

Davis Brand Capital 25 companies
outperformed the Dow Jones,
S&P 500 and NASDAQ in 2014.

2014



DAVIS BRAND CAPITAL 25

COMPANIES THAT MANAGE THEIR BRANDS
MOST EFFECTIVELY PERFORM BETTER,
BEATING BENCHMARK INDICES BY UP TO 7%.

Davis

A CONCENTRATION OF BRAND CAPITAL

IN MANY WAYS, 2014 WAS THE YEAR OF REEVALUATING THE POWER OF CAPITAL – GLOBALLY, SOCIALLY, TECHNOLOGICALLY, INTELLECTUALLY.

Thomas Piketty's surprise best-seller, *Capital in the Twenty-First Century*, brought into focus the changing nature of capital, including how its increasing concentration may contribute to wealth inequality. Similarly, Peter Thiel's *Zero to One* argued for a new age of monopolists moving with extreme velocity. And, Erik Brynjolfsson and Andrew McAfee explored winner-takes-all technologies in *The Second Machine Age*, asking what might be left, if anything, for those left behind.

These subjects intersect on this year's *Davis Brand Capital 25*. Capital, the generator and container of wealth, now includes patents, trademarks, brand and other intangible assets, like culture. The very best corporate managers of these types of capital are concentrating on the list. They win the financial, marketing, intellectual property, talent, and reputation battles, and seem poised to continue to do so.

These winners outperform all public indices, by up to seven percent in 2014, illustrating the power of their brand capital. Technology companies and their brands dominate the ranking, representing \$2.1 trillion in combined market capitalization.

Apple, Google, Microsoft and IBM hold the top four spots on the ranking not just because the companies excel in managing their overall brand capital (i.e., brand value, competitive performance, innovation, social impact and company culture) but because of the other brands they connect to, own or manage.

Consider the brand capital concentration occurring at Apple. While it takes the number one spot based purely on objective data, its dominance is solidified, at least in part, by its relationships with Walt Disney Company (13), AT&T (16) and Verizon (23). Or, for Google (2), its own robust portfolio of

branded products is made yet stronger by the other category-leading brands the company has acquired or taken a significant position in, such as Android, Nest, Uber, Waze and YouTube.

THE VERY BEST CORPORATE MANAGERS OF BRAND CAPITAL WIN THE FINANCIAL, MARKETING, INTELLECTUAL PROPERTY, TALENT, AND REPUTATION BATTLES, AND SEEM POISED TO CONTINUE TO DO SO.

As the 2014 discussion on capital draws to a close, it is important to ask what might be next. Inequality in both individual wealth and income will surely continue to be a significant point of debate on the social and political fronts. But on the brand capital front, is there really still a chance for new competitors to break into the top ranks, or are the owners of brand wealth now firmly fixed? Is inclusion at the top only possible through acquisition by the current owners and managers of brand capital? And what of the geographic distribution of this type of capital? It is worth noting that the vast majority of it, across this broad study of more than 1,100 global brands, is concentrated not just in the technology sector, but in U.S. companies. European and Asian leaders are represented to some degree. Countries making up the massive BRIC (Brazil, Russia, India and China) growth opportunity and all of Africa have yet to build or acquire companies with the wealth and influence of substantial brand capital.

THE 2014 RANKING

2014 marks the sixth-annual *Davis Brand Capital 25* ranking, the result of a yearly study of approximately 1,100 global brands. Across the years, there has been high consistency among the companies most effectively managing brand capital: 10 have made the best-of-the-best list every year, and another eight have earned a spot five of the past six years. Only IBM and Microsoft have remained in the top five every year. Apple has held the top position for four consecutive years.



	COMPANY	INDUSTRY	2014 SCORE	2013 RANK	2012 RANK	2011 RANK	2010 RANK	2009 RANK	YoY CHANGE
1	Apple Cupertino, CA USA	Technology	183.0	1	1	1	7	12	0
2	Google Mountain View, CA USA	Technology	182.0	2	3	4	13	11	0
3	Microsoft Redmond, WA USA	Technology	174.6	4	4	3	3	4	1
4	IBM Armonk, NY USA	Technology	174.2	3	2	2	1	1	-1
5	General Electric Fairfield, CT USA	Diversified	173.0	7	9	6	4	2	2
6	BMW Munich, Germany	Automotive	166.7	12	8	11	12	n/a	6
7	Coca-Cola Atlanta, GA USA	Beverages	159.8	5	6	9	14	16	-2
8	Procter & Gamble Cincinnati, OH USA	Consumer Products	159.1	8	5	7	6	9	0
9	Toyota Toyota, Aichi Japan	Automotive	157.8	16	13	20	n/a	8	7
10	Johnson & Johnson New Brunswick, NJ USA	Health Products	156.2	17	20	14	25	18	7
11	Samsung Seoul, South Korea	Technology	155.9	9	19	23	8	n/a	-2
12	J.P. Morgan New York, NY USA	Financial Services	155.3	14	12	n/a	11	20	2
13	Walt Disney Company Los Angeles, CA USA	Entertainment	154.6	n/a	n/a	13	20	7	n/a
14	Daimler Stuttgart, Germany	Automotive	152.1	10	15	15	n/a	n/a	-4
15	Intel Santa Clara, CA USA	Technology	151.0	13	10	8	9	6	-2
16	AT&T Dallas, TX USA	Telecommunications	150.2	11	14	22	n/a	13	-5
17	Volkswagen Wolfsburg, Germany	Automotive	148.9	23	23	21	17	n/a	6
18	Citi New York, NY USA	Financial Services	147.7	22	24	16	n/a	n/a	4
19	HSBC London, UK	Financial Services	146.8	18	16	n/a	22	19	-1
20	LVMH Paris, France	Luxury	146.6	20	18	n/a	n/a	n/a	0
21	Hewlett-Packard Palo Alto, CA USA	Technology	146.3	n/a	7	5	2	3	n/a
22	Cisco San Jose, CA USA	Technology	146.2	n/a	n/a	10	10	5	n/a
23	Verizon New York, NY USA	Telecommunications	144.4	n/a	n/a	n/a	24	14	n/a
24	Exxon Mobil Irving, TX USA	Energy	142.5	15	11	17	19	21	-9
25	Nestlé Vevey, Switzerland	Consumer Products	140.8	24	n/a	19	15	n/a	-1

● Upward Movement from 2013 Rank ● Downward Movement from 2013 Rank ● No Movement from 2013 Rank

THE RANKINGS IN CONTEXT

Davis Brand Capital 25 companies are the world's leading managers of brand and related intangible assets. Their total business strength and overall effectiveness is the result of disciplined, comprehensive approaches to driving brand capital, including: brand value, competitive performance, innovation strength, company culture and social impact.

For the sixth-straight year, technology leaders dominate the ranking, with the same four companies holding the top four spots since 2011. This illustrates the deep understanding these companies have for successfully managing brand intangibles, providing meaningful utility for their customers and driving innovation to help shape tomorrow.

After precipitous falls in prior years, Hewlett-Packard and Cisco reclaimed positions on the list. The turmoil following CEO Mark Hurd's ouster from HP and Cisco's ill-fated foray into

consumer electronics hurt both companies respectively. But sharpened strategies and leadership focus helped them regain lost ground, illustrating the critical importance of brand clarity in building confidence with the street and other stakeholders.

Samsung fell slightly in this year's rankings after a substantial gain in 2013. Although it beat Apple to the punch with its smart watch, the innovation was ultimately a disappointment. As Apple and others enter the "phablet" space, Samsung will be worth watching closely. Intel remains a strong performer – time will tell if the company can shake its PC legacy to keep pace with a mobile world.

Automotive made a strong showing again in 2014. BMW's i3 and Volkswagen's XL1 demonstrated tremendous innovation strength, and Toyota continued its upward

momentum after stumbling in 2010 following high-profile product recalls.

Daimler maintains a solid position – largely due to its Mercedes-Benz nameplate – but weakness in the European market hurt the competitive performance of its heavy truck industry. Likewise for Ford, which fell outside the top-25 list this year. Its big bet on Europe hurt its global competitive strength short term.

ExxonMobil experienced the largest drop. Its decline in the rankings was likely driven by negative consumer perceptions of "big oil" in the wake of competitors' environmental disasters, as well as falling oil prices. However, the company's "Be an Engineer" initiative is noteworthy for its cultural relevance, superb creative execution and potential to build brand strength moving forward.

The *Davis Brand Capital 25* ranks companies according to comparative effectiveness across the five categories that drive brand capital:

- brand value,
- competitive performance,
- innovation strength,
- company culture
- and social impact.

The ranking is based on aggregated, publicly available data exploring these areas of brand and Davis' own proprietary analysis.



EACH YEAR, DAVIS ANALYZES APPROXIMATELY 1,100 GLOBAL COMPANIES BASED ON THEIR BRAND MANAGEMENT EFFECTIVENESS. IN 2014, THE FIRM EVALUATED 1,126 COMPANIES. WHILE ONLY 25 COULD MAKE THE BEST-OF-THE-BEST RANKING, THERE ARE SEVERAL COMPANIES DESERVING A NOTE OF RECOGNITION. EXPECT GREAT THINGS FROM THEM IN THE FUTURE.

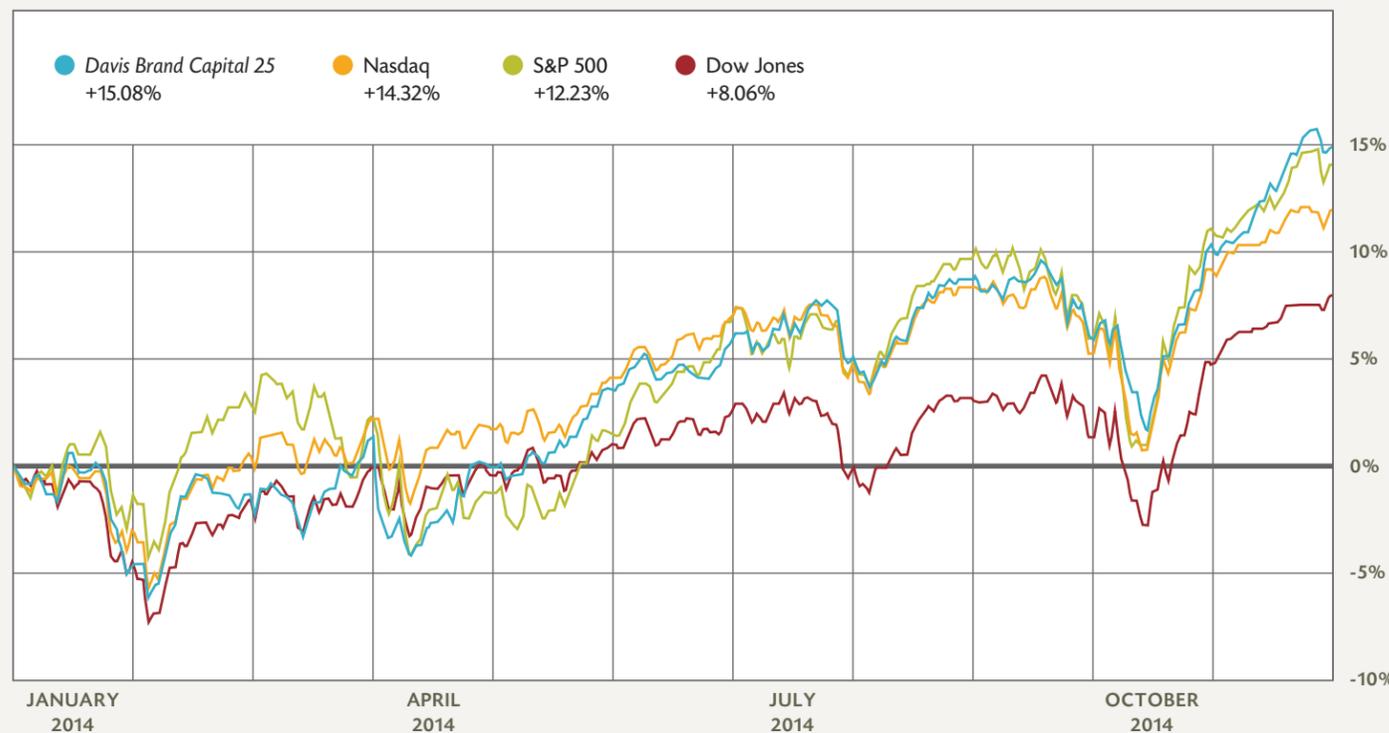
NOTABLE LEADERS

Several brands narrowly miss the top-25 ranking. And they deserve mention for their overall performance in brand management.

Beverage giant Anheuser-Busch InBev landed at #26. Despite its faltering Budweiser flagship brand and ever-increasing competition from microbreweries, the Belgian-Brazilian multinational has a diverse stable of powerful global brands. In the U.S., brand extensions have helped reinvigorate the overall Bud Light brand. While AB InBev has never made the top-25, it is a company worth watching closely in 2015.

Global retail giant Walmart's performance is also noteworthy. The company took the #27 spot after appearing at #21 in 2013. As the economy seemingly improves, the discount retailer continues to innovate. Its increased focus on organic produce and improving its product mix helped its stores stay relevant for budget-conscious consumers as formerly niche trends move more mainstream.

Ford Motor Company landed at #28 after ranking #19 last year. Recent innovations, including its all-new Mustang and the aluminum-bodied F-150 pickup series, suggest there are more bold moves to come from the company. In recent years, former CEO Alan Mulally provided sharp leadership vision in developing its global platform and culling the Mercury nameplate. Expect good things under CEO Mark Fields as he drives the nameplate forward.



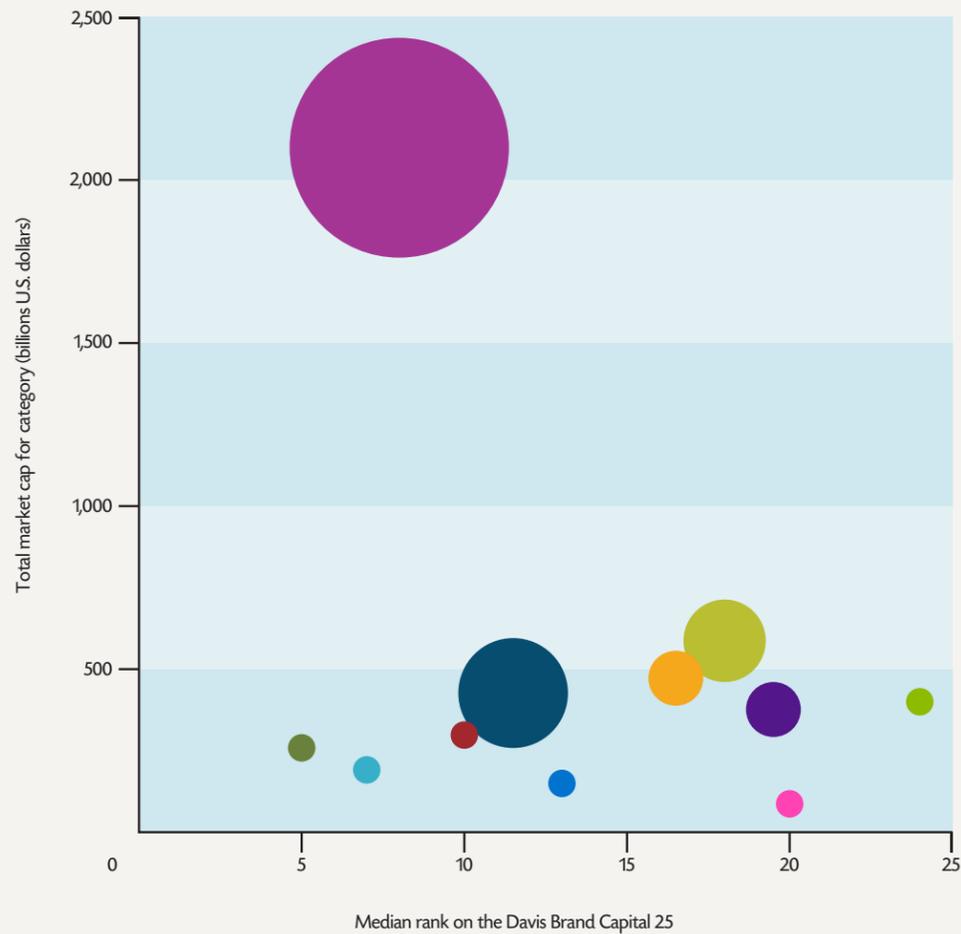
LEADERS IN OVERALL BRAND MANAGEMENT OUTPERFORM THE MARKETS

Brand helps drive demand, increase margins, grow market share, attract top talent, and ultimately return value to businesses and their stakeholders. A hypothetical stock portfolio consisting of *Davis Brand Capital 25* companies returned 15% year-to-date in 2014¹, beating the Dow by 7% and the S&P 500 by approximately 3%. Dominated by technology leaders, the ranking closely tracks the NASDAQ, exceeding it by 0.76% in 2014.

¹YTD period January 2, 2014 to December 4, 2014

CATEGORY PERFORMANCE AND MARKET CAPITALIZATION

Collectively, the *Davis Brand Capital 25* represent \$5.4 trillion in market cap. The technology leaders on the list enjoy the highest combined market cap at \$2.1 trillion and best overall category ranking. The companies most effective at managing brand and other related intangible assets account for a substantial portion of the worldwide economy, highlighting the integral importance of brand capital in shaping global markets.

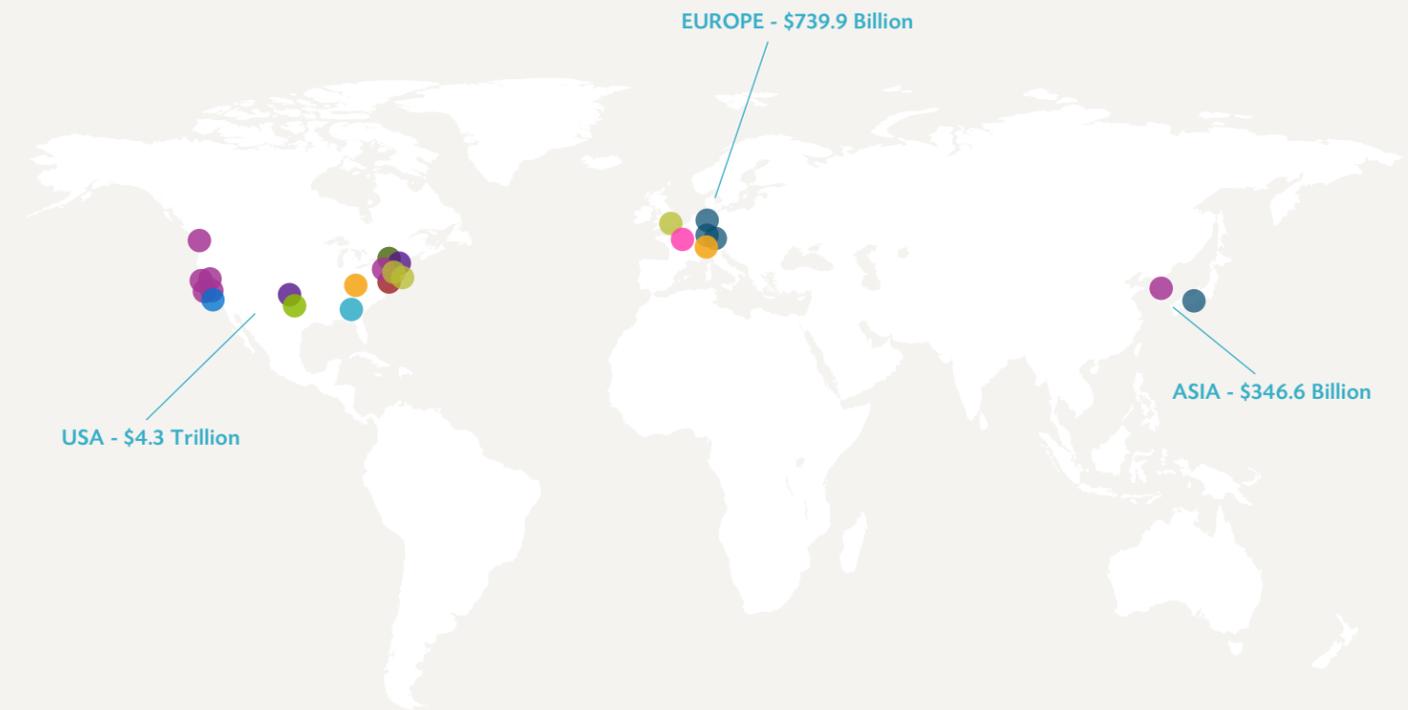


Note:
Market capitalization figures are based on market close in U.S. dollars on December 3, 2014.

- Technology
- Diversified
- Automotive
- Beverages
- Consumer Products
- Health Products
- Financial Services
- Entertainment and Media
- Telecommunications
- Luxury
- Energy

DISTRIBUTION OF GLOBAL BRAND CAPITAL

Brand capital is a global concern – especially as developed nations increasingly move towards knowledge-based economies. While the *Davis Brand Capital 25* are largely concentrated in the United States and Europe, effective management of brand is a essential for businesses worldwide. The future may hold a shift in brand capital as the growth opportunities in BRIC nations and across Africa are realized.



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For an in-depth report on any of the companies ranked in the *Davis Brand Capital 25*, or to learn how to bring greater clarity to your brand strategy and management, please call 404-347-7778.

Davis Brand Capital develops, manages, values and invests in leading brands.

For nearly two decades, Fortune 100 and category-leading clients worldwide have turned to Davis for clarity on complex questions surrounding brands.

As a comprehensive brand consultancy, we place equal emphasis on the strategic, economic, cultural and creative aspects of brand development and management.

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