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## CHANGES IN TOP 10 EUROPEAN BRAND CORPORATIONS DURING THE ECONOMIC CRISIS

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**Abstract:** *The paper presents some analyses of Eurobrand reports about top 10 brand corporations, during the period 2007-2013, to capture the effect of economic crisis from 2008. The analyses refer at the following aspects: tendencies in top 10 European brand corporations, during 2007-2013, development potential of top 10 European best brand corporations, the evolution of total value of top 10 European brand corporations and the structural changes on industries of top 10 European brand corporations during 2007-2013. The structural changes of top 10 European brand corporations could characterize the changes of European economy and at national level for some developed countries. Some conclusions were formulated based on the analyses of top 10 European brand corporations' values.*

**Keywords:** *brand value, valuation method, brand rankings, brand corporation value*

### 1. INTRODUCTION

Few companies are well known at international level on the market of brand management and consultancy services. Interbrand, Millward Brown, Brand Finance, Global Finance, the European Brand Institute and many others produce annual rankings of top 10, top 50 or top 100 Best Global Single Brands or Corporation Brands, at World and European level, country and regional level or within certain industries and some social activities.

The European Brand Institute in Vienna analyses intangible assets as patent and brand values. Its body of European independent experts are annually publishing the brand valuation studies "Eurobrand" for 3,000 brand corporations in 24 countries and within 16 industries of Europe, America and Asia.

The valuation models usually focus on the reports of financial transactions and either on

the behavioural or technological aspects. The standards allow comparable valuations by harmonising different aspects.

The ON Rule ONR 16800 was the first normative document on brand valuation world-wide and it was presented in 2006, by Austrian Standards Office. Based on this document in 2010, the International Organization for Standardization (ISO) created the standard BSI ISO 10668 *Brand Valuation: Requirements for monetary brand valuation* and the International Valuation Standards Council created an international valuation standard for the intangible assets. [1, 2, 3]

In January 2011, experts of the European Brand Institute presented two standards on brand valuation and on patent valuation.

Dr. Karl Grün, director at Austrian Standards Institute, considers "In today's modern economy, intangible assets are of increasing significance. .... it is important to



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determine the value of brands and patents in a reliable, transparent and traceable way.“[4]

The companies of brand management have their own methods of valuation. Even the same company of top rankings uses different valuation methods for different brands, depending on the most reliable sources of data. The analysis of top 10 European brand corporations was based on the results offered by the Eurobrand reports of European Brand Institute. The principle of data homogeneity is respected by using the reports of a single top ranking company, as Eurobrand. So, considering that the procedures of collecting data and brand valuation methods could be the same in order to analyse the tops 10 during 2007-2013.

The way the crisis acted across the top 10, 50 or 100 brand corporations, could indicate the structural changes in the European economy or at national level for some developed countries, due to the intangible powerful forces which make the brands to be bought.

## 2. BRANDS PREVAILING IN TOP 10 DURING 2007-2013

**2.1 Eurobrand – top global brand corporations.** Dr. Gerhard Hrebicek, the president of the European Brand Institute, considers that “Europe’s future is based on valuable brands“.[5] In this context, the economic crisis challenging the economies of EU country members influences the most valuable European brand corporation.

The report Eurobrand Global Top 100 Brand Corporations 2013, has established on the first ten places, nine companies from USA

(mil. Euro)

and on the 10<sup>th</sup> place, a company in telecommunications field from Hong Kong (China). Four from the nine American companies are from IT & Technology industry and the other five are from Consumer Goods industry. Apple is the most valuable global brand in 2013, followed by the brand portfolio of the Coca Cola Company, Google on the 3<sup>rd</sup> place, Microsoft on the 4<sup>th</sup> and IBM on the 5<sup>th</sup> place. The Eurobrand Global Top 100 Brand Corporations 2012 ranked ten American Companies, on the first ten places. Google was placed the 5<sup>th</sup> but in 2013, the 3<sup>rd</sup>. The structure on industries was just the same as in 2013, even on the same ranked places.

**2.2 Eurobrand – top 10 European brand corporations during 2007-2013.** The brand rankings “Eurobrand - Top 10 Brand Corporations Europe” extracted from “Eurobrand - Global Top 100 Brand Corporations offered by European Brand Institute were considered for the period 2007-2013 to emphasise the main changes of their positions. The Top 10 European most valuable brand values during 2007-2013 are presented in Table 1.

It can be noticed that in 2007, Nokia from Finland was the only company from IT & Technology industry, number 1 in Top 10 European Brand Corporations.

Three years, from 2007 - 2009, Nokia was on the 1<sup>st</sup> place and in 2010 it placed on 2<sup>nd</sup>; then it disappeared from top 10, in 2011 being on 14<sup>th</sup> place from European top 50, and out of tops starting with 2012. Nokia is an example of a powerful brand which failed because of lacking the strategy of innovation to keep the pace with the development as the other companies from IT & Technology industry.



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2007		2008		2009		2010		2011		2012		2013	
Brand	Value	Brand	Value	Brand	2009	Brand	Value	Brand	Value	Brand	Value	Brand	Value
Nokia	32322	Nokia	38283	Nokia	35220	LVMH	27638	LVMH	31699	LVMH	34306	LVMH	39344
LVMH	29831	LVMH	34907	LVMH	32365	Nokia	25331	Vodafone	28505	Vodafone	28578	Nestle	34364
Unilever	25136	Vodafone	24128	ABInBev	26927	Vodafone	25318	ABInBev	25481	ABInBev	28021	Vodafone	28926
Telefonica	23858	Telefonica	22550	Vodafone	23789	ABInBev	23604	Nestle	25418	Nestle	27473	ABInBev	28102
Vodafone	22550	Unilever	21638	Unilever	22829	Unilever	22212	Unilever	24344	Unilever	26022	Unilever	27715
Mercedes-Benz	20483	Mercedes-Benz	21359	Telefonica	22128	Telefonica	21880	Telefonica	23384	Telefonica	21993	Volkswagen	23121
T Deutsche	18269	BMW Group	20061	Mercedes-Benz	19392	Nestle	19563	DAIMLER	19552	SAB Miller	18870	SAB Miller	20562
BMW Group	17298	RBS Group	19135	T Deutsche	19093	T Deutsche	18001	T Deutsche	18102	Volkswagen	18483	BMW Group	19212
France Teleco	17068	France Teleco	19123	BMW Group	18765	SAB Miller	17572	BASF	17884	BASF	18374	BASF	18895
ABInBev	16873	Deutsche Bank	18172	SAB Miller	18349	Mercedes-Benz	16940	SAB Miller	17764	BMW Group	18238	Telefonica	18083

Table 1. European Top 10 Brand Corporation Values during 2007-2013

As a representative of its industry, this one also has gone out from of top 10, starting with 2011 until nowadays.

The IT & Technology market is dominated by the American most valuable brands: Apple, Google, Microsoft and IBM.

LVMH Group (including Luis Vuitton, Moet, Hennessy, etc.) from France in the luxury industry was on the 2nd position three years at the beginning of the analysed period, from 2007 until 2009, and then for the last four years, from 2010 until 2013, occupies the 1<sup>st</sup> place in the top 10 European brand corporations. LVMH Group was on the 12 place in Eurobrand Global Top 100 Brand Corporations in 2013, rising from the 14<sup>th</sup> position in 2012. The luxury goods industry in 2013 is represented in Global Top 100, also by French company Dior, placed on the 73<sup>rd</sup> position in ascending from the 91<sup>st</sup> place, in 2012.

Unilever Corporation in consumer goods industry from United Kingdom was placed the 3<sup>rd</sup> in top 2007 and for six years, from 2008 until 2013, it keeps the 5<sup>th</sup> place.

Telefonica Corporation from Spain in telecommunications field was placed on 4<sup>th</sup>

rank in top 2007 and 2008, then on the 6<sup>th</sup> place for four years, until 2012, and on the 10<sup>th</sup> place in top 2013.

Vodafone from U.K. also in telecommunications industry oscillated between the 5<sup>th</sup> place in 2007, 3<sup>rd</sup> in top 2008, 2010 and 2013, 4<sup>th</sup> in 2009 and 2<sup>nd</sup> in top 2011 and 2012.

Mercedes-Benz from Germany in automotive industry was on 6<sup>th</sup> place in top 2007 and 2008, on 7<sup>th</sup> in top 2009, on 10<sup>th</sup> in top 2010, then with Daimler Company on 7<sup>th</sup> in top 2011, but the next two year 2012 and 2013 it did not appear in top 10. In Global top 100, Daimler was ranked in 2013, on 43<sup>rd</sup> place after 48<sup>th</sup> place in top 2012.

The automotive industry is also represented by BMW Group from Germany in top 10 in 2007 on 8<sup>th</sup> place, and even if it moved to 7<sup>th</sup> place in 2008, then to 9<sup>th</sup> in 2009, it did not appear in top 10 of top 2010 and 2011, but the strategic management placed it up again from 10<sup>th</sup> place in 2012, on 8<sup>th</sup> place in 2013.

Volkswagen Company in automotive industry from Germany entered on 8<sup>th</sup> position in top 10 in 2012, and rises on 6<sup>th</sup> place in top 2013. Germany was also present in top 10



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industries, with T Deutsche from telecommunications field, on 7<sup>th</sup> position in 2007, it was not in 2008, but then on 8<sup>th</sup> place for three successive years, from 2009 until 2011, since when it has not anymore been ranked in top 10.

But Germany was also present in finances & banking field with Deutsche Bank on 10<sup>th</sup> position in 2008. It was the only year when the finances & banking field was well represented, also by RBS Group from Scotland, on 8<sup>th</sup> position. The year of starting the economic crisis in Europe, had two representatives from finances & banking field in top 10. The analysed period did not show other representative in top 10 for this field.

France Telecom Group was present on the 9<sup>th</sup> place in top 10 in 2007 and 2008 then it stopped its appearance in Eurobrand rankings of top 10 brand corporations. The competition of Vodafone from UK and Telefonica from Spain, in telecommunications industry was strong.

ABInBev Group from Belgium in consumer goods industry which occupied the 10<sup>th</sup> place in 2007, was absent in top 10 of 2008, but entered directly on 3<sup>rd</sup> place in 2009, 2011 and 2012 and 4<sup>th</sup> place in 2010 and 2013.

After the economic crisis began to shadow, in top 10 from 2010, the consumer goods industry was developed by the companies Nestle from Switzerland and SAB Miller from U.K. positioned on 7<sup>th</sup> place, respectively on 9<sup>th</sup>. In 2011 and 2012 Nestle occupied the 4<sup>th</sup> position in top 10, but in 2013 it had the 2<sup>nd</sup> place.

Starting with 2011, BASF Company in chemical industry, from Germany, occupied the 9<sup>th</sup> place for three years, from 2011 until 2013.

**2.3 Tendencies in top 10 European brand corporations, during 2007-2013.** The chart of boxplots for the top 10 from each year is presented in Figure 1.

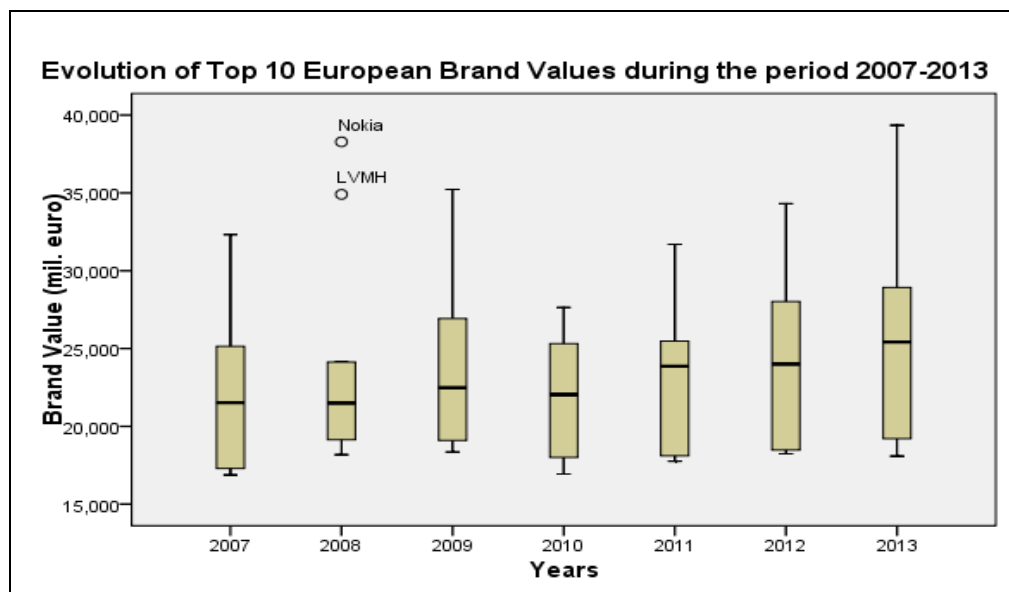


Figure 1. Boxplots for the top 10 European brand corporations, during 2007-2013

Looking at the chart there can be appreciated: the variation of brand corporations' values, the levels of the lower



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values, median values, the upper values and the existence of outliers, for each year.

The variation of brand values was the lowest in 2008, as the boxplot is the smallest, but there are two extreme values for LVMH and Nokia. It is the only year with outliers.

The lowest variation of brand values was in 2010. The highest variation was recorded in 2013. Starting with 2010 the variation of top 10 brand values became greater and greater; the spreading of values increased. The decreasing of spread from 2009 to 2010 shows that the crisis ended in 2010, being the first year of re-launching the brand values on ascending tendency. A lag of two years since the crisis started in 2008, can be noticed on this chart. The persistence of crisis was until 2010. The median value was mostly the same for 2007 and 2008, and it began to increase in 2011, being the greatest in 2013. The lowest value of the 10<sup>th</sup> place was in 2007 and the next in 2010.

**2.4 Development potential of the European best brand corporations during 2007-2013.** Considering all the brand corporations ranked in top 10 by Eurobrand during the period 2007-2013 there can be seen their positions when the economic crisis started and during the 2008-2012 global recession.

Calculating the annual average dynamic rates of the brand corporations' values, during the period 2007-2013 and depending on the

brand values of top 10 in 2013, there can be obtained the chart from Figure 2.

The emphasised brand corporations from the first and from the fourth frame of the chart had positive annual growth rates during the analyzed period. All the brands placed in the third frame had negative annual average dynamic rates and all of them are placed below the average value of all the brand corporations' values. They do not have chances to enter again the top 10.

Telefonica from Spain had a negative average dynamic rate, even if it was ranked in top 10 from 2013. Also BMW Group and BASF, both from Germany are placed under the average value of all considered brands, but having positive dynamic rates, they have chances to keep their places in top 10.

BASF has even a greater annual dynamic rate compared with that of SAB Miller, and so it has potential to raise more its value. Nestle from Switzerland has the greatest potential of development with the highest value of annual growth rate of 16.5%.

Nokia and RBS Group have the most unfavourable positions in the third frame, with negative annual growth rates; close to -26% for Nokia and - 7% for RBS Group.



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Top 10 Brands during 2007- 2013 in Europe and their potential of change

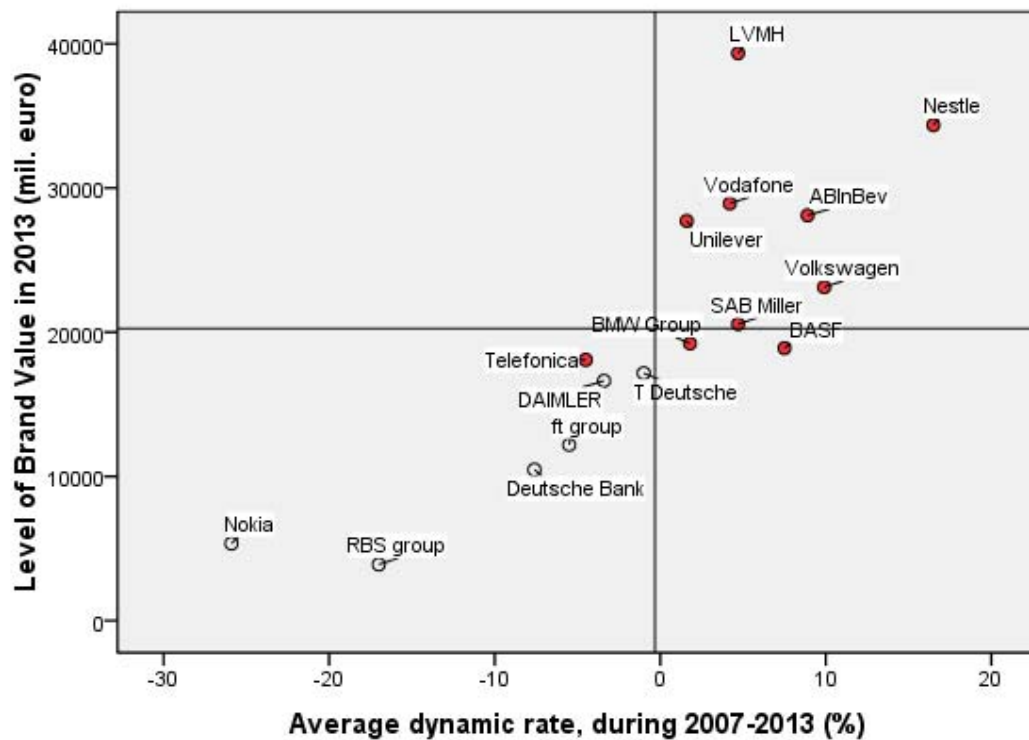


Figure 2. The development potential of the European best brand corporations, during 2007-2013

LVMH distinguishes as the best brand value close to 40,000 mil. Euro followed by Nestle with the greatest potential of development. The corporations having positive annual dynamic rates comprised in the interval 0 - 10%, are forming a group of seven brands.

Telefonica is outside this group, with negative dynamic rate.

**2.5. Evolution of the total value of top 10 European brand corporations.** The total value of top 10 brand corporations' values has the evolution presented in Figure 3.



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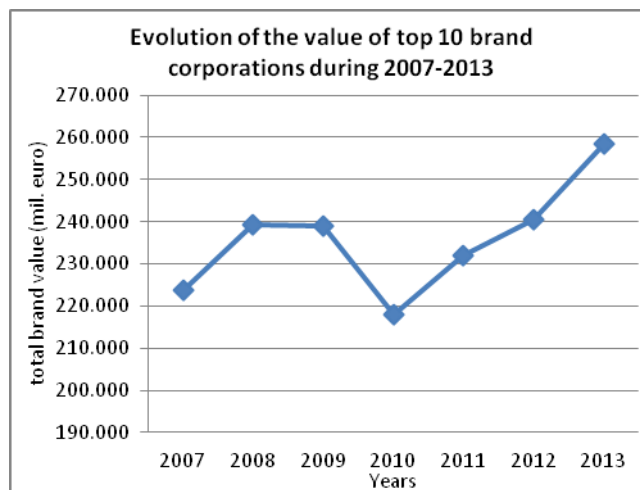


Figure 3. Evolution of top 10 brand value during 2007-2013

It can be noticed the decline in 2010 of total value as sum of top 10 brand corporations' values with a two-year lag in its evolution, affected by the economic crisis started in 2008.

Only in 2013, this total value was greater than the total value from 2008.

Starting with 2010, the value of top 10 brand corporations increased with an annual average dynamic rate of 5.8%.

**2.6. The structural changes on industries of top 10 European brand corporations.** Analysing the structure of economic activities for the top 10 brand corporations, there can be noticed some interesting changes, emphasised in Figure 4.

For each year of the analysed period there can be seen the structure of brand corporations' value in certain economic field.

The value of brand corporations in telecommunications decreased from 37% in 2007 until 18% in 2013.

Automotive industry was around 16-17% in 2007-2009; during 2010-2011, it decreased until half, being 8%, but in 2012-2013, it revived again at 16%.

The IT&Technology with 14% in 2007, increased in 2008 at 16%, but decreased until 12% in 2010, since when the field was no more represented.

The banking and finances was present only when the crisis started, in 2008, with 16%.

The luxury industry was present the entire period with almost a constant proportion, between 13% and 15% from total value of top 10 brand corporations.



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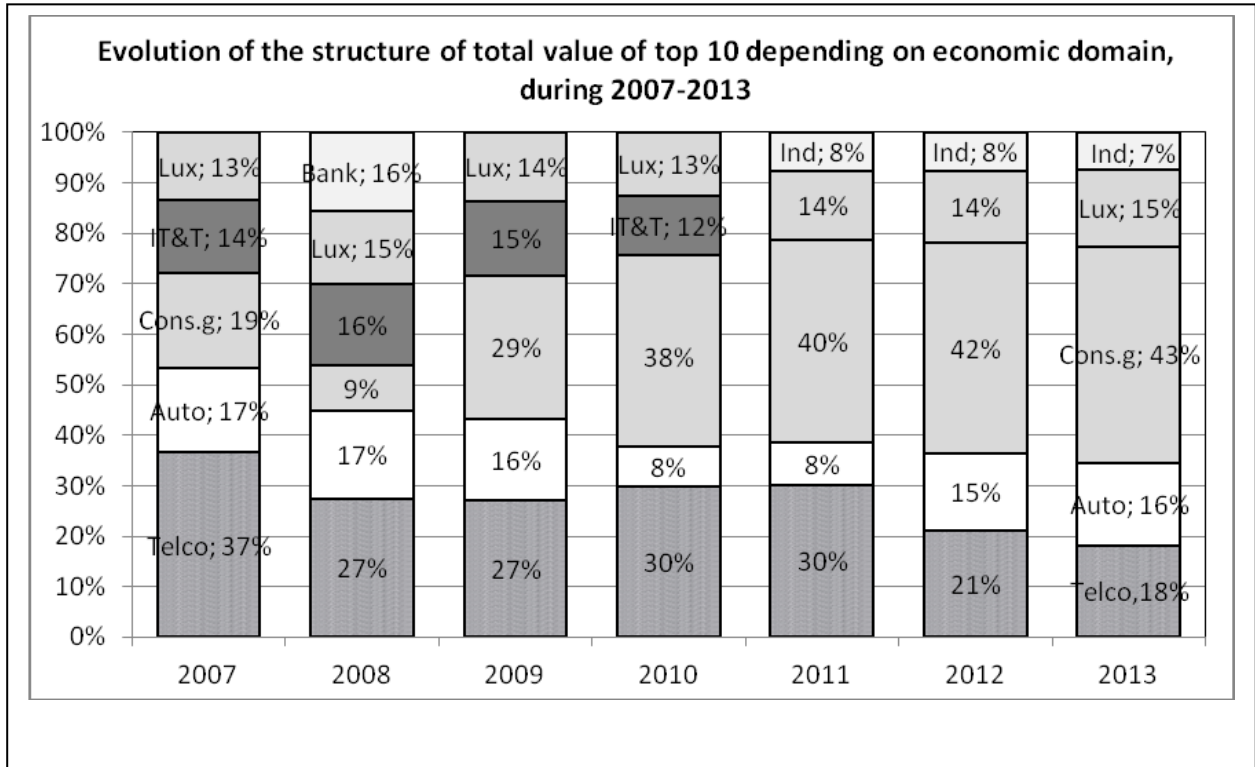


Figure 4. Structural changes in the value of top 10 European brand corporations, during 2007-2013

Chemical industry began to appear in top 10 starting with 2011 with a constant proportion of 7-8%.

The deep change was in consumer goods industry which increased from 19% in 2007, at 43% in 2013. The economic crisis influenced this industry, which in 2008 had 9%.

For the last two years 2012 and 2013, the structures of the value of top 10 brand corporations were mostly the same.

**2.7. The structure of total value top 10 on European origin countries of brand corporations.** The structure of total value on origin countries of top 10 brand corporations is shown in Figure 5.





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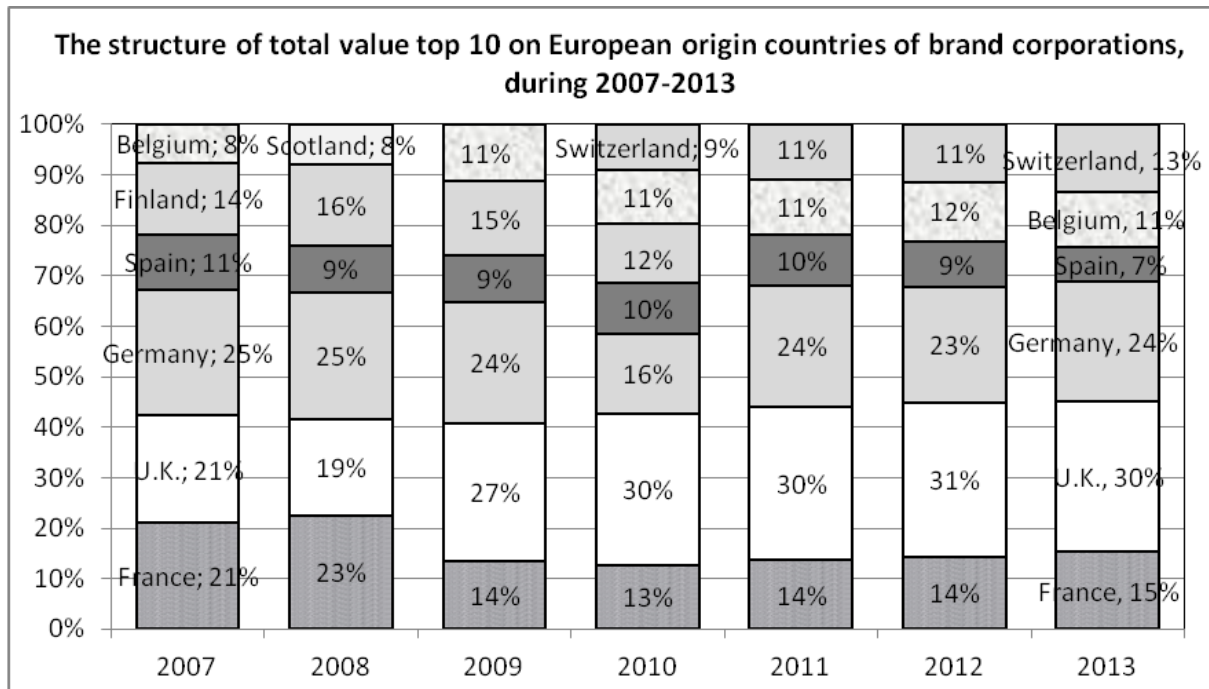


Figure 5. European countries of top 10 brand corporations, during 2007-2013

In all top 10 rankings during 2007-2013, there were six European countries. In 2009 was the single year when there were seven countries represented.

U.K. had the largest proportion of about 30%, in the top 10 of the last four years of the analysed period.

Germany maintained its second position for five years, with weights of 23-24%.

For five years from 2009-2013, France kept 14-15% from the total value of the top 10 brand corporations in Europe.

In entire analysed period, Spain kept its middle position in top 10, oscillating between 7%-10%.

For five years Belgium is present in top 10 with 11-12%.

Switzerland which entered top 10 in 2009 had an increasing tendency from 9% until 13% in 2013.

U.K. and Germany have the most powerful brand corporations in Europe. U.K. dominates the consumer goods industry. Germany has the reins of the automotive and chemical industry in Europe, ensuring a more sustainable character to its national economy.

### 3. CONCLUSIONS

In the last decade, Europe failed in IT & Technology industry face of USA companies. Nokia lost the fight in this industry.

In Europe, the luxury industry from France is dominating the brand rankings before and



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after the economic crisis. The conclusion is that the crisis was an opportunity for the expansion of this industry, creating an economic advantage for France.

The economic crisis in Europe did not influence the telecommunications industry: Telefonica from Spain and Vodafone from U.K. kept their middle places in the top rankings.

The influence of economic crisis over the automotive industry has been delayed with a lag of two years. After the crisis was gone, in 2010, the automotive industry developed in force and the powerful German economy is present in all tops of analysed period through its automotive construction companies.

Germany has the most powerful economy being well represented during the analyzed period, for top industries as: automotive, telecommunications and banking.

The distribution on European countries of top 10 brand corporations' origin is not concentrated in few countries. Top 10 in 2013 ranks the brand corporations from: France, Switzerland, U.K., Belgium, Germany and Spain.

The innovative character of brand management ensures the resistance in top rankings of the best brand corporations.

Information and communications technologies offer important advantages for the companies which allocate marketing budgets in building customers relationship, using the new tools of social-media and Internet. Strategies in real time are elaborated based on administration Big Data, to offer new products and services to the customers, ready prepared to buy their brands.

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