

American idols

China's economy has become one of the most powerful in the world, but its brands have yet to make a similar impact. Why do US brands still enjoy global dominance, despite the sad state of its economy?

CHINA'S fast-rising economic power is rivalling that of the United States. But as far as global brands are concerned, the US is still firmly in the leading position.

A successful brand represents profitability. And in business and financial parlance, the value of a brand is called 'brand premium'. Look at Starbucks, the US-based coffee shop chain. While you can get good coffee in all sorts of shops around town at half the price, many people, probably including you, still choose to patronise Starbucks outlets from time to time. That is the magic of a successful brand. Marketing experts say Starbucks' attraction lies in the **elegant** and efficient image it projects, a modern city lifestyle that many people aspire to.

Brand value reflects lifestyle

WHEN you are studying in a Starbucks shop, nurturing a cup of hot drink in your hands, do you feel good and become more efficient in your studying? How brand names work on people's psyche is an interesting subject. Does a brand name become popular because it is famous, or does it become famous because it is popular? That sounds very much like a chicken-and-egg kind of question. What we know is that we can learn something about the process of globalisation from brand value.

Recently, Interbrand, part of the world's biggest advertising and communications conglomerate Omnicom Group, released the Best Global Brands 2013 ranking. From the results, we can deduce two **salient** aspects of globalisation.

Technology is king

SIX of the top 10 global brands are technology-related enterprises. If we look at the top five, four are in this kind of business – Apple, Google, IBM and Microsoft. Most noteworthy is that Apple, which was in second place last year, took the top spot from Coca-Cola this year.

The soft drink, which had been in first position since Interbrand began compiling the list in 2000, dropped to third place (Google came in second this time). Apple's brand premium was estimated at US\$98.3 billion (HK\$766.7 billion), up 28 percent from the previous year, while that for Coca-Cola only increased by 2 percent.



01	02	03	04	05
06	07	08	09	10
11	12	13	14	15
16	17	18	19	20
21	22	23	24	25
26	27	28	29	30
31				

US brand domination

MOST of the brand names on the 2013 list are US companies. Among the top 10, the only two exceptions are South Korea's Samsung and Japan's Toyota. Companies from China do not even make the top 100.

Some might say that as the rating organisation is a US entity, it must have slanted the ranking in favour of American brands. But it is **undeniable** that the 'soft power' of US culture has long permeated the entire world, and in people's minds, US brands are 'by default' good ones. When people talk about fast food chains, do they not first think of McDonald's and KFC, both US companies? The management style of US enterprises, their efficiency and the rule of law in the country are factors that have **contributed** to the success of US companies in building their brands worldwide.

Key ideas

While China's economy has become one of the most important in the world, the clout of its companies and brand names has yet to receive the kind of global recognition that the US has been enjoying. Fake products, copyright infringement activities and inconsistent quality control are hampering successful brand-building for China's companies.

Did you know?

Set up in 2005, the Hong Kong Brand Development Council (香港品牌發展局) is the territory's only non-profit-making organisation that specialises in fostering Hong Kong's brand development. Its activities include brand accreditation, promotion, incubation, research, education and cross-border exchanges.

Critical questions

- Do you think US brands are still enjoying worldwide domination?
- What can China do to catch up in this area?

References

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How do China brands fare?

CHINA'S economy is taking an increasingly important position in the world. The country has high productivity and spending power, but its companies have yet to acquire real significance as far as global branding is concerned. Why has China not been able to evolve past the 'world factory' role?

Think about rampant piracy, fake products and the lack of consistent quality control. These are hardly the things that help build consumer confidence in Chinese products.

If even the locals do not trust local products, how then is it possible to build a brand name that can be trusted by people in other countries?

On the positive side, the title 'world factory' means revenue. But on the flip side, the name suggests a neglect of damage to the environment in the pursuit of productivity.

For development to be sustainable, China should perhaps shift its reliance from labour-intensive economic activities to service-based ones.