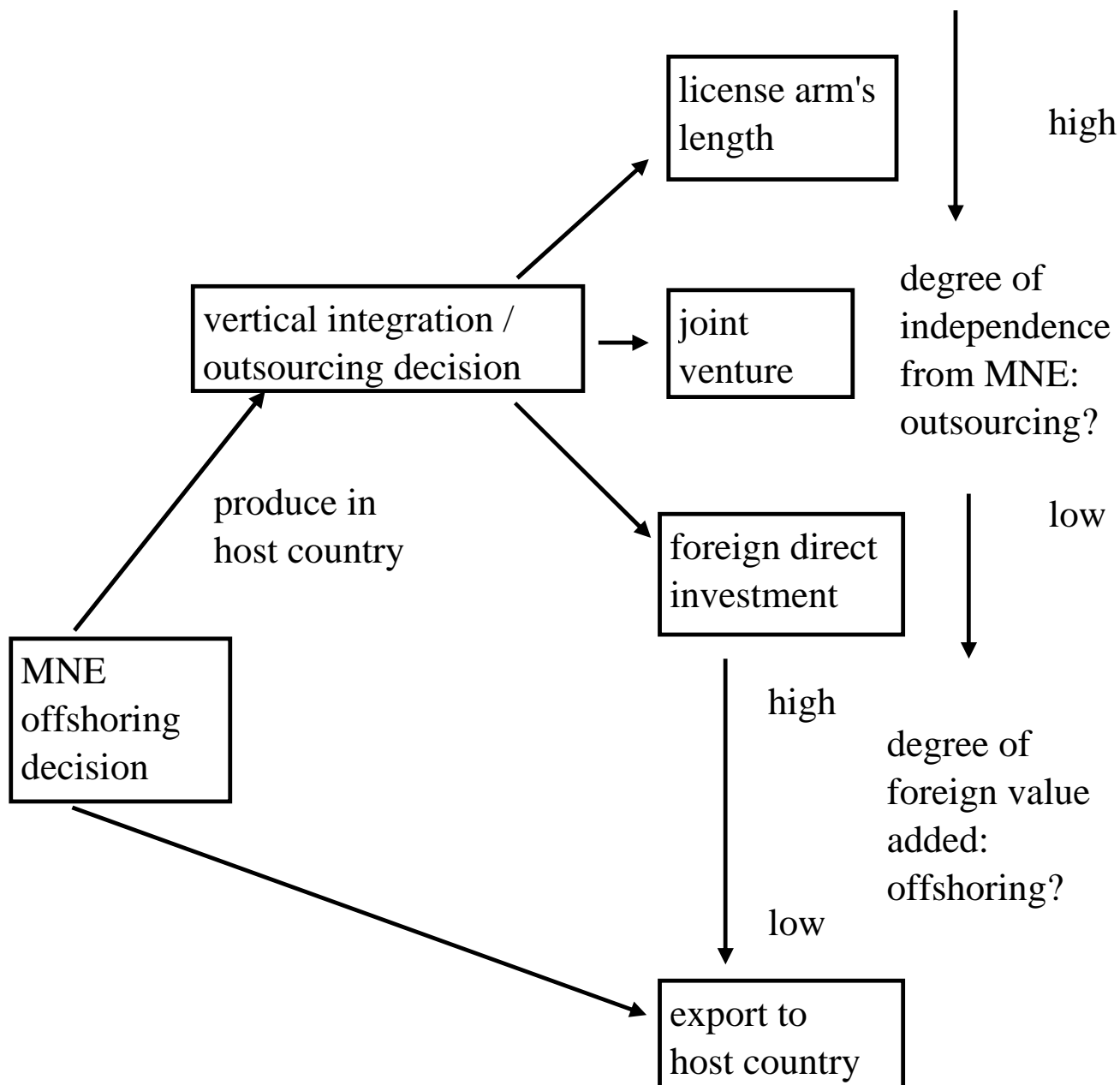
Multinationality related to R&D, marketing, scientific and technical workers, product newness and complexity, product differentiation.

MNEs intensive in knowledge capital, knowledge-based assets

- (1) services of knowledge capital easily transported to distant plants
- (2) joint input or "public goods" nature of knowledge capital.



Figure 16.1: Decision tree for FDI



Physical capital intensity by itself should not give rise to multinationality.

What is being traded?

Multinationals are exports of the services of knowledge-based assets: managerial and engineering services, financial services, reputations and trademarks.

Location advantages.

Horizontal multinationals producing the same goods and services in each location: Large markets and high trade costs.

Vertical multinationals fragmenting the production process by stages: factor-price differences across countries are linked to the factor intensities of different stages, low trade costs.

## Internalization advantages.

The same joint-input, public-goods property of knowledge that makes it easily transferred to foreign locations makes it easily dissipated.

For example, after some period of learning, a local licensee absorbs and essentially “owns” the knowledge.

Licensee can engage in a credible “hold-up” threat to earn more or else become an independent competitor.

Firms transfer knowledge internally in order to maintain the value of assets and prevent dissipation.

Elements of a simple model of “horizontal” or ‘multi-plant’ multinationals.

Firm's technology.

F - firm-specific fixed costs

G - plant-specific fixed costs

c - constant marginal cost per unit

t - shipping or tariff or other cost unit

Multi-plant economies of scale.

F is a joint-input across plants.

Fixed costs of a two-plant firm is less than the fixed costs of a one-plant national firm.

$$(F + 2G) < (F + G) + (F + G) = 2F + 2G.$$

But, this does not immediately imply that all firms will be multinationals. That will depend on the size of  $G$ , the fixed costs of a second plant, versus  $t$ , the unit trade cost.

“Vertical” multinationals are firms that geographically fragment production by stages, such as R&D and components in one country and final assembly in another country.

A vertical dimension is added to the model outlined above by allowing  $F$ ,  $G$ , and  $c$  to have different factor intensities; e.g., skilled-labor intensity is higher for  $F$  than for  $G$  which is in turn higher than for  $c$ .

Or it may simply be that the foreign market is much larger, and it is better to have a single plant there to minimize shipping costs.

Multi-plant (horizontal) multinationals have an advantage over single-plant national firms when:

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(1) The overall market is large.

Becoming a multinational is a high fixed-cost option, while exporting is a high variable cost option.

(2) The markets are of similar size.

If one market is very small, a firm will not want to locate costly capacity there, it will serve the small country from a plant in the large country.

(3) Labor costs are similar.

If factor prices are very different in the two countries, the multinational may want to locate all activities in the favored country.

(4) Firm-level scale economies are large relative to plant-level scale economies. (The added fixed costs of becoming a multinational firm are low.)

Obvious

(5) Transport costs are high.

With plant-level scale economies, a firm would concentrate all activities in one country if trade costs were zero.

Vertical multinationals tend to arise when factor prices across countries are very different as are the factor intensities of different stages of production.

R&D and component production is often done in skilled-labor-abundant countries, and final assembly in unskilled-labor-abundant countries.

A model of a single monopoly multinational serving two markets, and faces the choice between

a single plant at home (exporting to the other market),  
plants in both countries (a horizontal multinational) or a  
single plant in the foreign country exporting back home (vertical)

The inverse demand curve for the product in country  $i$  is:

$$p_i = \alpha - (\beta/L_i)X_{ii} \quad (6)$$

Let  $\Pi_{ii}$  denote profits for a domestic firm on domestic sales minus fixed costs.

$c_i$  is the marginal cost of production,

$G$  is a plant-specific fixed cost

$F$  is a firm-specific fixed cost.



There are two countries, home and foreign and one monopoly firm in country h.

There is a linear inverse demand for the product where the intercept is  $\alpha$  and slope is  $(1/L)$ ,  $L =$  market size.

The price ( $p_i$ ), quantity ( $X_i$ ) and market size ( $L_i$ ) in market  $i = h, f$  are related as follows, where the second equation is firm revenues ( $R_i$ ) in market  $i$ .

$$p_i = \alpha - X_i/L_i \quad R_i = p_i X_i = (\alpha - X_i/L_i) X_i \quad (16.1)$$

There is a constant marginal cost  $c_i$  in market  $i$  and a specific trade cost  $t$  between markets.

Profits before fixed costs for a plant producing in market  $i$  and selling in  $i$  and a plant producing in  $i$  and selling in  $j$  are given by

$$\pi_{ii} = (\alpha - X_{ii}/L_i)X_{ii} - c_i X_{ii} \quad \pi_{ij} = (\alpha - X_{ij}/L_j)X_{ij} - (c_i + t)X_{ij}$$

(16.2)

Taking the first-order conditions for profit maximization given the optimal levels of domestic and export supply.

$$X_{ii} = \left( \frac{\alpha - c_i}{2} \right) L_i \quad X_{ij} = \left( \frac{\alpha - c_i - t}{2} \right) L_j$$

(16.3)

Substitute these back into the profit equation and then subtract fixed costs for each mode of servicing the foreign market.

Profits of a national firm: one plant at home (h) exporting to f

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$$\Pi^d = \Pi_{hh} + \Pi_{hf} = \left[ \frac{\alpha - c_h}{2} \right]^2 L_h + \left[ \frac{\alpha - c_h - t}{2} \right]^2 L_f - G - F \quad (16.4)$$

Profits of a vertical firm: one plant in j exporting back to i

$$\Pi^v = \Pi_{fh} + \Pi_{ff} = \left[ \frac{\alpha - c_f - t}{2} \right]^2 L_h + \left[ \frac{\alpha - c_f}{2} \right]^2 L_f - G - F \quad (16.5)$$

Profits of a horizontal firm: plants in both countries.

$$\Pi^m = \Pi_{hh} + \Pi_{ff} = \left[ \frac{\alpha - c_h}{2} \right]^2 L_h + \left[ \frac{\alpha - c_f}{2} \right]^2 L_f - 2G - F \quad (16.6)$$

A two-plant *horizontal* structure is more likely as:

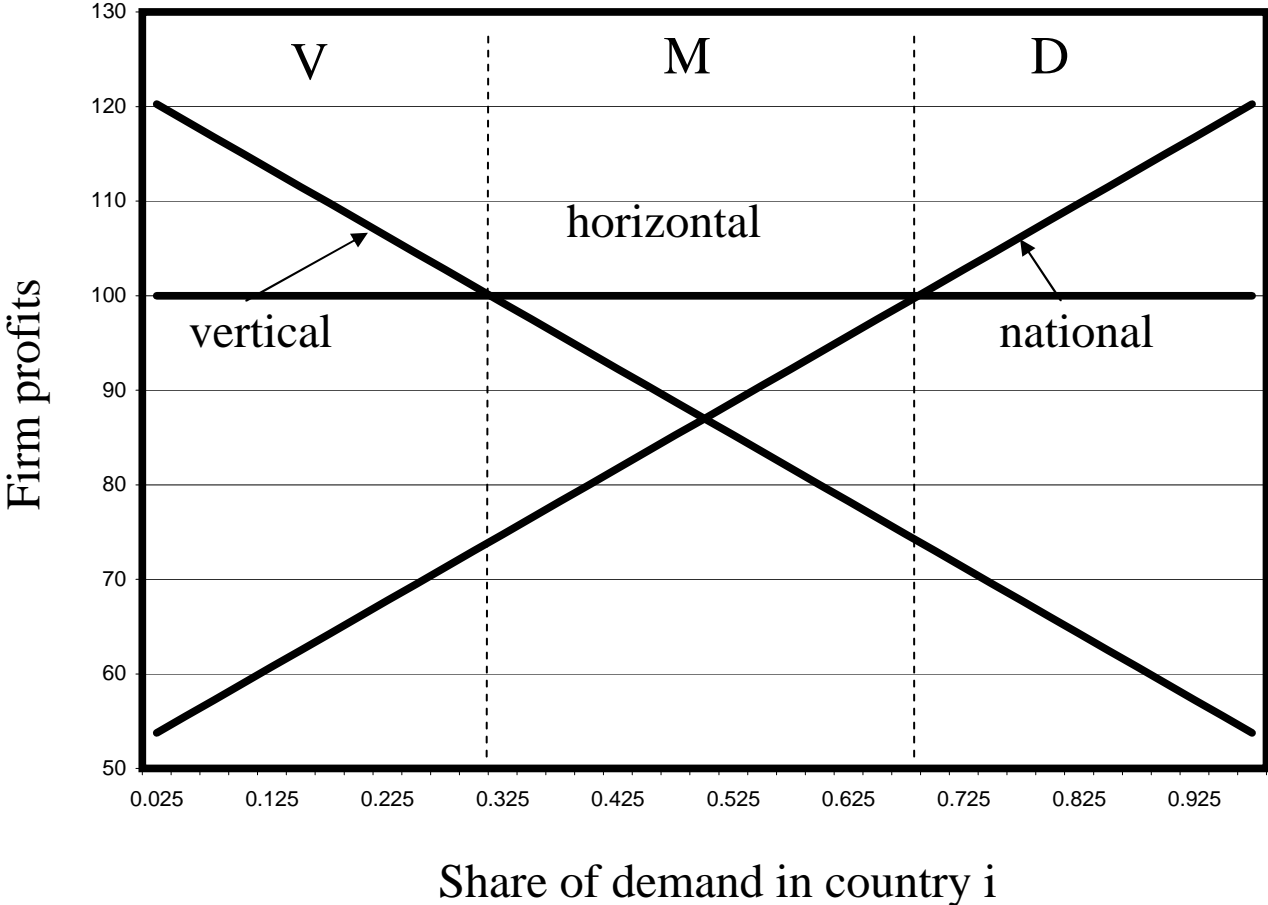
Both markets are large	characteristic of markets
Markets of similar size	characteristic of markets
Marginal costs are similar	characteristic of markets
Firm fixed costs > plant fixed costs	characteristic of industry
Transport/tariff costs are large	geography/policy

A vertical structure is preferred to a national structure as:

- Foreign market is larger
- Foreign marginal cost is low
- Low trade costs: vertical structure if  $c_f < c_h$  even if country f is very small

Figure 16.2

Figure 16.2: Relative size differences and choice of regime



There are two goods,  $X$  and  $Y$  and two factors of production, skilled and unskilled labor,  $S$  and  $L$

There are two countries  $i$  and  $j$ .

$Y$  is produced with constant returns by a competitive industry and unskilled-labor intensive.

$X$  is produced with increasing returns by imperfectly competitive firms.

There are both firm-level and plant-level fixed costs and trade costs and firm-level fixed costs result in the creation of “knowledge-based assets”.

There are three defining assumptions for the knowledge-capital model.

- (A) *Fragmentation*: the location of knowledge-based assets may be fragmented from production. Any incremental cost of supplying services of the asset to a single foreign plant versus the cost to a single domestic plant is small.
- (B) *Skilled-labor intensity*: knowledge-based assets are skilled-labor intensive relative to final production.
- (C) *Jointness*: the services of knowledge-based assets are (at least partially) joint (non-rival) inputs into multiple production facilities. The added cost of a second plant is small compared to the cost of establishing a firm with a single plant.

There is free entry and exit into and out of firm types.

Type m - horizontal multinationals which maintain plants in both countries, headquarters is located in country i or j.

Type d - national firms that maintain a single plant and headquarters in country i or j. Type  $d_i$  firms may or may not export to the other country.

Type v - vertical multinationals that maintain a single plant in one country, and headquarters in the other country. Type  $v_i$  firms may or may not export back to their headquarters country.

Assume that the skilled-labor intensity of activities are

$$[\text{headquarters only}] > [\text{integrated } X] > [\text{plant only}] > [Y]$$



## Results:

- (1) General case: Figure 16.3
- (2) Restricted case 1, no vertical firms, identical factor intensities in fixed and marginal costs: Figure 16.4
- (3) Restricted case 2, no multi-plant economies of scale (no firm-level scale economies), implying no horizontal firms: Figure 16.5

Data fits well with (1) but the restrictions of case 2 cannot be rejected.

The vertical model (3) is overwhelmingly rejected.

Figure 16.3: Affiliate sales in the knowledge-capital model

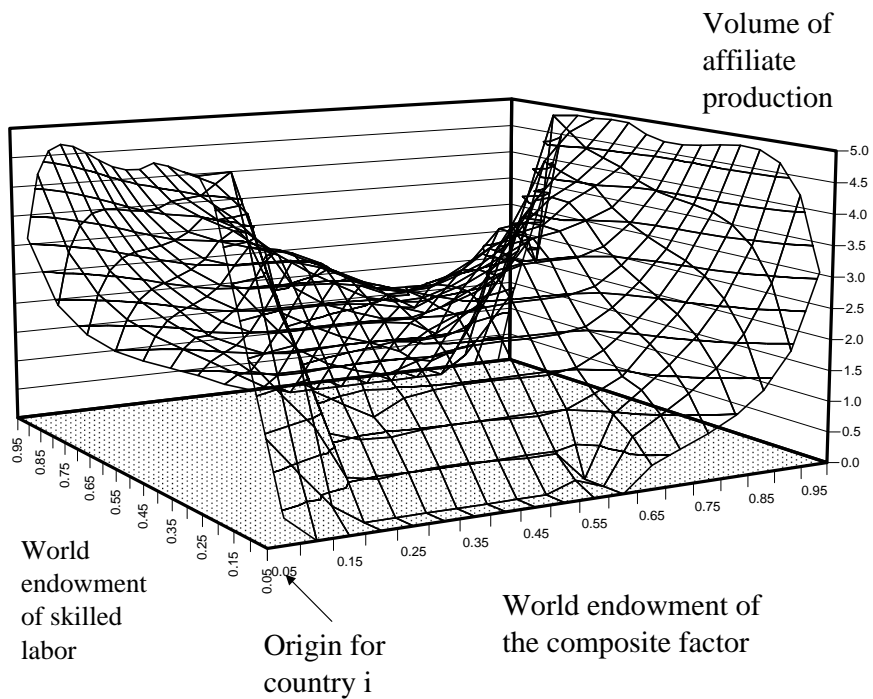


Figure 16.4: Affiliate sales in the knowledge-capital model, restricted to horizontal firms

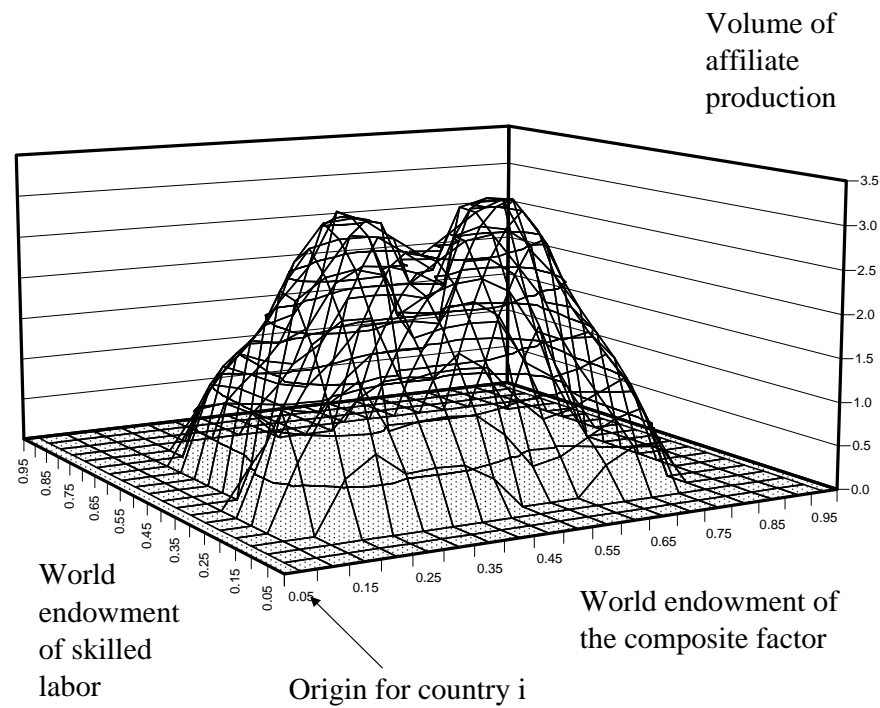
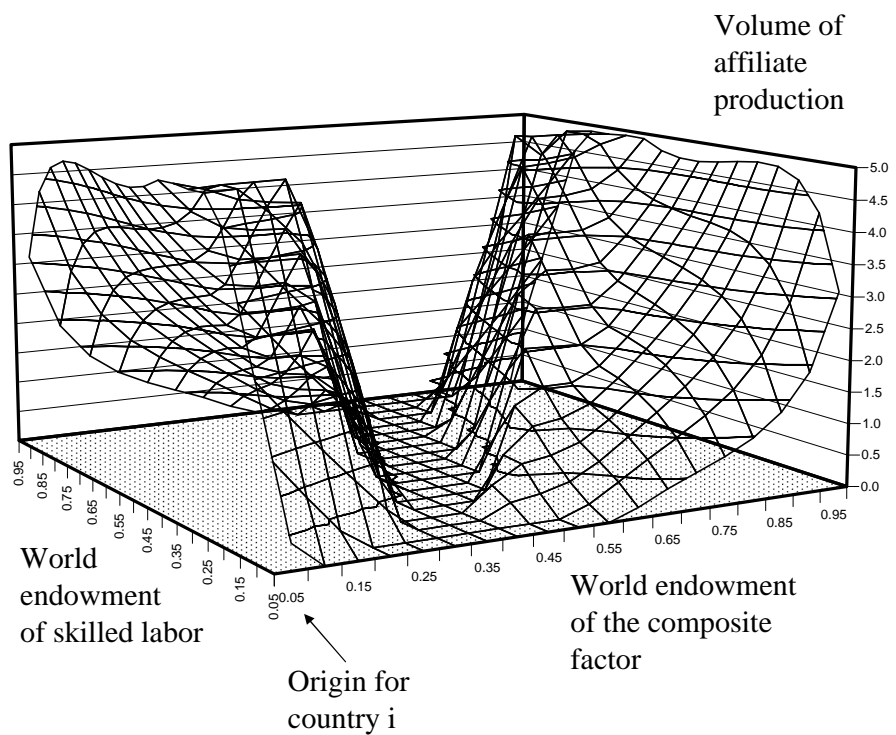


Figure 16.5: Affiliate sales in the knowledge-capital model, restricted to vertical firms



General Idea: some of the same properties of knowledge capital that create ownership advantages create internalization advantages.

These arise from the jointness property of knowledge along with moral hazard, asymmetric information, and the infeasibility of complete and/or enforceable contracts.

Consider a firm choosing between opening a subsidiary in a foreign country (a costly option) and simply selling or licensing its technology to a foreign firm.

Some internalization models involving the stylized facts on knowledge capital, product newness and complexity.

(1) A firm is reluctant to reveal its product or process to a licensee, who may reject the proposal, but now has the knowledge. But licensee won't sign without knowing what it is getting.

(2) The licensee knows that the firm may not have an incentive to truthfully reveal the product's quality.

(3) The newness of the product may create an informational asymmetry in the opposite direction: the potential licensee may have a much better idea of how the product will sell in its local market, while the MNE does not.

(4) Bi-lateral uncertainty over start-up problems, worker productivity and learning rates.

(5) Knowledge is easily learned by new employees. The licensee may be able to defect, starting a new firm in competition with the MNE.

(6) Product quality is an intangible asset. A licensee may have an incentive to reduce quality, capturing a short-run gain at the expense of losing the contract.

(7) Difficulties in choosing between costly monitoring and suffering the costs of moral hazard when employing licensees.

(8) Differences in objectives and goals between the firm and the licensee.

### Elements of a Model (Markusen, JIE 2001)

(1) The MNE introduces (or attempts to introduce) a new product every second time periods. Two periods are referred to as a "product cycle".

A product is economically obsolete at the end of the second period (end of the product cycle).

(2) The probability of the MNE successfully developing a new product in the next cycle is  $1/(1+r)$  if there is a product in the current cycle, zero otherwise

(i.e., once the firm fails to develop a new product, it is out of the game).

The probability of having a product in the third cycle is  $1/(1+r)^2$  etc.  
Ignore discounting.

(3) The MNE can serve a foreign market by exporting, or by creating a subsidiary to produce in the foreign market.

(4) Because of the costs of exporting, producing in the foreign country generates the most potential rents.

(5) But any local manager learns the technology in the first period of a cycle and can quit (defect) to start a rival firm in the second period.

Similarly, the MNE can defect, dismissing the manager and hiring a new one in the second period. The (defecting) manager can only imitate, not innovate and compete in the next product cycle.

(6) Initially, no binding contracts can be written to prevent either partner from undertaking such a defection.

(7) The MNE either offers a self-enforcing contract or exports.



(8) Notation is as follows.

- R- Total per period licensing rents from the foreign country.
- E- Total per period exporting rents ( $E < R$ ).
- F- Fixed cost of transferring the technology to a foreign partner. These include physical capital costs, training of the local manager, etc.
- T- Training costs of a new manager that the MNE incurs if it dismisses the first one (i.e., if the MNE defects).
- G- Fixed cost that the manager must incur if he/she defects. This could include costs of physical capital, etc.
- $L_i$ - Licensing or royalty fee charged to the subsidiary in period  $i$  ( $i = 1, 2$ ).

Rents earned by the manager in one product cycle:  $V = (R-L_1) + (R-L_2)$ .

$V/r$ - Present value of rents to the manager of maintaining the relationship.

The manager ("a" for agent) has an "individual rationality" constraint (IR): the manager must earn non-negative rents. The manager also has an incentive-compatibility constraint: the manager must not want to defect in the second period.

$$(1) \quad (R - L_1) + (R - L_2) \geq 0 \quad \text{IR}_a$$

$$(2) \quad (R - L_2) + V/r \geq (R - G) \quad \text{IC}_a$$

$$\text{where } V = (R - L_1) + (R - L_2)$$

$(R - G)$  is the payoff to unilaterally defecting.

The MNE similarly has an "individual rationality" constraint (IR): the MNE must earn non-negative rents.

The MNE also has an "incentive-compatibility constraint: the MNE must not want to defect (fire the manager) in the second period.

$$(3) \quad L_1 + L_2 - F \geq 2E \quad \text{IR}_m$$

$$(4) \quad L_2 \geq R - T \quad \text{IC}_m$$

Combine the IC constraints.

$$(5) \quad R - T \leq L_2 \leq G + V/r$$

Firm's objective is to minimize  $V$  subject to this incentive compatibility.

Solving this problem yields:

$$(6) \quad 2R - L_1 - L_2 = V = r(R - T - G) > 0 \quad (\text{rent share to the manager})$$

### Result 1:

If  $R \leq G + T$ , the MNE captures all rents in a product cycle, henceforth referred to as a rent-capture (RC) contract. This situation occurs when

- (1) The market is relatively small.
- (2) Defection costs for the MNE ( $T$ ) are high.
- (3) Defection costs for the manager ( $G$ ) are high.

If  $R > T + G$ , there is no single-product fee schedule that will not cause one party to defect.

Now consider the case where the manager's IR constraint does not hold; that is, the MNE shares rents with the manager.

Result 2:

If  $R > G + T$ , the MNE can credibly offer a long-term commitment, but must share rents with the subsidiary or licensee.

The one-period rents earned by the subsidiary/licensee are larger as

- (1)  $r$  is larger (future rents are discounted more heavily)
- (2)  $G$  is small (the incentive to defect is larger)
- (3)  $T$  is small (the MNE's incentive to defect is larger).
- (4)  $R$  is larger (the subsidiary's share increase faster than  $R$ ).

- (1) Horizontal multinationals seem to arise due to the joint-input property of knowledge capital, which creates firm-level scale economies and an incentive to geographically expand production abroad.
- (2) The theory that I have outlined is helpful for understanding why so much multinational activity is concentrated among the high income developed countries.
- (3) The theory also suggests that “vertical” multinationals arise when the factor intensities of different stages of production are very different, and factor prices are very different across countries.
- (4) Vertical multinationals are much less important quantitatively. Many vertical relationships are “arm’s-length”, and not internalized within a single firm. For example, Nike does not own the factories where its shoes are made, it sells designs to independent subcontractors.

# 50 Golden Brands - Top 10 By Brand Values

To celebrate the 50th Anniversary of [The Marketing Society](#), the Society rated the brands that shone most brightly in each of the last 50 years. Visit [50GoldenBrands.com](http://50GoldenBrands.com) to vote for your favourite brand.

## Top 10 Golden Brands by Brand Value

Rank	Brand	Brand Value (US\$M)	Year
1	Coca Cola	32,858	1971
2	Microsoft	30,882	2005
3	Google	29,261	2000
4	Toyota	21,995	2003
5	Orange	16,799	1994
6	Tesco	16,408	1977
7	Apple	13,648	2001
8	Nike	12,960	1989
9	Shell	12,376	1962
10	McDonald's	10,417	2008

# How We Calculate Brand Value

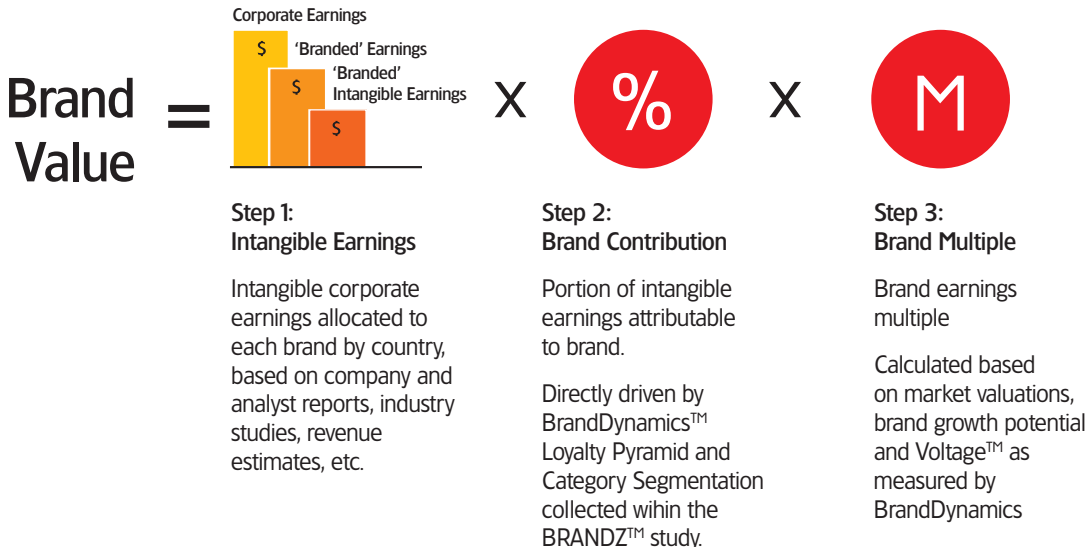
Brand value is the financial value of a brand, defined as the sum of all earnings that a brand is expected to generate.

For the purpose of the **BRANDZ** ranking, Millward Brown Optimor values brands in three steps:

Establish a company's intangible earnings and allocate them to individual brands and countries of operation, based on publicly available financial data from Bloomberg, Datamonitor ([www.datamonitor.com](http://www.datamonitor.com)) and Millward Brown Optimor's own research.

Determine the portion of intangible earnings attributable to brand alone, as opposed to other factors such as price. This metric, known as Brand Contribution, reflects the share of earnings from a product or service's most loyal consumers or users. For this second step, we use research-based loyalty data from the **BRANDZ** database.

Project the brand value forward based on market valuations, the brand's risk profile, and its growth potential. Data for this step is sourced from the **BRANDZ** database, Bloomberg and Millward Brown Optimor's own research.





# BRANDZ Top 100 Brand Ranking

## BRANDZ RANKING

#	Brand	Brand Value (\$m)	Brand Value Change (%)
1	Google	66,434	77%
2	GE (General Electric)	61,880	11%
3	Microsoft	54,951	-11%
4	Coca Cola (*)	44,134	7%
5	China Mobile	41,214	5%
6	Marlboro	39,166	2%
7	Wal-Mart	36,880	-2%
8	Citi	33,706	9%
9	IBM	33,572	-7%
10	Toyota	33,427	11%
11	McDonald's	33,138	14%
12	Nokia	31,670	19%
13	Bank of America	28,767	2%
14	BMW	25,751	8%
15	HP	24,987	27%
16	Apple	24,728	55%
17	UPS	24,580	13%
18	Wells Fargo	24,284	N.A.
19	American Express	23,113	23%
20	Louis Vuitton	22,686	16%
21	Disney	22,572	2%
22	Vodafone	21,107	-12%
23	NTT DoCoMo	19,450	0%
24	Cisco	18,812	-10%
25	Intel	18,707	-26%
26	Home Depot	18,335	-33%
27	SAP	18,103	N.A.
28	Gillette	17,954	1%
29	Mercedes	17,813	0%
30	Oracle	17,809	28%
31	HSBC	17,457	26%
32	Tesco	16,649	7%
33	ICBC	16,460	N.A.
34	Verizon Wireless	16,261	9%
35	Starbucks	16,057	45%
36	Honda	15,465	7%

\*Source: Millward Brown Optimor (including data from BRANDZ®, Datamonitor, and Bloomberg)

# BRANDZ Top 100 Brand Ranking

## BRANDZ RANKING

#	Brand	Brand Value (\$m)	Brand Value Change (%)
37	Dell	13,903	-24%
38	Bank of China	13,689	N.A.
39	Royal Bank of Canada	13,624	N.A.
40	Porsche	13,372	11%
41	Deutsche Bank	13,210	1%
42	Yahoo!	13,201	-6%
43	eBay	12,927	-2%
44	Samsung	12,742	6%
45	Ford	12,627	-9%
46	L'Oréal	12,303	15%
47	Banco Santander	12,094	-4%
48	Pepsi (*)	11,756	2%
49	Carrefour	11,710	8%
50	Merrill Lynch	11,655	16%
51	UBS	11,591	21%
52	Target	11,560	88%
53	ING	11,539	N.A.
54	Canon	11,413	15%
55	Sony	11,389	22%
56	Morgan Stanley	11,204	6%
57	Chevrolet	11,202	-10%
58	Nissan	11,189	3%
59	Chase	11,182	15%
60	Motorola	10,787	19%
61	China Construction Bank	10,757	N.A.
62	Accenture	10,534	8%
63	Nike	10,290	-5%
64	Harley-Davidson	10,269	3%
65	Wachovia	10,035	-2%
66	Budweiser (*)	9,977	-15%
67	Orange	9,922	5%
68	Marks & Spencer	9,509	192%
69	FedEx	9,310	13%
70	Cingular Wireless	9,260	39%
71	Siemens	9,111	35%

\*Source: Millward Brown Optimor (including data from BRANDZ®, Datamonitor, and Bloomberg)

# BRANDZ Top 100 Brand Ranking

## BRANDZ RANKING

#	Brand	Brand Value (\$m)	Brand Value Change (%)
72	State Farm	8,738	11%
73	H&M	8,711	9%
74	JP Morgan	8,490	20%
75	TIM (*)	8,440	N.A.
76	Goldman Sachs	8,239	-7%
77	T-Mobile	8,047	-32%
78	Colgate	7,711	32%
79	Chanel	7,499	15%
80	Subway (**)	7,433	N.A.
81	IKEA	7,373	2%
82	Royal Bank of Scotland	7,200	N.A.
83	VW (Volkswagen)	7,033	4%
84	Cartier	7,021	27%
85	Hermes	6,939	44%
86	Best Buy	6,674	113%
87	Barclays	6,612	30%
88	Avon	6,558	-1%
89	Gucci	6,524	49%
90	Zara	6,469	27%
91	WaMu	6,126	31%
92	Amazon	5,964	0%
93	BP	5,931	8%
94	AIG	5,880	4%
95	ABN AMRO	5,617	72%
96	Auchan	5,570	4%
97	Asda	5,540	19%
98	Lexus	5,421	7%
99	Esprit	5,411	29%
100	Rolex	5,387	9%

\*Source: Millward Brown Optimor (including data from BRANDZ®, Datamonitor, and Bloomberg)

# BRANDZ Top 100 Brand Ranking

## Top 10 with Highest Brand Momentum

#	Brand	Parent	Brand Momentum
1	Google	Google Inc	10
2	Apple	Apple Computer Inc	10
3	Louis Vuitton	LVMH	10
4	Starbucks	Starbucks Corporation	10
5	Porsche	Porsche Ag-Pfd	10
6	eBay	Ebay Inc	10
7	Chanel	Chanel Sa	10
8	Hermès	Hermès International	10
9	Amazon	Amazon.Com Inc	10
10	Rolex	Montres Rolex S.A.	10

## Top 10 with Highest Brand Contribution

#	Brand	Parent	Brand Contribution
1	Louis Vuitton	LVMH	5
2	Porsche	Porsche Ag-Pfd	5
3	Chanel	Chanel Sa	5
4	Cartier	Cie Fin. Richemont	5
5	Hermes	Hermes International	5
6	Gucci	Ppr	5
7	Rolex	Montres Rolex S.A.	5
8	Hennessy	LVMH	5
9	Moet & Chandon	LVMH	5
10	Fendi	LVMH	5

\*Source: Millward Brown Optimor (including data from BRANDZ®, Datamonitor, and Bloomberg)

# BRANDZ Top 100 Brand Ranking

## UK

#	Brand	Parent	Brand Value (\$m)	Brand Contribution	Brand Momentum
1	Vodafone	Vodafone Group Plc	21,107	2	5
2	HSBC	Hsbc Holdings Plc	17,457	2	6.5
3	Tesco	Tesco Plc	16,649	3	4
4	Marks & Spencer	M&S Group Plc	9,509	3	6.5
5	Royal Bank Of Scotland	RBOS Group	7,200	3	4
6	Barclays	Barclays Plc	6,612	2	2.5
7	BP	BP Plc	5,931	2	5.5
8	Asda	Wal-Mart Stores Inc	5,540	3	3.5
9	Standard Chartered Bank	Standard Chartered Plc	3,955	2	5.5
10	Lloyds TSB	Lloyds TSB Group	3,882	2	4

## Europe (excluding UK)

#	Brand	Parent	Brand Value (\$m)	Brand Contribution	Brand Momentum
1	Nokia	Nokia	31,670	3	7
2	BMW	BMW AG	25,751	4	6
3	Louis Vuitton	LVMH	22,686	5	10
4	SAP	Sap Ag	18,103	2	3.5
5	Mercedes	DaimlerChrysler AG	17,813	4	6
6	Porsche	Porsche AG	13,372	5	10
7	Deutsche Bank	Deutsche Bank AG	13,210	1	4
8	L'Oréal	L'Oreal	12,303	4	6.5
9	Banco Santander	Banco Santander C.H.	12,094	2	3.5
10	Carrefour	Carrefour Sa	11,710	3	4

\*Source: Millward Brown Optimor (including data from BRANDZ, Datamonitor, and Bloomberg)

# BRANDZ Top 100 Brand Ranking

## Europe (including UK)

#	Brand	Parent	Brand Value (\$m)	Brand Contribution	Brand Momentum
1	Nokia	Nokia	31,670	3	7
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5	SAP	SAP AG	18,103	2	3.5
6	Mercedes	DaimlerChrysler AG	17,813	4	6
7	HSBC	HSBC Holdings Plc	17,457	2	6.5
8	Tesco	Tesco Plc	16,649	3	4
9	Porsche	Porsche AG	13,372	5	10
10	Deutsche Bank	Deutsche Bank AG	13,210	1	4

\*Source: Millward Brown Optimor (including data from BRANDZ, Datamonitor, and Bloomberg)

# BRANDZ Top 100 Brand Ranking

## North America

#	Brand	Parent	Brand Value (\$m)	Brand Contribution	Brand Momentum
1	Google	Google Inc	66,434	3	10
2	GE (General Electric)	General Electric Co	61,880	2	6.5
3	Microsoft	Microsoft Corp	54,951	3	6
4	Coca Cola (*)	The Coca-Cola Co	44,134	4	5
5	Marlboro	Altria Group Inc	39,166	3	6
6	Wal-Mart	Wal-Mart Stores Inc	36,880	2	7.5
7	Citi	Citigroup Inc	33,706	2	4
8	IBM	IBM Corporation	33,572	2	5
9	McDonald's	McDonald's Corp	33,138	3	5.5
10	Bank of America	Bank Of America Corp	28,767	2	5.5

## Asia

#	Brand	Parent	Brand Value (\$m)	Brand Contribution	Brand Momentum
1	China Mobile	China Mobile (Hk) Ltd	41,214	3	7.5
2	Toyota	Toyota Motor Corp	33,427	3	5.5
3	NTT DoCoMo	Ntt Docomo Inc	19,450	2	7
4	ICBC	ICBC Ltd	16,460	3	6.5
5	Honda	Honda Motor Co Ltd	15,465	3	4
6	Bank of China	Bank of China Ltd	13,689	3	4.5
7	Samsung	Samsung Elect. Co Ltd	12,742	3	5
8	Canon	Canon Inc	11,413	2	4
9	Sony	Sony Corp	11,389	3	5.5
10	Nissan	Nissan Motor Co Ltd	11,189	3	4

\*Source: Millward Brown Optimor (including data from BRANDZ, Euromonitor International, and Bloomberg)

# BRANDZ Top 100 Brand Ranking

## Apparel

#	Brand	Parent	Brand Value (\$m)	Brand Contribution	Brand Momentum	Brand Value Change (%)
1	Nike	Nike Inc	10,290	3	6.5	-5%
2	H&M	Hennes & Mauritz	8,711	2	4	9%
3	Zara	Inditex	6,469	3	7	27%
4	Esprit	Esprit Holdings Ltd	5,411	3	5	29%
5	Next	Next Plc	2,888	2	5.5	-6%
6	Ralph Lauren	Polo Ralph Lauren Co.	2,765	3	6	48%
7	Adidas	Adidas Ag	2,748	3	3.5	19%
8	Puma	Puma Ag	1,855	3	4.5	3%
9	Gap	Gap Inc/The	1,831	2	4	-34%
10	American Eagle Outfitters	American Eagle Outfitt.	1,609	2	8.5	43%

## Beer

#	Brand	Parent	Brand Value (\$m)	Brand Contribution	Brand Momentum	Brand Value Change (%)
1	Budweiser	Anheuser-Busch Companies, Inc	5,558	3	4	-18%
2	Bud Light	Anheuser-Busch Companies, Inc	4,419	3	4	-11%
3	Heineken	Heineken N.V.	3,699	4	2.5	10%
4	Corona	Grupo Modelo, S.A. De C.V.	3,286	4	4	28%
5	Stella Artois	InBev NV	2,940	4	5	32%
6	Guinness	Diageo Plc	2,718	4	4.5	-8%
7	Miller Lite	SabMiller Plc	2,104	3	3	8%
8	Skol	InBev NV	1,283	4	5.5	21%
9	Amstel	Heineken N.V.	1,272	3	2.5	30%
10	Cruzcampo	Heineken N.V.	1,084	4	2.5	19%

\*Source: Millward Brown Optimor (including data from BRANDZ, Datamonitor, and Bloomberg)



# BRANDZ Top 100 Brand Ranking

## Cars

#	Brand	Parent	Brand Value (\$m)	Brand Contribution	Brand Momentum	Brand Value Change (%)
1	Toyota	Toyota Motor Corp	33,427	3	5.5	11%
2	BMW	Bmw Ag	25,751	4	6	8%
3	Mercedes	Daimlerchrysler Ag	17,813	4	6	0%
4	Honda	Honda Motor Co Ltd	15,465	3	4	7%
5	Porsche	Porsche Ag-Pfd	13,372	5	10	11%
6	Ford	Ford Motor Co	12,627	2	2.5	-9%
7	Chevrolet	General Motors Corp	11,202	3	3.5	-10%
8	Nissan	Nissan Motor Co Ltd	11,189	3	4	3%
9	VW (Volkswagen)	Volkswagen Ag	7,033	3	3.5	4%
10	Lexus	Toyota Motor Corp	5,421	4	6	7%

## Coffee

#	Brand	Parent	Brand Value (\$m)	Brand Contribution	Brand Momentum	Brand Value Change (%)
1	Nescafé	Nestle S.A.	4,320	4	4.5	14%
2	Folgers	Procter & Gamble	1,034	4	5.5	26%
3	Maxwell House	Kraft Foods, Inc	787	3	3.5	20%
4	Jacobs	Kraft Foods, Inc	689	4	5	-14%
5	Douwe Egberts	Sara Lee Corp.	480	4	5.5	-32%

\*Source: Millward Brown Optimor (including data from BRANDZ®, Datamonitor, and Bloomberg)

# BRANDZ Top 100 Brand Ranking

## Fast Food

#	Brand	Parent	Brand Value (\$m)	Brand Contribution	Brand Momentum	Brand Value Change (%)
1	McDonald's	McDonald's Corporation	33,138	3	5.5	14%
2	Starbucks	Starbucks Corporation	16,057	3	10	45%
3	Subway (*)	Doctor's Associates Inc.	7,433	4	5	N.A. (*)
4	KFC	Yum! Brands, Inc.	4,485	3	4	11%
5	Tim Horton's	Tim Horton's	2,929	4	4.5	N.A.
6	Pizza Hut	Yum! Brands, Inc.	2,295	2	2.5	1%
7	Wendy's	Wendy's International, Inc.	2,138	3	4	31%
8	Taco Bell	Yum! Brands, Inc.	1,537	3	4.5	21%
9	Burger King	Burger King Corporation	1,401	2	3.5	63%
10	Domino's Pizza	Domino'S Pizza, Inc.	434	2	1.5	16%

## Financial Institutions

#	Brand	Parent	Brand Value (\$m)	Brand Contribution	Brand Momentum	Brand Value Change (%)
1	Citi	Citigroup Inc	33,706	2	4	9%
2	Bank of America	Bank Of America Corp	28,767	2	5.5	2%
3	Wells Fargo	Wells Fargo & Company	24,284	3	3.5	N.A.
4	American Express	American Express Co	23,113	2	7	23%
5	HSBC	Hsbc Holdings Plc	17,457	2	6.5	26%
6	ICBC	Ind. Comm. Bk of China Ltd	16,460	3	6.5	N.A.
7	Bank of China	Bank of China Ltd	13,689	3	4.5	N.A.
8	Royal Bank of Canada	Royal Bank Of Canada	13,624	3	4	N.A.
9	Deutsche Bank	Deutsche Bank AG	13,210	1	4	1%
10	Banco Santander	Banco Santander Cent. Hisp.	12,094	2	3.5	-4%

\*Source: Millward Brown Optimor (including data from BRANDZ, Datamonitor, and Bloomberg)

# BRANDZ Top 100 Brand Ranking

## Luxury Brands

#	Brand	Parent	Brand Value (\$m)	Brand Contribution	Brand Momentum	Brand Value Change (%)
1	Louis Vuitton	LVMH	22,686	5	9.5	16%
2	Chanel	Chanel SA	7,499	5	9.5	15%
3	Cartier	C.F. Rlichemont	7,021	5	8.5	27%
4	Hermes	Hermes International	6,939	5	10	44%
5	Gucci	PPR	6,524	5	5.5	49%
6	Rolex	Montres Rolex S.A.	5,387	5	10	9%
7	Hennessy	LVMH	4,765	5	9.5	14%
8	Moet & Chandon	LVMH	4,367	5	7	17%
9	Fendi	LVMH	4,116	5	10	16%
10	Armani	Giorgio Armani SpA	4,100	5	10	16%

## Mobile/Wireless Communications Brands

#	Brand	Parent	Brand Value (\$m)	Brand Contribution	Brand Momentum	Brand Value Change (%)
1	China Mobile	China Mobile (Hk) Limited	41,214	3	7.5	5%
2	Vodafone	Vodafone Group Plc	21,107	2	5	-12%
3	NTT DoCoMo	NTT DoCoMo Inc	19,450	2	7	0%
4	Verizon Wireless	Verizon Communications Inc.	16,261	3	5	9%
5	Orange	France Telecom S.A.	9,922	2	3.5	5%
6	Cingular Wireless	Cingular Wireless LLC	9,260	2	7	39%
7	TIM	Telecom Italia Mobile SpA	8,440	2	4	N.A.
8	T-Mobile	Deutsche Telekom AG	8,047	2	6.5	-32%
9	Movistar	Telefónica, S.A.	4,686	2	3	N.A.
10	O2	Telefónica, S.A.	3,983	2	4.5	1%

\*Source: Millward Brown Optimor (including data from BRANDZ, Datamonitor, and Bloomberg)

# BRANDZ Top 100 Brand Ranking

## Motor Fuel

#	Brand	Parent	Brand Value (\$m)	Brand Contribution	Brand Momentum	Brand Value Change (%)
1	BP	BP Plc	5,931	2	5.5	8%
2	Shell	Royal Dutch Shell Plc	4,679	2	4	38%
3	Mobil	Exxon Mobil Corp	1,829	2	3.5	-6%
4	Exxon	Exxon Mobil Corp	1,495	2	5	12%
5	Petrochina	Petrochina Co Ltd	1,249	4	3.5	N.A.
6	Esso	Exxon Mobil Corp	1,067	2	3.5	12%
7	Texaco	Chevron Corp	952	1	3	21%
8	Chevron	Chevron Corp	832	2	5	2%
9	Lukoil	OAO Lukoil	810	3	6	N.A.
10	Aral	BP Plc	694	2	5.5	28%

## Personal Care

#	Brand	Parent	Brand Value (\$m)	Brand Contribution	Brand Momentum	Brand Value Change (%)
1	Gillette	Procter & Gamble Co	17,954	4	7.5	1%
2	L'Oréal	L'Oreal	12,303	4	6.5	15%
3	Colgate	Colgate-Palmolive Co	7,711	4	5	32%
4	Avon	Avon Products Inc	6,558	3	5.5	-1%
5	Garnier	L'Oreal	4,159	3	5	18%
6	Nivea	Beiersdorf Ag	3,148	3	4.5	33%
7	Lancôme	L'Oreal	3,090	3	6.5	21%
8	Oral B	Procter & Gamble Co	2,545	3	5.5	57%
9	Crest	Procter & Gamble Co	2,294	3	5.5	51%
10	Olay	Procter & Gamble Co	2,284	4	6	83%

\*Source: Millward Brown Optimor (including data from BRANDZ, Datamonitor, and Bloomberg)

# BRANDZ Top 100 Brand Ranking

## Soft Drinks

#	Brand	Parent	Brand Value (\$m)	Brand Contribution	Brand Momentum	Brand Value Change (%)
1	Coca Cola	The Coca Cola Co.	34,958	4	5	7%
2	Pepsi Cola	PepsiCo Inc	9,685	4	5	6%
3	Diet Coke/Coca Cola Light	The Coca Cola Co.	9,177	4	4.5	6%
4	Fanta	The Coca Cola Co.	2,930	2	2	-12%
5	Sprite	The Coca Cola Co.	2,456	2	3	-15%
6	Diet Pepsi	PepsiCo Inc	2,072	3	5	-11%
7	Dr. Pepper	Cadbury Schweppes	1,885	3	2.5	-1%
8	Mountain Dew	PepsiCo Inc	1,879	4	4	24%
9	7 Up	PepsiCo Inc	962	2	3	1%
10	Nestea	Nestle SA	823	3	2.5	40%

## Water

#	Brand	Parent	Brand Value (\$m)	Brand Contribution	Brand Momentum	Brand Value Change (%)
1	Evian	Groupe Danone	713	3	6	9%
2	Aquafina	Pepsico Inc	680	3	7	10%
3	Perrier	Nestle SA	568	3	6	10%
4	Dasani	The Coca-Cola Company	466	3	6	3%
5	Volvic	Groupe Danone	423	3	5.5	3%

\*Source: Millward Brown Optimor (including data from BRANDZ®, Datamonitor, and Bloomberg)

# BRANDZ Top 100 Brand Ranking

## Retail

#	Brand	Parent	Brand Value (\$m)	Brand Contribution	Brand Momentum	Brand Value Change (%)
1	Wal-Mart	Wal-Mart Stores Inc	36,880	2	7.5	-2%
2	Home Depot	Home Depot Inc	18,335	2	4	-33%
3	Tesco	Tesco Plc	16,649	3	4	7%
4	eBay	ebay Inc	12,927	2	10	-2%
5	Carrefour	Carrefour Sa	11,710	3	4	8%
6	Target	Target Corp	11,560	2	7	88%
7	Marks & Spencer	Marks & Spencer Group Plc	9,509	3	6.5	192%
8	IKEA	Ikea	7,373	3	5.5	2%
9	Best Buy	Best Buy Co Inc	6,674	2	6.5	113%
10	Amazon	Amazon.Com Inc	5,964	2	10	0%

## Technology

#	Brand	Parent	Brand Value (\$m)	Brand Contribution	Brand Momentum	Brand Value Change (%)
1	Google	Google Inc	66,434	3	10	77%
2	Microsoft	Microsoft Corp	54,951	3	6	-11%
3	IBM	Intl Business Machines Corp	33,572	2	5	-7%
4	Nokia	Nokia Oyj	31,670	3	7	19%
5	HP	Hewlett-Packard Co	24,987	3	4	27%
6	Apple	Apple Computer Inc	24,728	3	10	55%
7	Cisco	Cisco Systems Inc	18,812	2	7.5	-10%
8	Intel	Intel Corp	18,707	2	5	-26%
9	SAP	Sap Ag	18,103	2	3.5	89%
10	Oracle	Oracle Corp	17,809	2	6	28%

\*Source: Millward Brown Optimor (including data from BRANDZ®, Datamonitor, and Bloomberg)

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Bobby Yip/Reuters

Disney's parks unit, a \$12 billion annual business, has long had a footprint in Asia. Tokyo Disneyland opened in 1983. Hong Kong Disneyland, above, opened in 2005

By [BROOKS BARNES](#)  
Published: November 3, 2009

LOS ANGELES — After a courtship of about 20 years, the [Walt Disney Company](#) has won approval from the central government of China to build a [Disneyland](#)-style theme park in Shanghai, [Robert A. Iger](#), Disney's chief executive, said Tuesday.

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The agreement for a Shanghai Disneyland is a landmark deal that carries enormous cultural and financial implications. Analysts estimate the initial park — not including hotels and resort infrastructure — will cost \$3.5 billion, making it one of the largest-ever foreign investments in China.

The initial resort, with a mix of shopping areas, hotels and a Magic Kingdom-style theme park, will sprawl across 1,000 acres of the city's Pudong district — with the theme park occupying about 100 of those acres. It would be a little bigger than Disneyland in Anaheim, Calif., and on par with the parks in Paris and Tokyo. It is expected to open in five or six

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