

BrandZ™ Top 50 Most Valuable Chinese Brands 2013 Outperform MSCI China Index

- **Brands are becoming more important to Chinese consumers and businesses**
- **Technology brands see biggest rise**
- **Chinese brands strengthen overseas presence**

BEIJING, CHINA, December 4, 2012. The third annual BrandZ™ Top 50 Most Valuable Chinese Brands study, commissioned by WPP and undertaken by Millward Brown, is released today. This year’s ranking shows that brands are becoming more important to the Chinese consumer. Despite a challenging economic environment, strong brands outperformed their competitors and the broader stock market.

China is not immune to the global economic environment, and this year the total value of the BrandZ Top 50 Most Valuable Chinese Brands fell to US\$320,224 million, down 1.6 percent on 2012. Despite this, brands continued to grow in importance. The BrandZ Top 50 Brands Portfolio outperformed the MSCI China Index, by 11.4 percent as of September 2012.

This year, **China Mobile** retains the number one spot in the rankings with a brand value of US\$50,589 million. Leading financial institutions also continue to head up the rankings - with **ICBC** and **China Construction Bank** in positions two and three respectively.

China’s technology brands have seen tremendous growth, as Chinese consumers spend even more time – and money – on Internet and mobile platforms. **Baidu** has moved up two positions to number four and **Tencent** has moved from position 10 to number five.

China’s private sector and entrepreneurs are seeing growing success in building Chinese brands, with the share of non-State Owned Enterprises (SOEs) in the Top 50 rising to 27 percent from 22 percent in 2011.

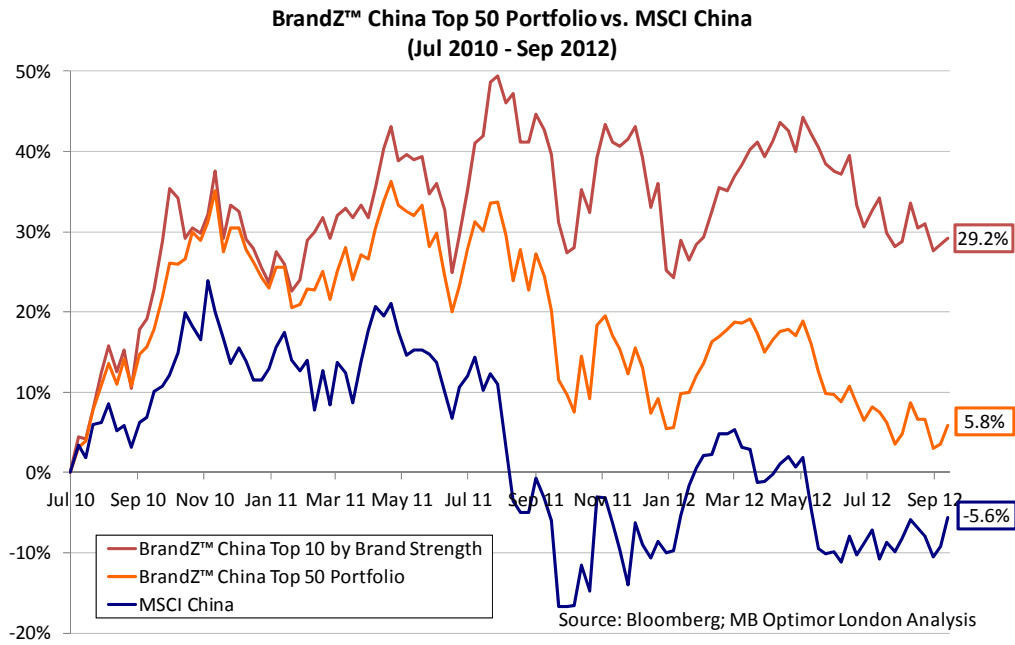
David Roth, CEO The Store, WPP said: *“As the growth rate of the Chinese economy slows, brands become a more important discriminator of consumer choice. As this study shows, strong brands help Chinese companies grow faster. This is set to accelerate as the Chinese economy rebalances. This, combined with the requirement for more Chinese companies to be successful overseas, will drive the necessity for creating strong Chinese brands as a critical factor for success.”*

Adrian Gonzalez, Head of Greater China, Millward Brown said: *“Building strong brands domestically is a vital template for the increasing number of Chinese brand owners exploring international markets. This year’s BrandZ Top 50 gives an insight into how an expanding group of privately-owned Chinese brands are growing value by meaningfully differentiating their brands.”*

Ranking	Brand	Brand Value (US\$ Millions)	Year-on-Year Change
1	 中国移动通信 CHINA MOBILE Telecom Providers	50,589	-6%
2	 中国工商银行 ICBC Financial Institutions	40,444	-8%
3	 中国建设银行 China Construction Bank Financial Institutions	23,993	9%
4	 百度 Baidu Technology	22,740	40%
5	 腾讯 Tencent Technology	20,220	60%
6	 中国农业银行 AGRICULTURAL BANK OF CHINA Financial Institutions	17,278	0%
7	 中国人寿 CHINA LIFE Insurance	14,401	-6%
8	 中国银行 BANK OF CHINA Financial Institutions	13,611	-27%
9	 白酒 Baijiu	12,957	42%
10	 石化 Sinopec Oil and Gas	12,539	-9%

Strong Brands Outperform the Stock Market

An analysis of the BrandZ Top 50 Most Valuable Chinese Brands as a “stock portfolio” over the past two years shows that it consistently outperforms the MSCI China stock market Index. While the total return on investment (ROI) for all companies in the MSCI China Index was -5.6 percent in September 2012, the BrandZ Top 50 Brands Portfolio provided a 5.8 percent ROI. This proves that companies with strong brands are able to deliver better value to their shareholders.



Newcomers

Four new brands have joined the rankings this year. **Bank of Communications** leapt into the rankings for the first time in position 15, its success due to both financial and brand factors. Key also to its inclusion is that 20 percent of its earnings came from retail banking, a key eligibility criteria for this ranking. The beer brand **Harbin** joined the ranking in position 39, it linked its advertising to key sports events and carved a distinctive space in a competitive category. The apparel brands **Youngor** and **Semir** were the other new entrants this year in positions 45 and 49 respectively. **Youngor** benefited from a shift in taste to smarter attire and **Semir** continued its focus on youth whilst investing in retail outlets and the supply chain.

Overcoming Category Challenges – Top Risers and Category Leaders

Coupled with a flagging international economy, certain categories are facing increasingly tough competition domestically. Still, there are several standout brands that have grown in value despite a challenging year, these include:

Septwolves

- Men's apparel brand Septwolves has increased its brand value by 44 percent and is second only to Tencent in this year's list of fastest risers. By focusing on its strategy to become the top-tier apparel brand in the lower-tier cities, and by carefully controlling its expansion, Septwolves has sidestepped competition from foreign brands and the issues of excess inventory that have affected some of the other brands in the apparel category this year.

Hainan Airlines

- Chinese airlines faced a difficult environment due to increasing competition from domestic high speed rail and rising fuel prices, resulting in a 22 percent decline for the entire category. However, Hainan Airlines bucked the trend with a 23 percent increase in brand value, moving up five places in the ranking. Hainan Airlines has built a strong brand and reputation for excellent customer service under its Customer First strategy; in 2011 it became the first Chinese airline to be awarded five stars by Startrax. By concentrating on the customer, and by remaining heavily focused on the Chinese domestic market, Hainan Airlines, which first entered the rankings last year at No. 46, has become one of this year's top risers to No. 41.

Gree

- The closure of a white goods subsidy programme at the end of 2011 badly affected the home appliances category, resulting in a 14 percent drop for the sector. However, Gree has been able to maintain its brand value. Sticking to its core markets of air conditioning, creating a clear message and offering its customers a wide choice of models, Gree has grown to control over 50 percent of the market in China and become the number one air conditioner brand in the world.

The Top 10 Risers

Brand	Brand Value Growth	Category	Ownership	Brand Value US\$ Mil.	Top 50 Rank
1. Tencent	60%	Technology	Market Driven	20,220	5
2. Septwolves	44%	Apparel	Market Driven	651	38
3. Moutai	42%	Baijiu	SOE	12,957	9
4. Baidu	40%	Technology	Market Driven	22,740	4
5. Bright	34%	Food & Dairy	Market Driven	713	36
6. Shuanghui	30%	Food & Dairy	Market Driven	1,670	27
7. Hainan Airlines	23%	Airlines	SOE	524	41
8. Yili	13%	Food & Dairy	Market Driven	2,722	21
9. Tsingtao	10%	Beer	Market Driven	1,228	31
10. China Construction Bank	9%	Financial Institutions	SOE	23,993	3

Source: BrandZ™ / Millward Brown Optimor

Chinese Brands Overseas

Chinese brand builders are increasingly active overseas across many categories and include both State-Owned Enterprises (SOEs) and market-driven organizations¹.

Lenovo

- Lenovo (No. 24), this year became the world's largest PC maker by volume, according to Gartner, with overseas revenues representing 58 percent of total revenues.

¹ Market-driven organizations are those that are set-up in response to market needs and motivated by profit. This is in contrast to the SOEs which although now are increasingly seeking profit, were originally set-up by the government.

Tencent

- Tencent launched its WeChat service (a version of Weixin for non-Chinese markets) which is enjoying growing popularity.

Haier

- Haier engaged in activities to strengthen awareness of the brand overseas including a sponsorship of the Science Museum in London and renewal of basketball sponsorship in the USA. It also invested heavily in e-commerce.

Chinese Consumers' Shifting Tastes

For Chinese consumers, brands are becoming more important than ever, playing an increasingly significant role in their consumption choices – a trend that is well-established in first-tier cities and becoming more deeply entrenched in China's lower-tier urban populations. While brand competition is intensifying in both top and lower-tier cities, companies face the choice of becoming a smaller brand in top-tier cities or a bigger brand in lower-tier cities. SeptWolves (No. 38) and Youngor (No. 45) are brands taking advantage of this strategy.

Chinese consumers are increasingly brand selective when making purchase decisions. This provides exciting opportunities for the companies who invest in their brands now.

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Materials

Available from <http://www.millwardbrown.com/ChinaTop50>

- Full report about the ranking with analysis and commentary
- Infographic explaining the results:
http://www.millwardbrown.com/brandz/2013/China/Docs/2013_BrandZ_ChinaTop50_Infographic.pdf
- Videos about the Top 50 brands:
www.millwardbrown.com/BrandZ/BrandZ_Top50_Chinese_Brands/Video.aspx
- Photographs of the Top 50 brands
- Full report about the ranking with analysis and commentary
- Mobile and iPad magazine

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1	中国移动通信 China Mobile	50,589	-6%	14	招商银行 Financial Institutions	6,769	-20%
2	ICBC 中国工商银行 Financial Institutions	40,444	-8%	15	交通银行 Financial Institutions	4,958	n/a
3	中国建设银行 Financial Institutions	23,993	9%	16	中国移动通信 Telecom Providers	4,142	-34%
4	Baidu 百度 Technology	22,740	40%	17	太平洋保险 Insurance	3,453	1%
5	Tencent 腾讯 Technology	20,220	60%	18	RIR CHINA Airlines	3,276	-31%
6	中国农业银行 Financial Institutions	17,278	0%	19	张裕 Wine	3,057	-5%
7	中国人寿 Insurance	14,401	-6%	20	五粮液 Baijiu	2,728	-32%
8	中国银行 Financial Institutions	13,611	-27%	21	伊利 Food and Dairy	2,722	13%
9	海尔 Baijiu	12,957	42%	22	蒙牛 Food and Dairy	2,391	-31%
10	壳牌 Oil and Gas	12,539	-9%	23	联想 Technology	2,254	-3%
11	中国石油 Oil and Gas	12,007	-13%	24	SUNING 苏宁电器 Retail	1,946	-19%
12	中国平安 PING AN Insurance	10,574	9%	25	中国东方航空 CHINA EASTERN Airlines	1,743	-22%
13	中国电信 Telecom Providers	8,610	-21%	26	云南白药 Yunnan Baiyao Health Care	1,743	-8%

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27	双汇集团 Food and Dairy	1,670	30%	31	燕京啤酒 Beer	580	-2%
28	GREE Home Appliances	1,628	0%	32	海南航空 HAINAN AIRLINES Airlines	524	23%
29	中国南方航空 CHINA SOUTHERN Airlines	1,518	-6%	33	国美电器 Retail	492	-60%
30	海尔 Haier Home Appliances	1,313	-17%	34	苏宁易购 E-Commerce	489	-39%
31	燕京啤酒 Beer	1,228	10%	35	999 CR Sanju Health Care	452	-7%
32	苏宁易购 suning.com.cn Technology	1,201	-37%	36	优格 YONGGUR Apparel	446	n/a
33	Metersbonwe Apparel	1,198	-21%	37	福临门 Fullinmen Food and Dairy	394	4%
34	美的 Midea Home Appliances	1,072	-26%	38	李宁 LI-NING Apparel	316	-69%
35	同仁堂 Tong Ren Tang Health Care	1,071	4%	39	安踏 ANTA Apparel	314	-50%
36	双汇集团 Food and Dairy	713	34%	40	森马 Semir 森马 Apparel	286	n/a
37	雪花啤酒 SNOW 雪花啤酒 Beer	677	-26%	41	人人网 renren.com Technology	246	-77%
38	李宁服装 LI-NING 服装 Apparel	651	44%				
39	燕京啤酒 Beer	601	n/a				

Source: BrandZ™ / Millward Brown Optimor

Background and Methodology

Commissioned by WPP and undertaken by Millward Brown, the BrandZ Top 50 Most Valuable Chinese Brands ranking is the only study to combine measures of brand equity based on interviews with over 35,000 consumers in China. It conducts a rigorous analysis of the financial and business performance of each company (using data from Bloomberg and Kantar Worldpanel) to identify the value that brand plays in driving business revenue and market capitalization.

Criteria for the Chinese brands included in the Top 50 ranking were:

- Brand must be owned by a publicly-traded enterprise
- The publicly-traded enterprise must report positive earnings
- Brand must originally have been created by a mainland Chinese enterprise
- When valuing financial institutions, we only included banks that obtain at least 20 percent of their earnings from retail banking.

About Millward Brown

[Millward Brown](#) is one of the world's leading research agencies and is expert in effective advertising, marketing communications, media and brand equity research. Through the use of an integrated suite of validated research solutions — both qualitative and quantitative — Millward Brown helps clients build strong brands and services. Millward Brown has more than 82 offices in 52 countries. Additional practices include Millward Brown's Global Media Practice (media effectiveness unit), The Neuroscience Practice (using neuroscience to enhance traditional research techniques), Millward Brown Optimor (focused on helping clients maximize the returns on their brand and marketing investments), Dynamic Logic (the world leader in digital marketing effectiveness) and Firefly Millward Brown (a global qualitative research business). Millward Brown is part of Kantar, WPP's insight, information and consultancy group.

About WPP

WPP is the world's largest communications services group with billings of \$71.7 billion and revenues of \$16.1 billion. Through its operating companies, the Group provides a comprehensive range of advertising and marketing services including advertising; media investment management; consumer insight; public relations and public affairs; branding and identity; healthcare communications; direct, digital, promotion and relationship marketing; and specialist communications. The company employs over 162,000 people (including associates) in 3,000 offices across 110 countries. For more information, visit www.wpp.com.