

## 2014 BRANDZ™ TOP 100 MOST VALUABLE CHINESE BRANDS UNVEILS CHINA IS INCREASINGLY A CONSUMER-DRIVEN MARKET

**Brand value growth of non-SOEs (state-owned enterprises) is three times greater than SOEs**

**EMBARGO: 03 December 2013 – Beijing, China** – The 2014 WPP BrandZ™ Top 100 Most Valuable Chinese Brands study, commissioned by WPP and undertaken by Millward Brown, has been unveiled today. The ranking shows that China is increasingly a consumer-driven market amid the government's increased emphasis on rebalancing the domestic economy.

Market-driven brands (private companies without government backing) in the Top 50 of the ranking enjoyed value growth of 27 percent – three times that of state-owned enterprises (SOEs) at 9 percent.

This is the first year the study has been expanded from 50 to 100 brands. A year-on-year comparison of the Top 50 shows an increase in total value of 13 percent in 2014 compared to last year, when it dropped 1.6 percent. **China Mobile** continues to be the nation's most valuable brand, retaining the No.1 spot for the fourth year running with a value of US\$61.4 billion, up 21 percent on 2013.

Technology, last year's highest growing category, continues to rise in brand value – this year technology brands increased their value 28 percent overall. **Tencent** (US\$33.9 billion) rose two positions to No.3 after growing its value 68 percent, and is the leading market-driven brand.

### **Most categories achieve value growth**

Brand value increased in 11 categories, including technology: financial institutions (7%), airlines (9%), oil and gas (8%), insurance (11%), telecom providers (17%), apparel (21%), home appliances (36%), food and dairy (62%), health care (67%) and travel agency (98%).

The alcohol category declined 6 percent in value overall as baijiu and wine brands felt the impact of the reduction in government spending on entertaining, and faced fierce competition from foreign brands.

An expansion of the ranking from 50 to 100 brands has seen brands in eight new categories enter the ranking this year: cars, catering, education, furniture, hotels, jewelry retailers, personal care and real estate. This reflects consumers' increasing purchasing power and changing shopping habits – they are spending more on leisure activities and taking care of themselves, while continuing to aspire to own a car and a home.

Among the Top 50 brands in the ranking, 12 feature for the first time: **China Minsheng Bank; Vanke, Poly Real Estate, Evergrande Real Estate** and **Country Garden** (real estate); **PICC** and **New China Life** (insurance); **Yanghe** and **Lu Zhou Lao Jiao** (alcohol), **Belle** (apparel), **NetEase** and **360** (technology). **BYD** (cars) made a comeback at No.49 having dropped out of last year's ranking.

### **Top risers and big turnarounds illustrate successful brand building**

Health care brand **CR Sanjiu** (No.48) is the joint biggest riser with a brand value increase of 86 percent (US\$841 million), driven in part by Chinese consumers' growing attention to personal wellbeing. The third highest riser **Yunnan Baiyao** (up 72 percent, to US\$3 billion) also benefited from this trend.

Dairy brand **Yili** grew 86 percent (US\$5.1 billion), making it the other top riser in the ranking and China's 15<sup>th</sup> most valuable brand, due in part to rebuilding consumer trust with its 'open factory' campaign, which allowed the public and the media to see the production process. **Mengniu** turned a 31 percent decrease in 2013 into a rise of 30 percent in this year's ranking (US\$3.1 billion) with the same strategy. **Tencent** (US\$33.9 billion) was the fourth top riser with value growth of 68 percent, followed by **Shuanghui** (US\$2.7 billion), up 60 percent.

Bucking the downward trend in the alcohol category, beer brands **Tsingtao Beer**, **Snow Beer** and **Harbin Beer** all achieved double-digit value growth thanks to creative interactions with consumers. Travel service provider **Ctrip** boosted its value 47 percent after a 39 percent decline last year, having continuously innovated to stand out from the competition with developments including a new mobile hotel booking app.

#### Key trends highlighted in this year's research report include:

- **The rise of the market-driven brands.** While SOEs contribute 71 percent of the total value of the Top 100, a direct comparison of the Top 50 shows that market-driven brands are enjoying faster growth – 27 percent compared with SOEs' 9 percent. Brand contribution, a BrandZ metric of the influence of brand alone, is stronger for market-driven brands than SOEs, indicating they have huge potential for development. Young brands – those that have been operating for 20 years or less – contribute to nearly 50 percent of the total value of the Top 100.
- **Chinese brands lag behind foreign competitors on meaningful difference.** While consumers bonded with Chinese brands on the basis of their price and 'fame', they find foreign brands stronger on meaningful difference – a key ingredient in a strong brand, which stimulates consumer loyalty and value growth. This shows where Chinese brands need to focus to better compete against foreign brands.
- **Globalization continues.** The Chinese brands that get the highest proportion of their revenue from overseas markets are **Lenovo** (57%), **Air China** (34%) and **China Eastern Airlines** (33%). Global consumers are more likely to buy from Chinese brands in the computer, technology or home appliance categories.

#### The BrandZ Top 20 Most Valuable Chinese Brands 2014

Rank 2013	Brand	Category	Brand value 2014 (\$M)	Brand value change 2014 vs 2013 (%)	Rank change	Ownership
1	China Mobile	Telecom providers	61,399	21%	-	Strategic SOE
2	ICBC	Financial institutions	39,658	-2%	-	Strategic SOE
3	Tencent	Technology	33,879	68%	2	Market Driven
4	China Construction Bank	Financial institutions	25,510	6%	-1	Strategic SOE
5	Baidu	Technology	19,986	-12%	-1	Market Driven
6	Agricultural Bank of China	Financial institutions	19,318	12%	-	Strategic SOE
7	Bank of China	Financial institutions	13,636	0%	1	Strategic SOE
8	PetroChina	Oil & gas	13,433	12%	3	Strategic SOE
9	Sinopec	Oil & gas	13,133	5%	1	Strategic SOE
10	China Life	Insurance	12,702	-12%	-3	Strategic SOE
11	Ping An	Insurance	11,128	5%	1	Market Driven

12	Moutai	Alcohol	10,504	-19%	-3	Competitive SOE
13	China Telecom	Telecom providers	8,168	-5%	-	Strategic SOE
14	China Merchants Bank	Financial institutions	6,785	0%	-	Strategic SOE
15	Yili	Food and dairy	5,068	86%	6	Market Driven
16	Bank of Communications	Financial institutions	4,906	-1%	-1	Strategic SOE
17	China Unicom	Telecom providers	4,404	6%	-1	Strategic SOE
18	Air China	Airlines	3,653	12%	-	Strategic SOE
19	China Minsheng Bank	Financial institutions	3,416	new	new	Market Driven
20	CPIC	Insurance	3,396	-2%	-3	Market Driven

For the full rankings and analysis, download the full report: <http://www.brandz.com/>

David Roth, CEO EMEA and Asia, The Store, WPP's global retail practice said: "We are entering the era of a rebalancing China and this is already having a big impact on brands, as seen in the 2014 rankings. When the world's most populous nation fuels its growth on domestic consumption, a more market-driven economy of strong brands will be essential for competitive success. Our analysis reveals a look into the future of brands in China: there is a new breed of younger, market-driven Chinese brands positioning themselves for growth."

Doreen Wang, Head of Branding, Millward Brown China, commented: "As the BrandZ™ Top 100 Most Valuable Chinese Brands study shows, strong, market-driven brands that focus on understanding consumers' needs and continuous brand building grow their value faster. Strong brands are built on relevance, salience and meaningful difference – and Chinese brands must invest in delivering these attributes through developing an emotional bond with consumers, being ready to meet emerging needs and becoming more market oriented. Those brands that are planning to go global, meanwhile, should consider whether their products are in one of the categories favored by global markets, and also leverage in their communications those aspects of Chinese culture appreciated by overseas consumers."

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#### NOTES TO EDITORS:

The BrandZ™ Top 100 Most Valuable Chinese Brands (previously Top 50) – now in its fourth year – is part of the suite of BrandZ rankings which also includes the BrandZ Top 100 Most Valuable Global Brands and the BrandZ Top 50 Most Valuable Latin American Brands.

#### Background and methodology

The brand valuation behind the Top 100 was conducted by Millward Brown Optimor. The methodology mirrors that used to calculate the annual BrandZ Top 100 Most Valuable Global Brands ranking which is now in its eighth year.

Commissioned by WPP, the ranking combines financial data from Bloomberg and Kantar Worldpanel with consumer opinions gathered from interviews with over 405,700 Chinese consumers in total since the ranking first launched in 2008, and 19,000 in 2013. The BrandZ™ Top 100 Most Valuable Chinese Brands is the most definitive and robust ranking of Chinese brands available.

The brands ranked in the BrandZ™ Top 100 Most Valuable Chinese Brands 2014 report meet these three eligibility criteria:

- The brand was originally created by a Mainland China enterprise.
- The brand is owned by a publicly traded enterprise.

- The brand reported positive earnings for the period covered by the ranking.

In addition, the financial institutions category includes only banks that derive at least 20 percent of their earnings from retail banking.

The BrandZ rankings are the only valuations in the world that take into account what people think about the brands they buy, alongside rigorous analysis of financial data, market valuations, analyst reports and risk profiles. Consumer perception of a brand is a key input in determining brand value, because brands are a combination of business performance, product delivery, clarity of positioning and leadership.

#### **About Millward Brown**

Millward Brown is a leading global research agency specializing in advertising effectiveness, strategic communication, media and brand equity research. Millward Brown helps clients grow great brands through comprehensive research-based qualitative and quantitative solutions. Millward Brown operates in more than 55 countries and is part of Kantar, WPP's data investment management division. Learn more at [www.millwardbrown.com](http://www.millwardbrown.com).

#### **About WPP**

WPP is the world's largest communications services group with billings of US\$70.5 billion and revenues of US\$16.5 billion. Through its operating companies, the Group provides a comprehensive range of advertising and marketing services including advertising & media investment management; data investment management; public relations & public affairs; branding & identity; healthcare communications; direct, digital, promotion & relationship marketing and specialist communications. The company employs over 170,000 people (including associates) in over 3,000 offices across 110 countries. For more information, visit [www.wpp.com](http://www.wpp.com).

WPP was named Holding Company of the Year at the 2013 Cannes Lions International Festival of Creativity for the third year running. WPP was also named, for the second consecutive year, the World's Most Effective Holding Company in the 2013 Effie Effectiveness Index, which recognizes the effectiveness of marketing communications.

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