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The World's Most Valuable Brands 2016

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Apple **AAPL +1.08%**'s 13-year run of quarterly revenue growth came to a crashing halt last month when the tech giant reported revenue of \$50.6 billion, off 13% thanks to soft iPhone sales and a slowdown in China. The gloom-and-doom sentiment around the company has reached a zenith with the stock off 30% from its all-time peak 12 months ago.



But Forbes' annual study of the world's most valuable brands shows that Apple is still in a class by itself with a value of \$154.1 billion, 87% more than second-ranked Google **GOOGL +0.92%**. It is the sixth straight time Apple has finished first since Forbes began valuing the richest brands in 2010.

"Brands get their value from how customers perceive them," says David Reibstein, a professor of marketing and branding expert at the [University of Pennsylvania's Wharton School](#). "What makes it valuable from a company perspective is that customers are willing to pay a higher price or are more likely to buy."

The Apple brand hits a home run on both fronts. Apple-philes will cry blasphemy, but Apple phones are not that distinct from the latest Samsung gadget, hence why the two companies are always suing each other. Yet, Apple commands a premium price and accounts for nearly half the smartphones sold in the U.S., along with 75 million sold globally during the December holiday quarter.

Apple dominates in a consumer tech industry where brand matters. Revenue fell in the latest quarter, but the release of the iPhone 7 will certainly have fans of the brand lining up for hours outside stores in the fall ahead of the unveiling. The adulation helped the company generate \$53 billion in net income last year.

"The chance to make a memory is the essence of brand marketing," said a young [Steve Jobs](#) after co-founding Apple. The brand has done that by creating a connection with customers through music, phones and

computing. It now wants to do the same in watches, TVs and payments with more categories, like autos, also on its radar.

No. 2 Google leapfrogged Microsoft this year and closed the gap on Apple with its brand value up 26% to \$82.5 billion (Apple's brand rose 6%). Google became a division of the newly formed Alphabet last year, but the search engine brand is still the company's bread-and-butter profit center subsidizing "Other Bets" like self-driving cars, Google Fiber, Calico and Nest, which lost \$3.6 billion last year.

People are much more likely to use Google than Bing even though the search results might not differ much because of the Google brand. Google has become the generic term for search, which is the ultimate in branding power. Reibstein is awed with how Google treats its logo, which he says is the "antithesis of what everybody teaches about branding." Some companies employ brand police to track the use of their logos to ensure the proper fonts and colors. Not Google. It changes the logo on its homepage every day with a clever new doodle.

Rounding out the top five are [Microsoft](#) **MSFT +0.66%** (\$75.2 billion), [Coca-Cola](#) **KO -0.83%** (\$58.5 billion) and [Facebook](#) **FB +0.44%** (\$52.6 billion).

Full List: The World's Most Valuable Brands

Facebook, up 44%, is the fastest-growing brand in the top 100 for the second straight year. The number of active users has surged to 1.65 billion. The average user spends 50 minutes daily using Facebook and Instagram (our brand value excludes the financial impact of Instagram). New York Times [columnist James Stewart](#) notes that is more time than people spend reading (19 minutes), participating in sports and exercise (17 minutes) and socializing (4 minutes) combined. Time is the ultimate measure of brand engagement.

"Facebook keeps innovating and adding more and more functionally and features," says Reibstein.

"Companies are figuring out how to use Facebook, so their revenue is growing. The transformation with what they are doing with their core business is incredible."

We considered more than 200 global brands to determine the final list of the world's 100 most valuable brands. The brands were required to have more than a token presence in the U.S., which knocked out some big brands like multinational telecom firm [Vodafone](#) and Chinese e-commerce giant [Alibaba](#). The top 100 includes product brands like [Marlboro](#), owned by Altria and [Philip Morris International](#) **PM -0.33%**, as well as brands marketed under their corporate name like McDonald's.

Forbes valued the brands on three years of earnings and allocated a percentage of those earnings based on the role brands play in each industry (e.g., high for luxury goods and beverages, low for airlines and oil companies). We applied the average price-to-earnings multiple over the past three years to these earnings to arrive at the final brand value (click [here](#) for the complete methodology).

The 100 most valuable brands span 16 countries and cross 19 broad industry categories. Brands from U.S.-based companies make up just over half the list with 52 brands. The next greatest number are from Germany (11 brands), Japan (8) and France (6). Tech brands are the most common with 17, including the top three. Financial services companies landed 13 brands in the top 100 led by [American Express](#) **AXP +1.88%** at No. 24. Other big industries included automotives (12) and consumer packaged goods (10), followed by luxury and retail, which both secured eight spots.

The biggest decliner was [IBM](#) **IBM +1.60%**, off 17% to \$41.4 billion and No. 7 overall. Big Blue has reported 16 straight quarters of revenue declines. Revenue in the latest quarter was the company's lowest in 14 years. "People have trouble defining what IBM is today," says Reibstein, who says the one thing that might save IBM is its artificial intelligence technology platform Watson, which the company is doubling down on by featuring the technology in its ad campaigns.

Seven brands cracked the top 100 for the first time led by CVS at No. 47 with a value of \$11.7 billion. The average brand rose 6% in value compared to 2015. The cumulative brand value of the top 100 is \$1.8 trillion with the cut-off at \$6.7 billion for No. 100 Costco.

Special Report: The World's Most Valuable Brands



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