Strategic megabrand management: does global uncertainty affect brands? A post-9/11 US/non-US comparison of the 100 biggest brands

Gabriele Suder
CERAM Business School, Sophia Antipolis, France

Claude Chailan
International University of Monaco, Monte-Carlo, Principality of Monaco, and

David Suder
CANCA, Nice, France

Abstract

Purpose – The primary purpose of this study is to identify if and how international terrorism has altered the rank and value of brands, and whether the increasing uncertainty of globalizing risks need an adaptation of international brand management.

Design/methodology/approach – The methodology for this study was exploratory and quantitative at the same time, and utilized longitudinal brand ranking and a cross-sector and cross-industry data in a comparative research design. Both descriptive and relational statistics are used to analyze the data.

Findings – The key findings reveal that, in the five consecutive years after 9/11/2001, brands have experienced significant moderation in rank and value. A significant gap in the evolution of US and non-US brands was found in this period of time. The evidence calls for brand management that reflects the risks that globalized at the same pace as brand reach.

Research limitations/implications – The limitations to the study are that the findings cannot explore all possible causes of uncertainty, but it nevertheless provides strong indications.

Originality/value – Managers should not assume that terrorism and other globalizing risks only cause direct physical destruction; they need to be adequately prepared to handle indirect impact that can alter the rank and value of their brands. The paper identifies specific areas for future megabrand strategy and calls for its internationalization.

Keywords Terrorism, Brands, Uncertainty management

Paper type Research paper

Corrigendum

In the original 2008 publication of this article the mention of Dr Chailan as second author was omitted. This has now been corrected in the online version of this article. The correct citation is thus: "Strategic megabrand management: does global uncertainty affect brands? A post-9/11 US/non-US comparison of the 100 biggest brands" by Gabriele Suder, Claude Chailan and David Suder, Journal of Product & Brand Management, *Vol. 17 No. 7, 2008.*

An executive summary for managers and executive readers can be found at the end of this article.

Introduction: from brand management to megabrand strategies

The objective of this research article is to shed light on the evolution of brand management into a crucial strategic tool for international business operations. On basis of the literature available in this field, we analyze the largest 100 brands (hereafter categorized as megabrands) in terms of ranking and value modifications in the 2001 to 2005 period, a mature globalization period, with the first ranking referring to pre-09/11 findings. The sample and its analysis provide us with significant findings that open crucial questions about US/non-US brand strategy and perceptions, and the future application of global megabrand policies. We then shed light on the causal factors that global terrorism may contain and tentatively propose brand strategy solutions, but do not exclude other causal factors or co-factors that will need further inquiry. Overall, our hypothesis is that brands serve to bring security[1]. Accordingly, if the source of that brand is less secure, then it will be less effective as a brand. This hypothesis needs to be qualified: In particular, would one not expect that the short run reaction to insecurity is to be more, rather than less brand loyalty? The findings of this study have a strong indication that this assumption can be reversed, and we indicate that indirect impacts of global terrorism might be the reason. Further, it is important to show that negative security shifts in the US have been greater than a general increase in malaise in the global markets where the brands are sold. Again, the data indicates that movements in brand value and ranking appear to respond to more than such a malaise.

Being a simple "identification tool" at its very start, brand names have become a critical part of a company's strategy.

The current issue and full text archive of this journal is available at
www.emeraldinsight.com/1061-0421.htm

Journal of Product & Brand Management
17/7 (2008) 436–452

[DOI 10.1108/10610420810916344]

Journal of Product & Brand Management
Volume 17 · Number 7 · 2008 · 436–452

Academic research has shown that one major historic reason for brand success is the diminished risk perceived by the consumer (Roselius, 1971; Kapferer, 1991; Keller, 1998; Riezebos, 2003). McCarthy (1971) highlights the three primary roles of brand:

- identification and purchase simplification function;
- brand has a projective, symbolic and imaginary function and provides the consumer with a status; and
- brand guarantees quality, protection and risk reduction for the consumer by pointing out to its source.

For these reasons, companies are willing to consider brands as an important asset of their balance sheets or to invest huge amounts of capital to buy them (Laforêt and Saunders, 1994).

The power of brands is founded on consumers' aversion to uncertainty. For a long time, consumers made their food buying decisions based only on a product's visual aspect, ignoring its brand name, accepting instead the grocery store owner's opinion as selection criteria (Boyer, 2002). Later on producers introduced clearly visible signals that identified their products and consumers then got used to preferring the signal as opposed to the product visual characteristics (Keller, 1998); that is, brand became more important than the product itself (Riezebos, 2003).

Even at the present, perceived risk reduction is the first reason consumers have for choosing a brand and this guides brand management evolution (Kapferer, 2003). When consumers perceive a risk in making a buying decision, they will deploy different strategies for reducing it. Five major risks are considered by consumers:

1 Financial risk ("making a bad deal", which increases the importance of the brand compared with the unit price of the product).
2 Physical risk (being harmed by the product, especially food products).
3 Technological risk (being disappointed by the product performance, it is the risk of functionality).
4 Psychological risk (feeling guilty or irresponsible for temptation, especially in impulsive decisions – or associating harm or risk to the brand, either associated to fear or sadness).
5 Social risk (what pairs will say or think about choices. Therefore brand is a sign of possession for a community, but also a sign of adherence, of patriotism or of association to or away from particular social issues.)

Risk reduction function directly related to the brand has been increased by the macro-economic context, especially after 09/11 because a fragile and complex environment is expected to increase the role the brand has to play in reassuring the consumers' buying decisions. Even though, we later argue that the capacity of brands to link producers and consumers has been rudely challenged. There have been drastic changes of consumption habits in some markets, such as the acceleration of the coming on-stream of the hard-discounters in Europe, with a new approach to the quality – price relationship and the weakening of the brand, of low-cost airlines, and of non-brand textiles from low-cost production. Companies have reacted to these new challenges. This new environment has notably changed the way in which big international companies conceive of their brands. Brand guarantee and its image are shelter points for consumers: normally, the higher the risk the more helpful the brand. Consequently, brands have learned a different way of communication (e.g. emphasizing safety themes, as carmakers do already), to change their relationship with the environment or towards the Third World (e.g., Nike reconsidering its production policy in order to improve its brand image) but also with globalization (e.g. being more respectful of local brands, as Nestlé is). Brands also start working on ethical matters (The Body Shop's cosmetics products), fair trade (Malongo coffee) or social responsibility. But one of the major facets of this adaptation of brands and firms to the new situation is the coming on-stream and acceleration of megabrands within companies.

Megabrands?

Traditionally, choosing brand strategies is the focal point for companies, whether they are multinational groups or local companies (Schuiling and Kapferer, 2004). Supposing that a firm has different sources of competition, one of the strategic issues is whether it uses one or several brands. Strebinger (2002) states that one of the most critical problems in branding relates to the management of a mono or multi-brand system while Riezebos (2003) questions whether it is feasible having just a single-brand strategy in the company, with a prime focus on one brand and then developing additional brands from it.

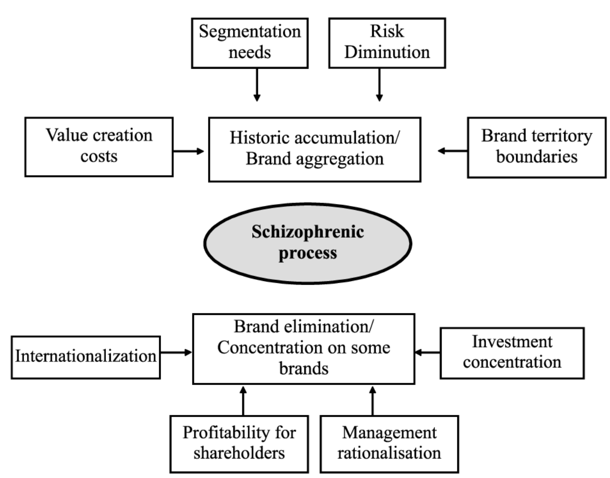
The historical development of branding includes some deeply contradictory factors, as shown in Figure 1.

This figure visualizes and conceptualizes a company's willingness and need to have numerous products able to meet the different customers' demands as appropriate as possible, to assure their expansion and international development, that is, to counteract all risk of being a single-brand company. Likewise, there is a need for limiting the number of brands because of a second risk: that of a brand overexposure or over usage, including the financial risk of dispersing the investment.

The first risk leads companies wishing to develop to buy or launch more brands in order to enter markets, segments or customers inaccessible with only one brand. This may be an "inflationist" process in terms of markets as it leads to create many brands.

The second risk takes the same companies in the opposite direction, trying to limit the number of brands in order to maximize investment per brand, thereby making the brands stronger and covering more territory.

Figure 1 Contradictory tendencies in brand development



Journal of Product & Brand Management
Volume 17 · Number 7 · 2008 · 436–452

But this process is intrinsically schizophrenic and raises the question of the strategic equilibrium of branding (Riezebos, 2003). Strategic choices may become brand choices, choices of brand organization or choices about the kind of relationship between brands that a company wants to maintain. One of the purposes of these choices is to maximize the equity of its different brands.

As a way to escape from this process, many companies turn to megabranding.

At its origins, the evolution of the brand universe towards megabrands comes from big corporations that discovered, in the early 80s, that they could create value by capitalizing on the transnational concepts carried in supranational brands so as to attain maximum return on investment (Kapferer, 2000). This new strategy reduced internal brand management costs and the costs of launching new innovative products. This simple idea has allowed many companies to focus on the strongest brands, or on brands with high growth potential or on highly internationalized brands, and to abandon or minimize all others. Indeed, at the beginning, economic reasons were the main inspiration for this rationalization process: first of all trying to concentrate all human and economic resources on a few brands and, especially, cutting advertising costs related to the launching and maintenance process of multiple brands.

The megabrand concept, thus, is a core concern for most leading transnational firms because, as the competitive environment becomes more and more complex, and with a high level of risks of every nature, companies focus on megabrand strategy and attempt to assure their expansion and international development.

In the early 1990s many companies did inform the market of their intentions to reduce their brand numbers: The most extreme case being that of Unilever, which planned to reduce from 1,600 down to 400 brands in the 2000-2004 period. Anthony Simon[2], President of Unilever-BestFoods marketing, underlined that "Unilever's objective is to reduce the number of brands in order to make them stronger. Four strategies support this decision: category, segment, channel and geography".

In a megabrand strategy, a brand name may be used for horizontal extensions (inside the same price layer, common for mass consumption products) or vertical extensions (in different price layers, common for durable goods). This strategy can be very successful; a well-developed brand can provide a sustainable competitive advantage. To ensure continuous success, the operation of a megabrand strategy demands permanent innovation, strong R&D investment, a communicational style hard to imitate and a brand image not based on the product but on associations and perceptions.

Megabrand management changes the focus of marketing to a superior, strategic decision-making level (Baldinger, 1990; Trinquecoste, 1999), as it implicitly involves focusing on the whole company instead of on individual brands (Riezebos, 2003). Both, Juga (1999) and Reynaud (2001) show that by displacing competition to this superior level, competitive advantages become harder to understand (less tangible) and to imitate.

The increasing recognition of brands as a source of sustainable competitive advantage stresses the importance of conceptual models about organizational brand strategies (Louro and Cunha, 2001). Therefore, our research goal is to explore the megabranding field and to evaluate its strategic dimension as a new and more complex and durable source of competitive advantage in times of international adversity and the challenges of 09/11-type terrorism.

Research methodology

We have chosen to analyze the evolution of the value of megabrands over a five year period. The sample consists of those brands ranked in "The 100 best global brands" annually by Interbrand corporation for *Business Week* magazine.

Interbrand defined seven criteria (see Appendix) which evaluate brands much in the way analysts value other assets, i.e. on the basis of how much they are likely to earn in the future.

To qualify for the list each brand must:

- have a value greater than $1 billion;
- derive about a third of its earnings outside its home country; and
- have publicly available marketing and financial data.

For these reasons Interbrand specifies that such heavyweights as Visa, Wal-Mart, Mars or CNN are eliminated from the rankings. Only brands are taken in account (and not parent companies such as Procter and Gamble), and airlines are not ranked because it is too hard to separate their brand impact on sales from factors such as routes and schedules.

Despite its limits, this ranking provides a global vision of the value of the main megabrands. This ranking has gained importance over the past years as a main reference for brand strategy. In addition, the assessment and evaluation method has not changed over the past five years. The rankings we refer to were published at the following dates: 6 August 2001/ 5 August 2002/4 August 2003/22 July 2004/21 July 2005.

We present these five rankings in the Appendix. The first ranking refers to the period prior to the 09/11 events. We have, at the same time, conducted in-depth research into the question whether other factors may be responsible for the results we have found. Charts that summarize these findings are also presented in the Appendix, and – while it is certainly impossible to be exhaustive- exclude any major movements, evolutions, malaises or crises that could have the effects found (covering empirical research into size-trend and relative to industry, profitability-trend and relative to others in the industry, industry stage of life cycle, leverage-how vulnerable they are they to taking risks, country of origin to observe movements including characteristics such as access to capital, human resources, competition, and an index of insecurity, movements in scopes of megabrands (global reach, horizontal and vertical branding), or change in type of customers (e.g., services, package goods, durables, business); data chosen for illustration only covers main developments). By including such variables in the analysis, we strive to make it possible to determine that the risk hypothesis can be supported after controlling for other factors that lead to success, identifying other general factors that would lead to shift in megabrand positioning over time. No unexpected development in such has been found.

Research results

The top 100 brands

We first analyze the evolution of the one hundred top brands worldwide, in absolute value and in relative value.

The results are summarized in Tables I and II:

Table I Evolution of the 100 biggest worldwide brands and split between US and non-US brands

	2001		2002		2003		2004		2005		Variation 2005 v. 2001
In value	Value ($)	%	Value ($)	%	Value ($)	%	Value ($)	%	Value ($)	%	%
Total value	988.21	100.0	976.71	100.0	974.01	100.0	995.23	100.0	1,044.58	100.0	5.7
Of which US brands	737.55	74.6	724.24	74.2	702.87	72.2	699.83	70.3	701.13	67.1	− 4.9
Of which non-US brands	250.66	25.4	252.47	25.8	271.14	27.8	295.40	29.7	343.35	32.9	37.0

Table II Evolution of the 100 biggest worldwide brands and split between US and non-US brands

	2001		2002		2003		2004		2005		Variation 2005 v. 2001
In number of brands	*N*	%	*N*	%	*N*	%	*N*	%	*N*	%	%
Total value	100	100.0	100	100.0	100.0	100.0	100	100.0	100	100.0	
Of which US brands	63	63.0	65	65	62	62.0	57	57.0	52	52.0	− 17.5
Of which non-US brands	37	37.0	35	35	38	38.0	43	43.0	48	48.0	29.7

- The value of the 100 top brands increased by 5.7 percent, from 988.21 billion dollars to 1044.58 billion dollars in five years.
- Amongst the 100 top brands worldwide, the total value of US brands declined from 737.55 billion dollars in August 2001 to 701.13 billion in July 2005, i.e. decreased by 4.9 percent. At the same time the value of non-US brands in this ranking increased from 250,66 billion to 343,45 billion (plus 37 percent). This evolution is far too important to be explained solely by currency and exchange rate conditions.
- The number of US brands in this ranking declined from 63 brands to 52; while the number of non-US brands increased from 37 to 48 brands over the five -year period.

Figure 2 illustrates the ratio of non-US compared to US brands in the top one hundred. This relative weight of the one to the other evolves dramatically from in the post – 09/11 era. It is important to note that the initial measure is dated July 2001, i.e. two months before 09/11.

The top 20 brands

We then focus on the top 20 brands of the ranking and their evolution.

This focus is considered as especially important because these 20 top brands represent more than 50 percent of the global value of the whole 100 top worldwide brands. The data extracted here appear in Tables III and IV:

- over the period examined, the number of non-US brands increase from four to seven brands and their value from 90.36 billions to 135.2 billions (plus 56.2 percent); and
- the number of US brands decreases at the same time from 16 to 13 brands and their value decreases by 10.2 percent.

Following this comparative analysis in the period studied, we also analyze the data of the US/non-US brand value ratio through a separation into zones, i.e. the top 20 US and the top 20 non-US brands: Now one is to pay special attention to the top ten, the top 20 and also the second/lower half of the top 20 brands.

Table V shows that the lower half of the top twenty brands have, on the US side, suffered more than those in the top half. To the contrary, the bottom part of the top twenty also shows that non-US brands have very strongly increased their value.

Top and bottom halves of the top 10 US and non-US brands

We then analyze the value of the top ten US brands versus the value of the top ten non-US brands, as shown in Tables VI

Figure 2 Ratio of non-US compared to US brands in the top 100

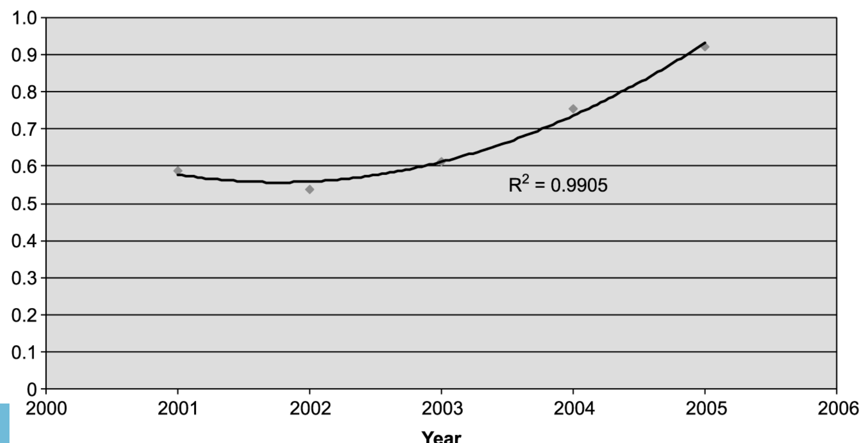


Table III Evolution of the 20 first worldwide brands and split between US and non-US brands

	2001		2002		2003		2004		2005		Variation from 2001/2005
	Value ($)	%	Value ($)	%	Value ($)	%	Value ($)	%	Value ($)	%	%
Total number of brands	588.49	100.0	555.58	100.0	555.34	100.0	551.67	100.0	563.72	100.0	−4.2
Of which US brands	498.13	84.6	455.66	82.0	439.86	79.2	440.13	79.8	428.52	76.0	−10.2
Of which non-US brands	90.36	15.4	99.92	28.0	115.48	20.8	111.54	20.2	135.20	24.0	56.2

Note: Value in billions US$

Table IV Evolution of the 20 first worldwide brands and split between US and non-US brands

	2001		2002		2003		2004		2005		Variation from 2001/2005
	N	%	*N*	%	*N*	%	*N*	%	*N*	%	%
Total number of brands	20	100.0	20	100.0	20	100.0	20	100.0	20	100.0	
Of which US brands	16	80.0	15	75.0	14	70.0	14	70.0	13	65.0	−18.8
Of which non-US brands	4	20.0	5	25.0	6	30.0	6	30.0	7	35.0	75.0

Table V Detailed analysis of gaps

	2001	2002	2003	2004	2005
Top ten in each zone					
US	396.69	375.35	374.19	375.32	375.85
Non-US	155.98	151.4	154.57	152.97	168.61
US (%)	0.00	−5.38	−5.67	−5.39	−5.25
None-US (%)	0.00	−2.94	−0.90	−1.93	8.10
Gap (%)	0.00	2.44	4.77	3.46	13.35
Top 20 in each zone					
US (%)	544.24	510.75	506.46	509.44	512.6
Non-US (%)	214.67	208.56	215.8	218.77	242.98
US (%)	0.00	−6.15	−6.94	−6.39	−5.89
Non-US (%)	0.99	−2.85	0.53	1.91	13.19
Gap (%)	0.00	3.31	7.47	8.30	19.08
Top 11 to 20 in each zone					
US	147.55	135.4	132.27	134.12	136.31
Non-US	58.69	57.16	61.23	65.8	74.37
US (%)	0.00	−8.23	−10.36	−9.10	−7.62
Non-US (%)	0.00	−2.61	4.33	12.11	26/72
Gap	0.00	5.63	14.68	21.22	34.33
Top 30 in each zone					
US	621.63	595.12	587.41	592.7	600.04
Non-US	242.32	242.4	251.42	258.48	287.87
US (%)	0.00	−4.26	−5.50	−4.65	−3.47
Non-US (%)	0.00	0.03	3.76	6.67	18.80
Gap (%)	0.00	4.30	9.26	11.32	22.27
Top 21 to 30 in each zone					
US	77.39	84.37	80.95	83.26	87.88

and VII: the value of the ten top US brands decreased by 5.25 percent while the value of the ten top non-US brands increases by 8.1 percent.

The significance of the gap (i.e. the difference in value) between the top ten US and the ten top – non-US brands is illustrated in Figure 3. This figure is calculated via the total value as it evolves over time, i.e. dividing the total of 2002 by that of 2001, and so on for each year. The figure clearly demonstrates the increasing gap between the US and non-US megabrands over time, and the decrease of the curve because the gap strongly increases between 2002 and 2005 (by calculus of linear regression).

Implications to brand marketing

Our initial assumption for this research was that international corporations adapted their brand marketing to globalization. We began by reviewing megabrand strategies that were put into effect over three decades, an option chosen by a wide range of companies to secure global, relatively easy and cost-efficient management of brands. We then raised the question of how megabrands evolved over the five years from 2000, with an objective to study the validity of this strategy through the analysis of the value evolution in the ensemble of megabrands worldwide

The data analysis provides strong empirical findings and raises an important set of questions: The value of US top brands worldwide declined significantly after 2001, and over the past rankings of world megabrands, while non-US brands experienced significant expansion over the same period. This evolution is confirmed on all three levels of analysis that we developed: total of 100 leading brands, total of the 20 leading brands, and comparison between the leading ten US and non-US brands.

Why is the value gap more significant in the top 20 brands than in the top ten ones? Are second tier brands of this sample more vulnerable, and if so, why? The further we decrease the ranks of top brands in the top 100, the bigger the gap becomes between US and non-US brands, and this to the benefit of non-US ones. Are business cycle trends responsible for this trend? Are these brands are particularly symbolic in terms of nationality and risk perception since 2001 and global terrorism? Will consumers feel uncomfortable with certain brands since 9/11, and if so, what indications could allow us to understand this phenomenon? Is the dot.com burst responsible for this?

With these questions in mind, further analysis provides the following indications: The following tables, one with the top 20 evolutions and one with the bottom 20 worst evolutions of

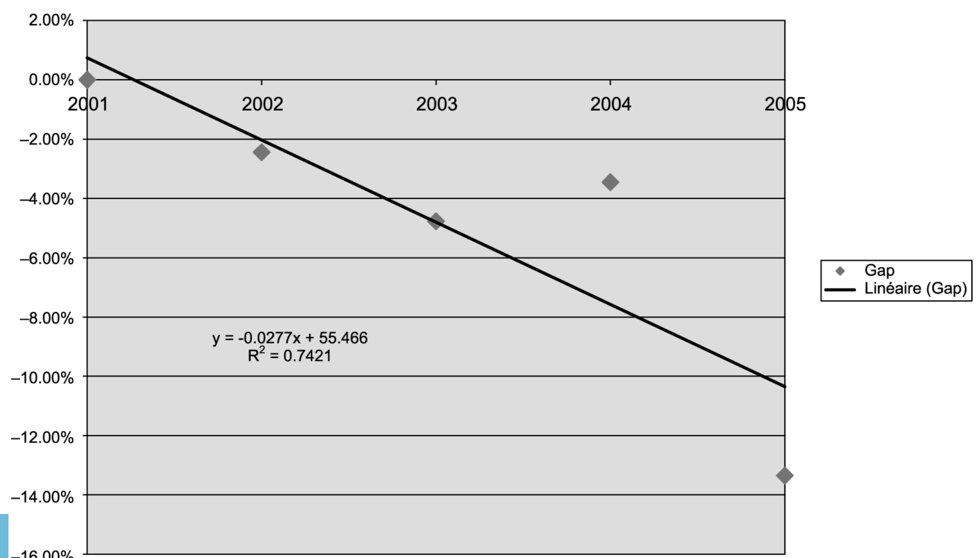
Table VI The top ten US brands

2001		2002		2003		2004		2005		Evolution
Brand	**Value ($)**	**Brand**	**Value ($)**	**Brand**	**Value ($)**	**Brand**	**Value ($)**	**Brand**	**Value ($)**	**2005 v. 2001 (%)**
Coca-Cola	68.95	Coca-Cola	69.64	Coca-Cola	70.45	Coca-Cola	67.39	Coca-Cola	67.52	
Microsoft	65.07	Microsoft	64.09	Microsoft	65.17	Microsoft	61.37	Microsoft	59.94	
IBM	52.75	IBM	51.19	IBM	51.77	IBM	53.79	IBM	53.37	
GE	42.40	GE	41.31	GE	42.34	GE	44.11	GE	46.99	
Intel	34.67	Intel	30.86	Intel	31.11	Intel	33.49	Intel	35.58	
Disney	32.59	Disney	29.26	Disney	28.04	Disney	27.11	Disney	26.44	
Ford	30.09	McDonald's	26.38	McDonald's	24.70	McDonald's	25.00	McDonald's	26.01	
McDonald's	25.29	Marlboro	24.15	Marlboro	22.18	Marlboro	22.12	Marlboro	21.18	
AT&T	22.83	Ford	20.40	Hewlett-Packard	19.86	Hewlett-Packard	20.97	Citibank	19.96	
Marlboro	22.05	Citibank	18.07	Citibank	18.57	Citibank	19.97	Hewlett-Packard	18.86	
Total	396.69		375.35		374.19		375.32		375.85	−5.25

Table VII Evolution of the ten biggest US brands and of the ten biggest non-US brands

2001		2002		2003		2004		2005		Evolution
Brand	**Value ($)**	**Brand**	**Value ($)**	**Brand**	**Value ($)**	**Brand**	**Value ($)**	**Brand**	**Value ($)**	**2005 v. 2001 (%)**
Nokia	35.04	Nokia	29.97	Nokia	29.44	Nokia	24.04	Nokia	26.45	
Mercedes	21.73	Mercedes	21.01	Mercedes	21.37	Toyota	22.67	Toyota	24.83	
Toyota	18.58	Toyota	19.45	Toyota	20.78	Mercedes	21.33	Mercedes	20.00	
Sony	15.01	Honda	15.06	Honda	15.63	BMW	15.88	BMW	17.12	
Honda	14.64	BMW	14.43	BMW	15.11	Honda	14.87	Louis Vuitton	16.07	
BMW	13.86	Sony	13.90	Sony	13.15	Sony	12.75	Honda	15.78	
Nescafé	13.25	Nescafé	12.84	Nescafé	12.34	Samsung	12.55	Samsung	14.95	
Nintendo	9.46	Nintendo	9.22	Samsung	10.85	Nescafé	11.89	Nescafé	12.24	
Volkswagen	7.34	Samsung	8.31	Nintendo	8.19	HSBC	8.67	Sony	10.75	
Ericsson	7.07	Volkswagen	7.21	SAP	7.71	SAP	8.32	HSBC	10.42	
Total	155.98		151.40		154.57		152.97		168.61	8.10

Figure 3 Gap (i.e. the difference in value) between the top ten US and the ten top non-US brands; base 100% in 2001



brands, only refer to brands for which data is available for all five years.

The findings indicate that in the top 20 "best evolution" international mega-brands only eight brands are US American and 12 are non-US, that the two best performers by value are non US (Samsung and Louis Vuitton), that Pepsi Co is the top US brand (interestingly it is the leading one in the US and in terms of brand name the competitor Coca-Cola is part of the bottom 20 brands, though still best known); that 2nd and 3rd best American mega-brands are Dell and Apple brands, and those who one could consider best known as Microsoft and Oracle are in the bottom 20. Does this mean that demand remained constant but strong US image made them fall? Due to the diversity of products and sectors represented, we believe that the dot.com bubble, highly sector-dependent, cannot be causal or solely causal to the megabrand evolutions that we note.

Also, currency fluctuations in that time period would rather imply opposite effects.

If thus the evolution of brands value over this five year period, of megabrands, is linked to brand nationality, and in this case that of US or non-US origins, this would imply that corporations need to invest in megabrands emanating from different regions. If one considers that US brands may be more sensitive to risk perceptions from global terrorism, by the consumer, than non-US brands, and that this terrorism could be a causal factor, because the data modifies after 2001, then the managerial objective is immunity to the consequences of such events. Given the crucial significance of such cause to strategy, we provide some basis for understanding and potentially resilience.

The perception of threat from 09/11 terrorism as causal factor?

Alexander *et al.* (1979, p. 4) define terrorism as "the systematic threat or use of violence to attain a political goal or communicate a political message through fear, coercion, or intimidation of particular persons or the general public". We can assume that the citizen and consumer in this general public is, therefore, exposed to stress scenarios that differs from typical scenarios, and therefore alter his or her purchasing behavior.

It is widely admitted that with 9/11/2001, terrorism has become more global (Schneckener, 2002). 9/11-type terrorism is characterized by a proximity to western civilization and its psychological impact is reinforced through wide spread media coverage. Contemporary terrorist activities share a number of common features which are inter-related and of a recently resurrected nature: These features include the increasing link of terrorist activity to a quasi-legitimization on basis of allegedly religious motivation, modern business-like leadership structures, asymmetric warfare, and the use of the victim mostly as part of a communication strategy. The objectives of terrorists are to convey a triple message:

1 Government is not capable of guaranteeing security of a society or citizen, nor of service or product safety.
2 Corporations, investors and travelers are safe nowhere, and that symbols of a country, culture and society that they convey are potential targets for any type of attack.
3 Any measure taken against terrorism is insufficient by nature.

These messages have a powerful impact on many. Psychological effects (defined above as any of the extremes, from feeling guilt or irresponsible for temptation, especially in impulsive decisions to associating harm or risk to the brand, either associated to fear or sadness) instill uncertainty into the economy, and have been found elsewhere to significantly affect the economic, organizational and governmental environment (Suder, 2004). Given this, we adduce that consumer behavior and corporate strategy may be affected. For instance, just as in times of war, the consumer may adopt a "stocking/storing" behavior for particular types of food and medicines if he/she perceives a terror-based threat.

Therefore, we hypothesized elsewhere that a firm's performance under uncertainty and risk of terrorism will be a function of its ability to reduce its vulnerability to terrorist acts through risk analysis and assessment, through shortened supply lines, and a decreased need for economic redundancy (Suder, 2006). This is even more so in the case of 9/11-type terrorism; a terrorism that has globalized and that hits the global activities of firms in addition to those at the location of a strike. In this section, we therefore focus on the question whether top management of megabrands should take into account a corporation's vulnerability to terrorist threat felt by consumers. If a brand has national symbolism – like Coca Cola –then its goods or services are exposed to threat or acts of terrorism. Will the consumer turn away from the brand, or in fact rather increase its faith in it? Our study could be interpreted to show possible link on a quantitative basis by comparative approach. In this case, is a megabrand strategy still a reasonable option?

To be deemed reliable, enterprises must be able to keep their brands resilient in the event of a catastrophe. The US airlines that were victims to the hijacking of its planes crashed into the WTC in New York are the first illustration of the psychological impacts of brands that are related to terrorism threat. The symbolic relation to the events though entirely involuntary had dramatic consequences for bith American and United airlines. Also, a tendency of clients to rather fly shorter distances, on separate flights and with non-nationally related aircraft such as low-cost airlines emerged since 9/11 (MacBain, 2003, Tourism Queensland, 2006 et.al.).

Markets melt down or freeze with great speed in case of threat or terrorism acts, other markets can rise because consider unrelated to the threat (Suder and Czinkota, 2007). Another example is the reluctance of Londoners to use public transport after the double-attacks of summer 2005; the bicycle-market however boomed almost immediately. The terrible human costs of terrorism are clearly unacceptable to any logic or ethics. Given that terrorism has existed in various forms over history, people, companies and industry now need be knowledgeable about 9/11 type threat and its impacts, and to adapt.

International terrorism and brand marketing: a conceptual framework

International terrorism adds an important determinant to the definition of a firm's brand strategy. As an uncontrollable force in its external environment, terrorism events may lead to direct (mainly physical) or indirect (for instance consumer behavior and brand perception) disruptions. In the preliminary phase of threatened violence, or the following phase of the attack's aftermath (for details of this classification, see Suder, 2004), consumer demand for the firm's goods and services may alter but does not always decline (e.g. the demand for security equipment and services increases); any related disruption to the value chain perceivable by the consumer such as supply difficulties of needed inputs, resources, and services; or government policies and laws enacted to deal with terrorism alter the conduct of brand strategy. Macroeconomic phenomena, and shifts in international relations also modify behaviors. Media plays an important role in the intensification of the related psychological effects. For instance, the political differences between some European states and the USA in terms of the conduct of a war against terrorism, in particular concerning the invasion of Iraq, significantly modified consumer behaviors in the USA towards French and German brands (such as Roquefort cheese, Perrier water, . . .and even French fries, solely based on their denomination). In those different dimensions, terrorism threat, act and aftermath affect:

- ways of life;
- perceptions;
- consumption habits of millions of people all around the world; and
- the company-client relationship.

The responsiveness of consumers to a global threat is particularly high because it is intangible, close- by, and may strike anyone anywhere, in an expression of the "flatness" of the world. The incalculable uncertainty becomes a certainty that terror events happen and society and business adapt. The only certainty is that events will always be symbolic, whether that applies to locations, victims or the relation to the "hated" society. In this society anyone and anything can potentially identify with victims to attacks, whether human or object, whether a site, a product or a group. We therefore assume that this is so for brands in their dependence on perceptions and image.

For a corporation, brand strategy and the administration of price shifts, communications, distribution strategies, buyers and suppliers, logistics, import and export are directly exposed to cultural issues, image responsibilities, and consequences of actions. For a consumer, brands have the particular capacity to link producers and consumers who trust in a specific set of quality, service and security "guarantees" linked psychologically to a particular brand. Brand marketing is symbolic and related on confidence, quite at the opposite of fear or panic. The consumer will hence turn to (or turn away) from brands in proportion to the strength that the brand relates to the threat, and expose brand strategy to risks non-related to their good performance.

A study of megabrands as risk-savers

A brand is by definition the symbol of an object or a service, as well as a model of the consumption society (Keller, 1998). One major weakness of the megabrand approach is to expose the company to a major risk: A single brand, a single image. Needless to say, if a problem occurs with this brand the whole company's stability is at stake. But consumers are also citizens and so the brand may be a broader social and economic battleground amongst companies with respect to consumers. For example, brands also represent an important political space were virulent political battles can be fought (Semprini, 1992). Some movements embody or oppose lifestyles symbolised by brands and their influence, sometimes in a very radical way, the consumer's society becomes represented by companies and their brands (Klein, 2002). This contesting opposition must be taken into consideration when developing brands and their territories in order to avoid vulnerability of a single-brand strategy and extreme exposure. Various authors already tackled this notion under the theme of brand capital or brand equity (Farquhar, 1989; Baldinger, 1990; Kapferer, 1991; Aaker, 1992; Keller, 1998). For Aaker (1992), brand capital is a unit consisting of the name and symbolic meaning of a brand that can add or decrease the value of a product or service, and that delivers value to the client and to the firm. An appropriate strategy this reinforces the value of brands while an inappropriate strategy diminishes the value. On basis of our findings and the exposed nexus that one may establish with 9/11, we suggest that megabrand strategy allows corporations to obtain critical size (specially facing the distribution channels), face the growth limits of existing brands, share, soften, and pool certain costs (research, industrialization, marketing) although the megabrand building process is time related and based on a variety of experiences. One can hence suggest that, if here lies the causal link, in post-9/11 megabrands allow for better control of risks by the company and increase the value of brands better if locally or regionally embedded. If megabrand strategy overexposes brands as symbolic for a mode of consumption rejected by or associated to terrorism, then megabrand overexposure diminishes the value of brands, by overexposing firms to risks, band devaluation and increasing company vulnerability.

Conclusion

The findings of this research imply that brand strategy is highly dependent on exterior factors and need to be adapted to those if competitive advantages shall not erode and shift considerably. While the causal link to 9/11 terrorism can not be clearly established, it does appear as one of the sensible explanations or co-factors for the dramatic evolution that were found. These findings in themselves hope to make a contribution to the understanding of megabrand strategy in mature globalization. It appears from our research that brand nationality, and thus brand associations to the various effects of terrorism (victimization or identification), may define the behavior of consumers and have an impact on brands value and ranking. For a future that may have to cope with 9/11-type terrorism, megabrands (except for the very strongest ones perhaps) may therefore not qualify as the best option for companies that wish to reduce risk and immunize brands and performances. If this is confirmed, the firms are well-advised to invest in mega-brands anchored into regions, through a transnational rather than a global strategy.

Clearly further research into the potential causalities is needed: Whether terrorism, business cycles, currency issues, the bubble effect, all of these events united or none, international business scholars and practitioners are advised to study these links together, in each sector and market so as improve understandings and capabilities to respond appropriately to the evolution of megabrands in ranking and value since 2001.

Notes

1 The authors would like to thank Dr C. Chailan, formerly Professor at CERAM Business School, for his contibution to the early versions of this research. Early versions of this paper were presented at CERAM Research and at the World Marketing Congress (Academy of Marketing Science) 2007.
2 Interview, "Figaro", February 21, 2003.

References

Aaker, D. (1992), "The value of brand equity", *Journal of Business Strateg.*, July-August, pp. 27-32.
Alexander, Y., Valton, D. and Wilkinson, P. (1979), *Terrorism: Theory and Practice*, Westview Press, Boulder, CO.
Baldinger, A.L. (1990), "Defining and applying the brand equity concept: why the researcher should care", *Journal of Advertising Research*, Vol. 30 No. 3, pp. 1-5.
Boyer, A. (2002), *L'impossible éthique des entreprises*, Editions d'Organisation, Paris.
Farquhar, P. (1989), "Managing brand equity", *Marketing Research*, Vol. 1 No. 3, pp. 24-33.
Louro, M.J. and Cunha, P.V. (2001), "Brand management paradigms", *Journal of Marketing Management*, Vol. 17, pp. 849-75.
Juga, J. (1999), "Generic capabilities: combining positional and resource-based views for strategic advantage", *Journal of Strategic Marketing*, Vol. 7, pp. 3-18.
Kapferer, J.N. (1991), *Les marques capital de l'entreprise*, Les Editions d'Organisation, Paris.
Kapferer, J.N. (2000), *Re marques*, Les Editions D'Organisation, Paris.
Kapferer, J.N. (2003), "Réinventer la marque?", *Revue Française de Gestion*, No. 145, pp. 119-23.
Keller, K.L. (1998), *Strategic Brand Management: Building, Measuring and Managing Brand Equity*, 2nd ed., Prentice-Hall, Upper Saddle River, NJ.
Klein, N. (2002), *No Logo*, Picador, New York, NY.
Laforêt, S. and Saunders, J. (1994), "Managing brand portfolios: how the leaders do it", *Journal of Advertising Research*, Vol. 34 No. 5, pp. 64-77.
MacBain, J.C. (2003), *Basic Research in Support of Homeland Security*, University of Michigan, Ann Arbor, MI.
McCarthy, E.J. (1971), *Basic Marketing: A Managerial Approach*, 4th ed., R.D. Irwin Inc., Homewod, IL.
Reynaud, E. (2001), "Compétences centrales: Premier pas vers une définition opérationnelle", Xème conférence de l'AIMS, Laval.
Riezebos, R. (2003), *Brand Management, A Theoretical and Practical Approach*, Prentice-Hall, Harlow.
Roselius, T. (1971), "Consumer rankings of risk reduction methods", *Journal of Marketing*, Vol. 35, pp. 56-61.
Schneckener, U. (2002), *Netzwerke des Terrors*, Stiftung Wissenschaft und Politik, Berlin, December.
Schuiling, I. and Kapferer, J.N. (2004), "Real differences between local and international brands", *Journal of International Marketing*, Vol. 12 No. 4, pp. 97-112.
Semprini, A. (1992), *Le marketing de la marque: approche sémiotique*, Editions Liaisons, Paris.
Strebinger, A. (2002), "Strategic brand concepts and brand architecture strategy – theoretical considerations", *Journées AFM – IRG Les Marques*, pp. 1-17.
Suder, G. (2004), *Terrorism and the International Business Environment*, Edward Elgar, Cheltenham.
Suder, G. (2006), *Corporate Strategies under International Terrorism and Adversity*, Edward Elgar, Cheltenham.
Suder, G. and Czinkota, M. (2007), "Towards an understanding of terrorism risk in the MNE", *Multinational Business Review*, Vol. 13 No. 3.
Tourism Queensland (2006), *September 11 Aviation Impacts*, available at: www.tq.com.au/news-room/corporate-media/major-incidents/september_11_aviation_impacts.cfm.
Trinquecoste, J.F. (1999), "Pour une clarification théorique du lien marketing-stratégie", *Recherche et Applications en Marketing*, Vol. 14 Nos 1/99, pp. 59-80.

Appendix

Tables AI-AIII summarized:

- much entry in Financials compared to other sectors and to the previous situation – 17 brands going out in 2005 were already bottom 20 in 2001; so should normally simply have lost few ranks;
- 3 out of 26 Automobile industry brands entry; the most significant decrease concerns Computers and Peripherals industry, Communications Equipment and Semiconductors industry (IT) with Compaq, Ericsson, Sun Microsystems and Texas Instrument; the Media Industry (Consumer discretionary) with AOL and Time, AT&T from the diversified Telecommunications services industry (Telecommunication services);
- Merck from Pharmaceutical industry (Health Care) and Boeing from Aerospace (Industrials). Lot of new European Luxuary Brand Entry;
- 10 brands out of 26 were in the 80 position or lower;
- 7 brands entered just in 2005;
- 3 of them ended up already in the first 50;
- 4 brands from the Financial sector that entered were significantly strong; more significant decrease in consumer staples and mostly in beverages;
- European Brands for Consumer Staples sector are clearly replacing US brands.

Table AI Inderbrand seven-criteria ranking

Factors	Note (maxi)	Indicators
Leadership	25	Absolute and relative market share Market structure Consumer number Product advantages Distribution rate
Stability	15	Brand historic Brand awareness Purchase frequency Re-purchase rate Loyalty rate
Market value	10	Market size Structure of competition Product novelty
Internationalization potential	25	Foreign market presence Foreign market position
Long term tendency	10	Turnover evolution Market share evolution Long-term tendency of competition Potential threats
Brand support	10	Advertising investment (Share of voice) Investments in distribution network
Juridical protection	5	

Journal of Product & Brand Management
Volume 17 · Number 7 · 2008 · 436–452

Table AII The five relevant megabrand rankings. 2001-2005

	2001		2002		2003		2004		2005	
Rank	Brand	Value ($)	Brand	Value ($)	Brand	Value ($)	Brand	Value ($)	Brand	Value ($)
1	Coca-Cola	68.95	Coca-Cola	69.64	Coca-Cola	70.45	Coca-Cola	67.39	Coca-Cola	67.52
2	Microsoft	65.07	Microsoft	64.09	Microsoft	65.17	Microsoft	61.37	Microsoft	59.94
3	IBM	52.75	IBM	51.19	IBM	51.77	IBM	53.79	IBM	53.37
4	GE	42.40	GE	41.31	GE	42.34	GE	44.11	GE	46.99
5	Nokia	35.04	Intel	30.86	Intel	31.11	Intel	33.49	Intel	35.58
6	Intel	34.67	Nokia	29.97	Nokia	29.44	Disney	27.11	Nokia	26.45
7	Disney	32.59	Disney	29.26	Disney	28.04	McDonald's	25.00	Disney	26.44
8	Ford	30.09	McDonald's	26.38	McDonald's	24.70	Nokia	24.04	McDonald's	26.01
9	McDonald's	25.29	Marlboro	24.15	Marlboro	22.18	Toyota	22.67	Toyota	24.83
10	AT&T	22.83	Mercedes	21.01	Mercedes	21.37	Marlboro	22.12	Marlboro	21.18
11	Marlboro	22.05	Ford	20.40	Toyota	20.78	Mercedes	21.33	Mercedes	20.00
12	Mercedes	21.73	Toyota	19.45	Hewlett-Packard	19.86	Hewlett-Packard	20.97	Citibank	19.96
13	Citibank	19.01	Citibank	18.07	Citibank	18.57	Citibank	19.97	Hewlett-Packard	18.86
14	Toyota	18.58	Hewlett-Packard	16.78	Ford	17.07	American Express	17.68	American Express	18.55
15	Hewlett-Packard	17.98	American Express	16.29	American Express	16.83	Gillette	16.72	Gillette	17.53
16	Cisco Systems	17.21	Cisco Systems	16.22	Gillette	15.98	Cisco	15.94	BMW	17.12
17	American Express	16.92	AT&T	16.06	Cisco	15.79	BMW	15.88	Cisco	16.59
18	Gillette	15.30	Honda	15.06	Honda	15.63	Honda	14.87	Louis Vuitton	16.07
19	Merrill Lynch	15.02	Gillette	14.96	BMW	15.11	Ford	14.47	Honda	15.78
20	Sony	15.01	BMW	14.43	Sony	13.15	Sony	12.75	Samsung	14.95
21	Honda	14.64	Sony	13.90	Nescafé	12.34	Samsung	12.55	Dell	13.23
22	BMW	13.86	Nescafé	12.84	Budweiser	11.89	Pepsi	12.06	Ford	13.15
23	Nescafé	13.25	Oracle	11.51	Pepsi	11.78	Nescafé	11.89	Pepsi	12.39
24	Compaq	12.25	Budweiser	11.35	Oracle	11.26	Budweiser	11.84	Nescafé	12.24
25	Oracle	12.22	Merrill Lynch	11.23	Samsung	10.85	Dell	11.50	Merrill Lynch	12.01
26	Budweiser	10.84	Morgan Stanley	11.20	Morgan Stanley	10.69	Merrill Lynch	11.49	Budweiser	11.87
27	Kodak	10.80	Compaq	9.80	Merrill Lynch	10.52	Morgan Stanley	11.49	Oracle	10.88
28	Merck	9.67	Pfizer	9.77	Pfizer	10.46	Oracle	10.93	Sony	10.75
29	Nintendo	9.46	JP Morgan	9.69	Dell	10.37	Pfizer	10.63	HSBC	10.42
30	Pfizer	8.95	Kodak	9.67	Merck	9.41	JPMorgan	9.78	Nike	10.11
31	Gap	8.75	Dell	9.24	JPMorgan	9.12	Nike	9.26	Pfizer	9.98
32	Dell	8.27	Nintendo	9.22	Nintendo	8.19	Merck	8.81	UPS	9.92
33	Goldman Sachs	7.86	Merck	9.14	Nike	8.17	HSBC	8.67	Morgan Stanley	9.77
34	Nike	7.59	Samsung	8.31	Kodak	7.83	SAP	8.32	JPMorgan	9.45
35	Volkswagen	7.34	Nike	7.72	SAP	7.71	Canon	8.05	Canon	9.04
36	Ericsson	7.07	Gap	7.41	Gap	7.69	Kellogg's	8.02	SAP	9.00
37	Heinz	7.06	Heinz	7.35	HSBC	7.57	Goldman Sachs	7.95	Goldman Sachs	8.49
38	Louis Vuitton	7.05	Volkswagen	7.21	Kellogg's	7.44	Gap	7.87	Google	8.46
39	Kellogg's	7.01	Goldman Sachs	7.19	Canon	7.19	Siemens	7.47	Kellogg's	8.30
40	MTV	6.60	Kellogg's	7.19	Heinz	7.10	Ikea	7.18	Gap	8.19
41	Canon	6.58	Louis Vuitton	7.05	Goldman Sachs	7.04	Harley-Davidson	7.05	Apple	7.98
42	Samsung	6.37	SAP	6.78	Volkswagen	6.94	Heinz	7.02	Ikea	7.81
43	SAP	6.31	Canon	6.72	Ikea	6.92	Apple	6.87	Novartis	7.74
44	Pepsi	6.21	Ikea	6.55	Harley-Davidson	6.78	Louis Vuitton	6.60	UBS	7.56
45	Xerox	6.02	Pepsi	6.39	Louis Vuitton	6.71	UBS	6.56	Siemens	7.50
46	Ikea	6.01	Harley-Davidson	6.27	MTV	6.28	Nitendo	6.47	Harley-Davidson	7.34
47	Pizza Hut	5.98	MTV	6.08	L'Oreal	5.60	MTV	6.45	Heinz	6.93
48	Harley-Davidson	5.53	Pizza Hut	6.05	Xerox	5.58	Volkswagen	6.41	MTV	6.64
49	Apple	5.46	KFC	5.35	KFC	5.58	L'Oreal	5.90	Gucci	6.61
50	Gucci	5.36	Apple	5.32	Apple	5.55	Accenture	5.77	Nitendo	6.47
51	KFC	5.26	Xerox	5.31	Pizza Hut	5.31	Xerox	5.69	Accenture	6.14
52	Reuters	5.24	Gucci	5.30	Accenture	5.30	Wrigley's	5.42	L'Oreal	6.00
53	Sun Microsystems	5.15	Accenture	5.18	Gucci	5.10	Kodak	5.23	Philips	5.90

(continued)

Journal of Product & Brand Management
Volume 17 · Number 7 · 2008 · 436–452

Table AII

	2001		2002		2003		2004		2005	
Rank	Brand	Value ($)	Brand	Value ($)	Brand	Value ($)	Brand	Value ($)	Brand	Value ($)
54	Kleenex	5.09	L'Oreal	5.08	Kleenex	5.06	KFC	5.11	Xerox	5.70
55	Philips	4.90	Kleenex	5.04	Wrigley's	5.06	Pizza Hut	5.05	Ebay	5.70
56	Colgate	4.57	Sun Microsystems	4.78	Colgate	4.69	Colgate	4.92	Volkswagen	5.61
57	Wrigley's	4.53	Wrigley's	4.75	Avon	4.63	Kleenex	4.88	Wrigley's	5.54
58	AOL	4.50	Reuters	4.61	Sun Microsystems	4.47	Avon	4.84	Yahoo!	5.25
59	Yahoo!	4.38	Colgate	4.60	Philips	4.46	Gucci	4.71	Avon	5.21
60	Avon	4.37	Philips	4.56	Nestlé	4.46	Ebay	4.7	Colgate	5.18
61	Chanel	4.27	Nestlé	4.43	Chanel	4.32	Yahoo!	4.54	KFC	5.11
62	Duracell	4.14	Avon	4.40	Danone	4.24	Nestlé	4.52	Kodak	4.97
63	Boeing	4.06	AOL	4.33	Kraft	4.17	Danone	4.48	Pizza Hut	4.96
64	Texas Instruments	4.04	Chanel	4.27	AOL	3.96	Chanel	4.41	Kleenex	4.92
65	Kraft	4.03	Kraft	4.08	Yahoo!	3.90	Philips	4.37	Chanel	4.77
66	Motorola	3.76	Danone	4.05	Time	3.78	Amazon.com	4.15	Nestlé	4.74
67	Levi's	3.75	Yahoo!	3.86	Adidas	3.68	Kraft	4.11	Danone	4.51
68	Time	3.72	Adidas	3.69	Rolex	3.67	Caterpillar	3.80	Amazon.com	4.24
69	Rolex	3.70	Rolex	3.69	BP	3.58	Adidas	3.74	Kraft	4.23
70	Adidas	3.65	Time	3.68	Tiffany	3.54	Rolex	3.72	Caterpillar	4.08
71	Hertz	3.62	Ericsson	3.59	Duracell	3.44	Reuters	3.69	Adidas	4.03
72	Panasonic	3.49	Tiffany	3.48	Bacardi	3.43	BP	3.66	Rolex	3.90
73	Tiffany	3.48	Levi's	3.45	Hermes	3.42	Time	3.65	Motorola	3.87
74	BP	3.25	Motorola	3.42	Amazon.com	3.40	Porsche	3.64	Reuters	3.86
75	Bacardi	3.20	Duracell	3.41	Caterpillar	3.36	Tiffany	3.63	BP	3.8
76	Amazon.com	3.13	BP	3.39	Reuters	3.30	Motorola	3.48	Porsche	3.77
77	Shell	2.84	Hertz	3.36	Levi's	3.30	Panasonic	3.48	Zara	3.73
78	Smirnoff	2.59	Bacardi	3.34	Hertz	3.29	Hertz	3.41	Panasonic	3.71
79	Moet & Chandon	2.43	Caterpillar	3.22	Panasonic	3.26	Hermes	3.37	Audi	3.68
80	Burger King	2.43	Amazon.com	3.18	Ericsson	3.15	Duracell	3.36	Duracell	3.67
81	Mobil	2.42	Panasonic	3.14	Motorola	3.10	Audi	3.28	Tiffany	3.61
82	Heineken	2.27	Boeing	2.97	Hennessy	3.00	AOL	3.24	Hermes	3.54
83	Wall Street Journal	2.18	Shell	2.81	Shell	2.98	Hennessy	3.08	Hertz	3.52
84	Barbie	2.04	Smirnoff	2.72	Boeing	2.86	Shell	2.98	Hyundai	3.48
85	Polo Ralph Lauren	1.91	Johnson & Johnson	2.51	Smirnoff	2.81	Levi's	2.97	Nissan	3.20
86	Fedex	1.89	Prada	2.49	Johnson & Johnson	2.71	Smirnoff	2.97	Hennessy	3.20
87	Nivea	1.78	Moet & Chandon	2.45	Prada	2.54	Johnson & Johnson	2.95	ING	3.17
88	Starbucks	1.76	Heineken	2.40	Moet & Chandon	2.52	ING	2.86	Smirnoff	3.09
89	Johnnie Walker	1.65	Mobil	2.36	Nissan	2.50	Moet & Chandon	2.86	Cartier	3.05
90	Jack Daniels	1.58	Burger King	2.16	Heineken	2.43	Nissan	2.83	Shell	3.04
91	Armani	1.49	Nivea	2.06	Mobil	2.41	Cartier	2.74	Johnson & Johnson	3.04
92	Pampers	1.41	Wall Street Journal	1.96	Nivea	2.22	Estée Lauder	2.63	Moet & Chandon	2.99
93	Absolut	1.38	Starbucks	1.96	Starbucks	2.14	Armani	2.61	Prada	2.76
94	Guiness	1.36	Barbie	1.94	Burger King	2.12	Boeing	2.57	Bulgari	2.71
95	Financial Times	1.31	Polo Ralph Lauren	1.93	Polo Ralph Lauren	2.05	Prada	2.56	Armani	2.67
96	Hilton	1.24	Fedex	1.92	Fedex	2.03	Mobil	2.49	Levi's	2.65
97	Carlsberg	1.08	Johnnie Walker	1.65	Barbie	1.87	Nivea	2.40	LG	2.64
98	Siemens	1.03	Jack Daniels	1.58	Wall Street Journal	1.76	Starbucks	2.40	Nivea	2.57
99	Swatch	1.00	3M	1.58	Johnnie Walker	1.72	Heineken	2.38	Starbucks	2.57
100	Benetton	1.00	Armani	1.51	Jack Daniels	1.61	Polo Ralph Lauren	2.14	Heineken	2.35
	100	988.21	100	976.71	100	974.01	100	995.23	100	1,044.58
	Non US (surtotal 100)	250.66		252.47		271.14		295.40		
	Total 20 1eres marques	588.49	–	555.58	–	555.34	–	551.67	–	563.72
	total 20 non US	90.360		99.920		115.480		111.540		135.200

Journal of Product & Brand Management
Volume 17 · Number 7 · 2008 · 436–452

Table AIII Exclusion of other potentially relevant causal factors. Analysis of the brands' industry in and out

2005 entry		
HSBC	Financials	Commercial bank
UPS	Industrials	Air freight and logistics
Morgan Stanley	Financials	Capital markets
JPMorgan	Financials	Diversify financials services
Google	Information technology	Internet software and services
Novartis	Health care	Pharmaceuticals
UBS	Financials	Capital markets
Accenture	Information technology	IT services
L'Oreal	Consumer staples	Personal products
Ebay	Information technology	Internet software and services
Nestlé	Consumer staples	Food products
Danone	Consumer staples	Food products
Caterpillar	Industrials	Machinery
Porsche	Consumer discretionary	Automobile
Zara (Inditex)	Consumer discretionary	Specialty retail
Audi	Consumer discretionary	Automobile
Hermes	Consumer discretionary	Textile apparel and luxury goods
Hyundai	Consumer discretionary	Automobile
Nissan	Consumer discretionary	Automobile
Hennessy	Consumer discretionary	Beverage
ING	Financials	Diversified financial services
Cartier	Consumer discretionary	Textile apparel and luxury goods
Johnson & Johnson	Health care	Pharmaceuticals
Prada	Consumer discretionary	Textile apparel and luxury goods
Bulgari	Consumer discretionary	Textile apparel and luxury goods
LG	Information technology	Electronic equipment and instruments
Out 2005		
Bacardi	Consumer staples	Beverage
Johnnie Walker (Diageo)	Consumer staples	Beverage
Jack Daniels (Brown-Forman)	Consumer staples	Beverage
Pampers (P&G)	Consumer staples	Household products
Absolut	Consumer staples	Beverage
Guinness	Consumer staples	Beverage
Carlsberg	Consumer staples	Beverage
Compaq	Information technology	Computers and peripherals industry
Ericsson	Information technology	Communications equipment
Sun Microsystems	Information technology	Computers and peripherals industry
Texas Instruments	Information technology	Semiconductors and semiconductors equipment
Boeing	Industrials	Aerospace and defence industry
FedEX	Industrials	Air freight and logistics
Siemens	Industrials	Industrial conglomerates
AOL (Time Warner)	Consumer discretionary	Media
Time (Time Magazine/Time Warner)	Consumer discretionary	Media
Burger King	Consumer discretionary	Hotels, restaurants and leisure
Wall Street Journal (Dow Jones & Co.)	Consumer discretionary	Media
Barbie (Mattel)	Consumer discretionary	Leisure equipment and products
Polo Ralph Lauren	Consumer discretionary	Textile apparel and luxury goods
Financial Times	Consumer discretionary	Mrdia
Hilton (Hotels	Consumer discretionary	Hotels, restaurants and luxury goods
Swatch	Consumer discretionary	Textile apparel and luxury goods
Benetton	Consumer discretionary	Textile apparel and luxury goods
AT&T	Telecommunication services	Diversified telecommunication services
Merck	Health care	Pharmaceuticals
Mobil (Exxon Mobil)	Energy	Oil, gas and consumable fuels

Note: For detailed information on the most significant changes, see 2001-2005 significant brands sheet

For the most significant entries or brands going out the following can be observed (Table AIV):

- most of the significant entries had a European origin (9 out of 16 = 56 percent);
- almost every brand that went out of 100 was American (8 out of 9 = 89 percent); and
- one cannot find correlation between entries and going out of brands in particular sectors.

The only two situations that have to be studied a bit more are: Food products sector 2002 – two entries – Automobile sector 2004 (two entries) – Media sector 2005 (two outs) is not an object of research as there was a specific situation in one of the companies- see additional notes next to AOL.

Table AIV Exclusion of other potentially relevant causal factors. Brands in and out linked to industry and sector

	Industry	Sector	2001	2002	2003	2004	2005
Entries							
HSBC	Financials	Commercial bank			37	33	29
Morgan Stanley	Financials	Capital markets		26	26	27	33
JPMorgan	Financials	Diversify financials services		29	31	30	34
UBS	Financials	Capital markets				45	44
L'Oreal	Consumer staples	Personal products		54	47	49	52
Nestlé	Consumer staples	Food products		61	60	62	66
Danone	Consumer staples	Food products		66	62	63	67
Google	Information technology	Internet software and services					38
Accenture	Information technology	IT services		53	52	50	51
Ebay	Information technology	Internet software and services				60	55
UPS	Industrials	Air freight and logistics					32
Caterpillar	Industrials	Machinery		79	75	68	70
Porsche	Consumer discretionary	Automobile				74	76
Audi	Consumer discretionary	Automobile				81	79
Zara (Inditex)	Consumer discretionary	Specialty retail					77
Novartis	Health care	Pharmaceuticals					43
Out							
Compaq	Information technology	Computers and peripherals industry	24	27	Out		
Sun Microsystems	Information technology	Computers and peripherals industry	53	56	58	Out	
Ericsson	Information technology	Communications equipment	36	71	80	Out	
Texas Instruments	Information technology	Semiconductors and semiconductors equipment	64	Out			
Boeing	Industrial	Aerospace and defence industry	63	82	84	94	Out
AOL (Time Warner)	Consumer discretionary	Media	58	63	64	82	Out
Time (Time Magazine/Time Warner)	Consumer discretionary	Media	68	70	66	73	Out
AT&T	Telecommunication services	Diversified telecommunication services	10	17			
Merck	Health care	Pharmaceuticals	28	33	30	32	Out

Table AV Exclusion of other potentially relevant causal factors. Analysis of significant changes (technology sector + financial), and performance

Total returns (net asset value) as of 30 November 2007

Select sector SPDR fund	One month %	Latest quarter %	Calendar YTD %	One year %	Annualized Three year %	Five year %	Inception to date * %
Materials (XLB)	−4.98	−1.20	20.77	21.67	14.70	17.24	10.56
Health care (XLV)	1.07	3.02	10.26	11.56	9.91	7.15	5.74
Consumer staples (XLP)	2.78	4.47	13.59	16.42	11.54	9.96	2.91
Consumer discretionary (XLY)	−5.52	−5.49	−9.02	−6.97	1.78	7.31	4.74
Energy (XLE)	−3.95	−1.94	26.24	23.12	26.73	28.71	15.30
Financials (XLF)	−7.75	−9.41	−14.11	−10.82	4.16	8.17	5.85
Industrials (XLI)	−3.27	−3.67	13.55	14.24	10.81	14.56	7.87
Technology (XLK)	−7.87	−2.71	13.15	12.77	9.20	10.00	−0.98
Utilities (XLU)	0.54	7.23	18.80	20.12	19.64	20.01	7.96

Notes: * Fund inception date 16 December 1998; ** Trading commencement date 22 December 1998; www.sectorspdr.com/performance/; After analysing the more significant changes (technology sector + financial), no correlation with performance was found as some other sectors performed better than the new entrants; The total expense ratio for Select Sector SPDRs is 0.23%

Table AVI Country ranking by risk category (Coface, 2006)

	Ranking by risk category
Australia	A1
Austria	A1
Belgium	A1
Canada	A1
Denmark	A1
Finland	A1
France	A1
Germany	A1
Hong Kong	A1
Iceland	A1
Ireland	A1
Japan	A1
Luxemburg	A1
Netherlands	A1
New Zealand	A1
Norway	A1
Singapore	A1
Slovenia	A1
Spain	A1
Sweden	A1
Switzerland	
Taiwan	A1
United Kingdom	A1
United States	A1
Botswana	A2
Chile	A2
Cyprus	A2
Czech Republic	A2
Estonia	A2
Greece	A2
Italy	A2
Korea (South)	A2
Kuwait	A2
Malaysia	A2
Malta	A2
Portugal	A2
Qatar	A2
United Arab Emirates	A2
Bahrain	A3
China	A3
Hungary	A3
India	A3
Latvia	A3
Lithuania	A3
Mauritius	A3
Mexico	A3
Namibia	A3
Oman	A3
Poland	A3
Slovakia	A3
South Africa	A3
Thailand	A3
Trinidad	A3
Algeria	A4
Brazil	A4

(continued)

Table AVI

	Ranking by risk category
Bulgaria	A4
Colombia	A4
Croatia	A4
Israel	A4
Morocco	A4
Panama	A4
Romania	A4
Saudi Arabia	A4
Swaziland	A4
Tunisia	A4
Bangladesh	B
Benin	B
Burkina Faso	B
Cameroon	B
Cape Verde	B
Costa-Rica	B
Dominican Republic	B
Egypt	B
Gabon	B
Guatemala	B
Indonesia	B
Jordan	B
Kazakhstan	B
Lesotho	B
Mali	B
Mozambique	B
Papua New Guinea	B
Peru	B
Phillipines	B
Russia	B
Salvador	B
Senegal	B
Sri Lanka	B
Tanzania	B
Turkey	B
Uruguay	B
Vietnam	B
Angola	C
Argentina	C
Armenia	C
Azerbaijan	C
Congo	C
Djbouti	C
Ecuador	C
Ethiopia	C
Georgia	C
Ghana	C
Honduras	C
Iran	C
Jamaica	C
Kenya	C
Lebanon	C
Libya	C
Macedonia (FYR)	C
Madagascar	C

(continued)

Table AVI

	Ranking by risk category
Mauritania	C
Mongolia	C
Montenegro	C
Niger	C
Pakistan	C
Paraguay	C
Sao Tome	C
Serbia	C
Seychelles	C
Syria	C
Togo	C
Uganda	C
Ukraine	C
Venezuela	C
Yemen	C
Zambia	C
Afghanistan	D
Albania	D
Belarus	D
Bolivia	D
Bosnia Herzegovina	D
Burundi	D
Cambodia	D
Central African Republic	D
Chad	D
Comoros	D
Cuba	D
Democratic Republic of Congo	D
Equatorial Guinea	D
Gambia	D
Guinea	D
Guinea Bissau	D
Guyana	D
Haiti	D
Iraq	D
Ivory Coast	D
Korea (North)	D
Kyrgyzstan	D
Laos	D
Liberia	D
Malawi	D
Moldova	D
Myanmar	D
Nepal	D
Nicaragua	D
Nigeria	D
Rwanda	D
Sierra Leone	D
Somalia	D
Sudan	D
Tajikistan	D
Turkmenistan	D
Uzbekistan	D
Zimbabwe	D

Note: Result, nearly all the brands from the ranking are in low-risk ranking, even those who exited

About the authors

Gabriele Suder is Professor of International Business at CERAM Business School. Her research interests focus on internationalization and Europeanization, and on risk management within regional integration, in particular post-09/11 terrorism impacts on international business operations and marketing. She is the corresponding author and can be contacted at: Gabriele.suder@ceram.fr

Claude Chailan is based at the International University of Monaco, Monte-Carlo, Principality of Monaco.

David Suder is Director of Environmental Issues at CANCA Nice, France, and former CEO of Valsud – Onyx Med, France. He is adviser and expert on international environmental and econometric issues.

Executive summary and implications for managers and executives

This summary has been provided to allow managers and executives a rapid appreciation of the content of the article. Those with a particular interest in the topic covered may then read the article in toto *to take advantage of the more comprehensive description of the research undertaken and its results to get the full benefit of the material present.*

The heart of the matter

The devastating effects of the attack on New York on the 11th of September 2001 had a profound effect on America and Americans. Given the international nature of business and Lower Manhattan's position as capitalism's heartland there were people from all around the world lost among the 2,974 who died and additional 24 missing presumed dead. The lives of families around the world in 90 different countries were turned upside down by a sense of shock and loss, but the shockwaves were felt most intensely in the United States.

The events and the shockwaves that followed lead to a profound change in world view. Talks of a paradigm shift are overplayed in management literature and particularly among the barnstorming conference performers, but in this case there was a profound shift in paradigm, in whether the outside world is considered to be good or evil, to be generally on our side or generally wish us harm.

There are perhaps some signs among American politicians that a number of years on hard and fast principles are softening. And there is perhaps a changing mood towards more inclusive foreign policy within a general re-evaluation of the lessons to be learned from the attack.

Against such an event, raising such fundamental human questions, even these years on it takes a little time to come to terms with the need for Suder *et al.*'s research question encapsulated within the title of their paper "Strategic Megabrand Management: Does global uncertainty affect brands? A post -09/11 US/Non-US comparison of the 100 Biggest Brands." It feels an uncomfortable subject to give serious thought to, in a strange way disloyal even to the memory of what happened.

There is an expression however "only in America" that is used to sum up the "American dream". In the 2008 Presidential Election among the personal stories told to encapsulate the nominees' characters, and by extension strike a chord with the electorate, were examples demonstrating that it's not about being knocked down, it is about how you get up.

Within this spirit Suder *et al.*'s paper can be approached, and their insights have a validity that is in alignment with learning the hard lessons from history, even if analyzing brand value is an emotional stretch from concerns for humanity. Business is the engine of growth and provides the wealth that help meet people's aspirations. It is one reason that it came under such appalling fire.

Brand value hard truths

Their study tracked what have been defined by Interbrand and *BusinessWeek* magazine as "megabrands". The criteria for these were refined to isolate a number of factors, but the basis for selection included that each brand must:

- Have a value greater than $1 billion;
- Derive about a third of its earnings outside its home country;
- Have publicly available marketing and financial data.

A number of household name brands, including aviation ones were missing, but enough of a hatful were analyzed for generalizable conclusions to be reached.

A simple, but powerful lesson is the scale of the impact that external factors have on the value of brands. In a sense this is business 101 as PEST and SWOT analysts might agree. But simple truths are often powerful truths. Adaptation is needed is competitive advantages are not to be lost.

Of course terrorism is an external factor designed by those who pursue such aims to have maximum impact – to hit at the stamina and the soul and the stomach for the fight of those affected. Brands are hit in times of terror and in the shocks that follow.

Nationality was found to be a factor, but perhaps a surprising recommendation of the research is that megabrands, except for the very strongest ones, are particularly vulnerable. Companies pursuing strategies that promote just a few megabrands within a limited portfolio may be most at risk. An old analogy talks about putting all of the eggs in one basket. A logical outcome of following the lessons from this research would be that a safer policy may be to spread the risk among a broader portfolio of brands.

There has been a decline in the value of US megabrands since 2001. For their brand managers this will be a hard message to take. It isn't a headline grabbing finding. There are more profound headlines that can be written. But it is a finding that erodes the effectiveness of American corporations, and there would seem to be a more general principle at work. Spreading the risk may be a lesson for all, not just the risk averse.

It is hard to read a paper like this without memories and emotions being triggered relating to the awful events that happened. However the findings here are powerful and can have a positive impact. They are worthy of note and worthy of future action.

(A précis of the article "Strategic megabrand management: does global uncertainty affect brands? A post-9/11 US/non-US comparison of the 100 biggest brands". Supplied by Marketing Consultants for Emerald.)