Japan's Best Global Brands 2011

Special Features: Japan's Top 30 Domestic Brands

Press Release

1 February 2011

Creating and managing brand value™

Interbrand

Announcing "Japan's Top 30 Global Brands" and "Japan's Top 30 Domestic Brands"

Although the Toyota brand retained its number-one ranking, its brand value fell 16% from last year.

Nomura, Unicharm, and Ajinomoto made the rankings for the first time.

NTT Docomo ranked Japan's number-one domestic brand

Global brand consultant Interbrand has released **"Japan's Best Global Brands 2011"**, a ranking of the values of Japanese brands according to a global standard. This ranking converts the values of global brands originating in Japan — the brands of Japanese companies doing business globally — into monetary amounts, and ranks them. This year is Interbrand's third publication of this ranking.

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Highlights from "Japan's Best Global Brands 2011"

In this year's ranking, the recalls that plagued **Toyota** (-16%; 1st place) at the beginning of 2010 were covered by papers worldwide, causing consumers to lose trust in the Toyota brand. As a result, the values of both the Toyota and **Lexus** (-19%; 8th place) brands fell substantially. This drop in value was enormous: the total value of the top 30 brands fell 3% from the previous year. But if the drop in value of these two brands is excluded, the total grew 2% overall, showing the strong reputation of most Japanese brands despite the highly unfavorable exchange rates of the Japanese yen in 2010.

Meanwhile, **Shiseido** (+3%; 10th place) continues its meteoric rise in the Chinese market. This year it became the first non-automotive or electronics brand to break into the top 10.

The brand that most increased its value year on year was **Asics** (+12%; 22nd place), thanks to its popular running shoes, as well as its reinvigorated promotions of European apparel products that brilliantly communicate the brand philosophy.

Three brands made the ranking for the first time this year:

Nomura (16th place), whose global presence skyrocketed after taking over Asia Pacific, European, and Middle Eastern personnel and operations from the former Lehman Brothers;

Unicharm (28th place), which continues to battle CPG global brands, especially in East Asia and Southeast Asia; and **Ajinomoto** (29th place), which does sales in over 100 countries worldwide, and began publishing common global standards for personnel, providing equal opportunities and chances at education to its around 20,000 foreign employees.

Although each of these companies is in a different industry, a large number of global brands are competing in each one, and focusing their efforts on Asia.

The reputations of automotive and electronics brands were split. Some brands grew by 10% or more year on year: **Nikon** (+11%; 13th place) enjoyed growth in the SLR camera market, which is its strength; **Fujitsu** (+10%; 24th place) launched a new globally integrated brand-communication campaign; and **Hitachi** (+10%; 25th place) is strengthening its social-innovation business. Meanwhile, some brands fell by 10% or more. These include the abovementioned **Toyota** and **Lexus**, as well as **Yamaha** (-11%; 21st place). These brands already have high levels of global recognition, but as they move forward, they will need to increase customer loyalty by positioning themselves in a way that differentiates them.

"Japan's Best Global Brands 2011" TOP30

2011 Rank	2010 Rank	Brand	Sector	Brand Value (US million $)	Change in Brand Value	Ratio of Overseas sales (FY 2009)
1	1	Toyota	Automotive	25,661	-16%	70%
2	2	Honda	Automotive	18,510	2%	82%
3	4	Canon	Computer Hardware	11,442	9%	78%
4	3	Sony	Consumer Electronics	11,353	-5%	71%
5	5	Nintendo	Consumer Electronics	9,184	-1%	84%
6	6	Panasonic	Consumer Electronics	4,549	8%	46%
7	8	Nissan	Automotive	2,886	4%	76%
8	7	Lexus	Automotive	2,523	-19%	70%
9	9	Toshiba	Diversified	2,246	0%	55%
10	11	Shiseido	Personal Care	2,215	3%	37%
11	12	Komatsu	Machinery	2,190	8%	77%
12	10	Sharp	Consumer Electronics	2,003	-9%	48%
13	13	Nikon	Optical	1,707	11%	82%
14	14	Suzuki	Automotive	1,363	-9%	61%
15	15	Ricoh	Computer Hardware	1,234	-3%	57%
16	-	Nomura	Financial Services	1,177	NEW	47%
17	16	Olympus	Optical	1,095	-9%	58%
18	19	Bridgestone	Automotive	1,089	4%	76%
19	18	Mitsubishi Electric	Diversified	1,046	-2%	33%
20	17	Daikin	Machinery	1,007	-6%	62%
21	20	Yamaha	Diversified	759	-11%	68%
22	22	Asics	Sporting Goods	742	12%	58%
23	21	Konica Minolta	Computer Hardware	720	-4%	72%
24	23	Fujitsu	Computer Services	644	10%	37%
25	24	Hitachi	Diversified	637	10%	41%
26	25	Mazda	Automotive	629	9%	73%
27	27	Shimano	Machinery	597	8%	88%
28	-	Unicharm	Personal Care	587	NEW	39%
29	-	Ajinomoto	Food & Beverages	567	NEW	32%
30	26	Mitsubishi Motors	Automotive	556	-3%	75%

※Yamaha = Yamaha Motor + Yamaha Corporation

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Special Feature :
Japan's Top 30 Domestic Brands
(Overseas sales making up less than 30% of total sales)

As described above, one of the requirements of the **"Japan's Best Global Brands"** ranking is that the company's overseas sales make up 30% or more of its total sales (from FY 2009 results). Brands that do not meet this standard (whose sales are mainly in Japan) are adopting policies for expansion overseas, especially into Asia, within the next few years.

This year, we have additionally calculated the values of the top 30 domestic brands: brands whose overseas sales were less than 30% of total sales (from FY 2009 results), and therefore did not qualify as "global brands" (FY 2009 results). We believe that some of these brands may be Japan's next global industry/brand, following in the footsteps of automotive and electronics brands.

The number-one domestic brand was **NTT Docomo**. This was one of the three mobile carriers to make the top 10, together with **Softbank** (3rd place) and **au** (5th place). Three "megabank" group brands also made the top 10: **MUFG** (2nd place), **SMFG** (4th place), and **Mizuho** (6th place). The other members of the top 10 were **Uniqlo** (7th place), **Kirin** (8th place), **Kao** (9th place), and **Rakuten** (10th place).

By industry, financial service brands were the most numerous. In addition to the three brands in the top 10, **Tokio Marine** (11th place), **Dai-ichi Life** (21st place), and **Orix** (29th place) also made the ranking. Each of these brands is advancing steadily toward becoming a global brand. For example, **MUFG** launched its first retail business in Hong Kong at the end of 2010, and **Tokio Marine** has been aiming to expand overseas in recent years, especially in Asia, and is involved in large number of mergers and acquisitions.

Financial service brands are also the most numerous type of industry in the Top 100 **"Best Global Brands"**. Amid the unstable markets following the financial crisis, new brands are gaining strength. For example, last year, in addition to US brands, **Barclays** (UK), **Credit Swiss** (Switzerland), and **Santander** (Spain) also made the global brands ranking.

The next-highest number of entries in the Japanese domestic ranking was by food and beverage brands. Five food and beverage brands made the ranking: **Kirin**; **Asahi** (12th place); **Nissin** (13th place); **Yakult** (22nd place); and **Meiji** (24th place). As with financial service brands, many food and beverage brands also made the **"Best Global Brands"** Top 100 ranking, and this industry also has great potential for becoming a global brand. In fact, each of these brands is currently expanding overseas, with a focus on emerging economies (especially in Asia), and

results are starting to appear. For example, in June of last year, **Yakult**'s average daily worldwide sales passed the 30 million bottle mark. Leading global brands from the west are also focusing on these markets, and surviving this competition will be the greatest key to becoming a global brand.

There are also many personal care brands in the **"Best Global Brands"** ranking, including **L'OREAL** and **NIVEA**. **Kao** made this year's Top 30 domestic brand ranking. Japanese brands, including **Shiseido** and **Unicharm**, both of which are ranked among **"Japan's Best Global Brands"**, have better understanding of local Asian populations than the leading Western brands, and their increasing popularity in Asian markets is a key step toward becoming global brands.

On the other hand, some of the brands in the Japanese domestic ranking buck the trends in the global ranking: these are convenience-store brands, construction and real-estate brands, and Internet-service brands.

The convenience-store business model was born in the United States, and grew enormously in Japan. This model is currently spreading around the world, especially in Asia. Two brands made this year's domestic ranking: **Lawson** (15th place) and **FamilyMart** (20th place). **FamilyMart** already has significant international penetration, especially in Asia — with over 9,000 stores outside Japan (as of end-2010). Moreover, it is possible that its worldwide recognition will increase as it expands in scale through growth in each country, making it a true global retail brand. (Note: **Seven Eleven** was excluded from this ranking because it was created in the United States.)

Four construction and real-estate brands made the domestic ranking: **Mitsubishi Estate** (17th place); **Mitsui Fudosan** (18th place); **Sekisui House** (25th place); and **Daiwa House** (27th place). The branding-building methodology of creating combined housing, hotel, and shopping complexes through visionary urban-planning, and the experience they offer differentiates these brands from Western-style mega malls. These brands have significant potential to compete on the global level, and hint at the possibility of becoming worldwide leaders in next-generation urban planning.

Three Internet services made the domestic ranking: **Rakuten** ; **Mobage** (28th place); and **Gree** (30th place). Although **Mobage** and **Gree** have yet to launch a full-scale overseas expansion, massive growth of their brand value is expected from their successful market entry, when their unique business models are accepted internationally. **Google**, which is currently ranked 4th in the **"Best Global Brands 2010",** was only founded 13 years ago. Internet service brands are growing at a much faster pace than other industries, and massive growth can be expected by acquiring the position of a global standard.

Japan's Best Domestic Brands 2011 TOP30

2011 Rank	Brand	Sector	Brand Value (US million $)	Ratio of Overseas sales (FY 2009)
1	NTT Docomo	Telecommunications	10,757	under 10%
2	MUFG	Financial Services	5,750	22%
3	Softbank	Telecommunications	4,133	under 10%
4	SMFG	Financial Services	3,648	15%
5	au	Telecommunications	2,981	under 10%
6	Mizuho	Financial Services	2,820	16%
7	Uniqlo	Retail	2,606	17%
8	Kirin	Food & Beverages	1,809	25%
9	Kao	Personal Care	1,602	25%
10	Rakuten	Internet Services	1,360	under 10%
11	Tokio Marine	Financial Services	1,184	17%
12	Asahi	Food & Beverages	1,030	under 10%
13	Nissin	Food & Beverages	978	15%
14	Secom	Security	847	3%
15	Lawson	Retail	817	under 10%
16	TEPCO	Energy	785	under 10%
17	Mitsubishi Estate	Construction & Real Estate	672	under 10%
18	Mitsui Fudosan	Construction & Real Estate	593	under 10%
19	NEC	Computer Services	566	20%
20	FamilyMart	Retail	498	15%
21	Dai-ichi Life	Financial Services	490	under 10%
22	Yakult	Food & Beverages	483	24%
23	Benesse	Education	465	12%
24	Meiji	Food & Beverages	431	under 10%
25	Sekisui House	Construction & Real Estate	387	under 10%
26	NTT Data	Computer Services	378	under 10%
27	Daiwa House	Construction & Real Estate	363	under 10%
28	Mobage	Internet Services	356	under 10%
29	Orix	Financial Services	352	20%
30	Gree	Internet Services	345	under 10%

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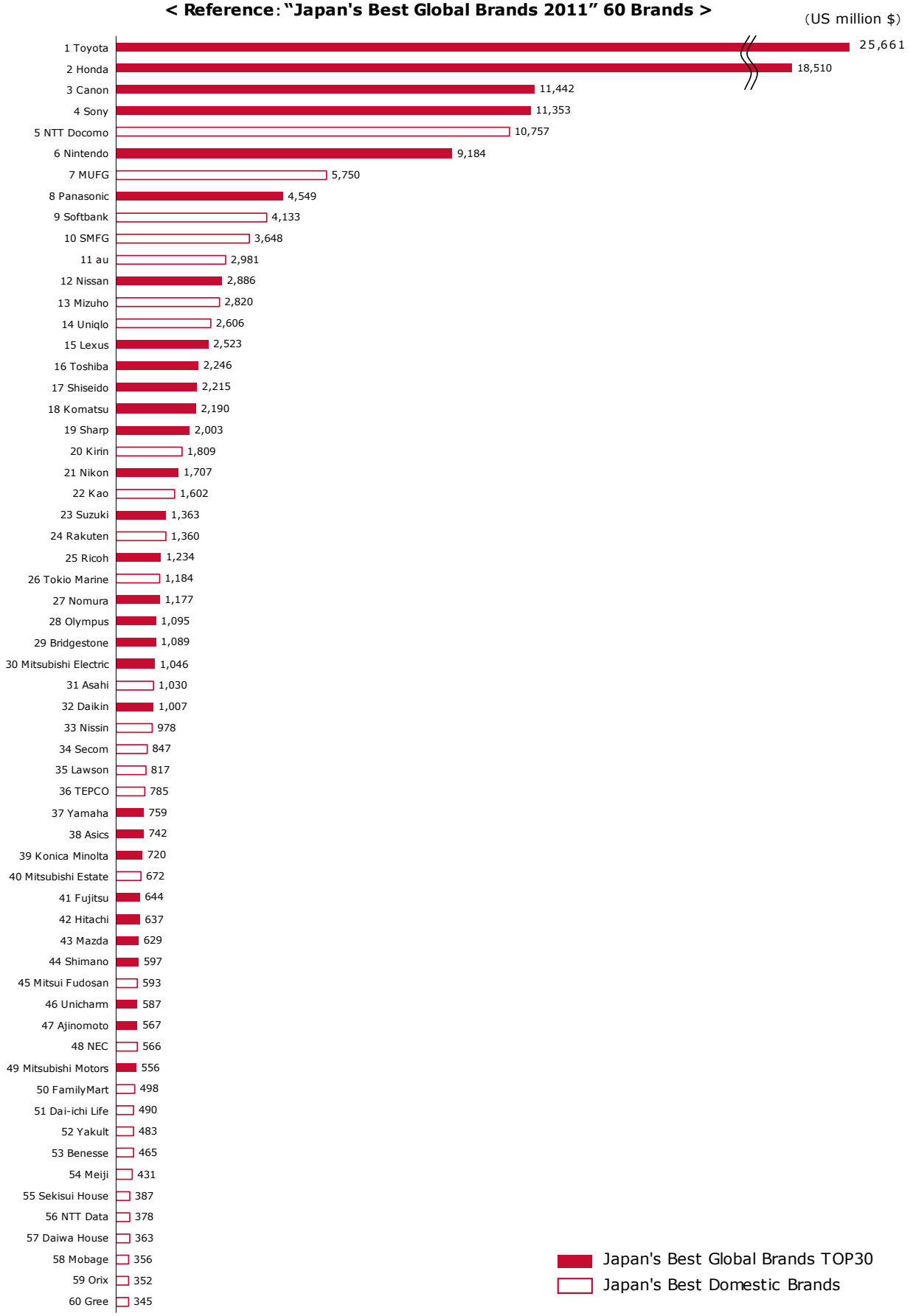
< Reference："Japan's Best Global Brands 2011" 60 Brands >



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Brand Evaluations in "Japan's Best Global Brands 2011"

■ CRITERIA FOR CONSIDERATION

This ranking uses criteria for consideration that are similar to those of the **"Best Global Brands"** ranking published by Interbrand every year, in order to clarify the values of Japanese brands that are active worldwide, and compare ranks using a "global standard." Companies meeting the following criteria were selected for consideration:

- •The brand must have been created in Japan
  – It must be a corporate or business brand that was created by a Japanese enterprise
- It must publish financial information
  - It must be a corporation listed on a stock exchange as of October 31, 2010, and must make analyst reports available
- Over 30% of its total sales must come from overseas sales (sales outside Japan) based on results from FY 2009
- Even if it is a B2B company, it must have general level of global recognition
  – It must have recognition of at least 10% among consultants at Interbrand's global offices

(Note: "Domestic brands" are selected by adding to the above the criterion the requirement that overseas sales account for no more than 30% of total sales)

■ METHODOLOGY

Interbrand's methodology evaluates brand value based on its financial strength, the influence of the brand on purchasing decisions, and the brand's future earning potential. In the same way that securities analysts analyze and evaluate corporate value, we analyze and evaluate brand value based on the question, "What is its future earning potential?" This methodology has been certified under International Organization for Standardization (ISO) 10668 as a global standard for measuring the monetary values of brands. The evaluation consists of the following three specific analyses.

Financial Performance: Estimate the profits that the company will generate

We first estimate the current and future revenues of the business operating under the brand. We then arrive at the future economic profit by subtracting from that number the cost of sales, taxes, and capital cost from invested capital. This analysis is based on published corporate data, while future estimates are based on performance estimates made by financial analysts. (Note: the performance estimates by financial analysts employed in this evaluation use the average estimated values by major analysts called the IFIS Consensus, published by IFIS Japan, Ltd. http://www.ifis.co.jp/index.htm)

The IFIS Consensus data used is current as of November 18, 2010.

Role of Brand: Identify the contribution that the brand makes to profits

We next analyze the impact that the brand has on customer purchasing decisions, in order to identify the contribution that the brand makes to the future economic profit calculated in the financial analysis. With regard to the role that brands play in consumer purchasing trends, the evaluation uses a database of brand-value evaluation performance that we have built up over the past 25 years, as well as benchmark analyses by industry. We then research and analyze each individual brand based on its industry benchmark to calculate the brand's contribution as a score.

Brand Strength: Evaluate the future earnings potential provided by the brand

Brand-strength analysis measures the brand's power to generate client need (the ability to maintain future earnings) – market loyalty, repeat purchases by consumers and lock in – and calculates a current value by discounting the brand's earnings by this amount. This evaluation is a systematic method for determining a brand's risk, and is made from a wide range of perspectives relating to the brand, including the brand's market position, consumer recognition and popularity, image, and support for the brand. The evaluation score is then converted into a discount rate, which is subtracted from the brand's future profitability to arrive at the brand value.

Note: Role of brand and brand strength are calculated based on a multidimensional evaluation by expert consultants at our global offices, using a wide range of published reports and other information.

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About Interbrand

Founded in 1974, Interbrand is recognized for being at the forefront of the dialogue on brands as business assets. Today, Interbrand is amongst the largest brand consultancies and has grown to include 40 offices in 25 countries. The combination of rigorous strategy and analytics with world-class design creativity help its clients to create and manage brand value in all market dynamics. It is widely respected for its annual study, The Best Global Brands, and creating a broader platform for the discussion on brands in the Webby-award winning website brandchannel.com. For more on Interbrand, visit http://www.interbrand.com/.

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