Overview

Just eight brands make it to top 100

Japan and S Korea own leading names

By Kevin Brown in Singapore

Asia’s economy is firing on all cylinders as it emerges from the financial crisis. But when it comes to creating brands, the region has barely begun to make its mark.

Just eight Asian companies appear in the league of the 100 most valuable brands published by Interbrand, the US-based consultancy. The continent that accounts for half the world’s 6.8bn people has the same total as France, with 60m people.

The Asian brands in the league – Toyota, Honda, Samsung, Canon, Nintendo, Hyundai, Panasonic and Lexus – are from Japan and South Korea.

Only Toyota, the world’s biggest carmaker, appears in the top 10, at number six. Many groups have acquired leading brands.

Geely, the Chinese carmaker, bought Sweden’s Volvo. Lenovo, the Chinese computer manufacturer, acquired IBM’s Thinkpad.

Tata, the Indian group, snapped up the UK’s Tetley, then returned to swallow Jaguar and Land Rover.

Yet the number of large brands remains small compared with the size of the region’s economy, which accounts for 20 per cent of global gross domestic product, according to Nomura.

Han Jin Kyung, research director of the Centre for Marketing Excellence at Singapore Management University, says one factor is that years of development are required before companies can acquire a reputation for performance and quality, followed by a mastery of softer concepts such as design and comfort.

“Korean companies have managed to do this, and many of them have large operations in Europe or the US, where they can identify exactly what global customers want,” Mr Han says.

“Many companies in other parts of Asia have yet to reach this stage, and that is one reason why their brands don’t yet have the same degree of recognition outside their home countries.”

Amitava Chattopadhyay, professor of marketing at Insead, expects the number of well-known Asian brands to grow rapidly.

“Companies begin by acquiring manufacturing capability,” Mr Chattopadhyay says. “Then at some point you realise that if all you are doing is manufacturing, you are not making the [highest] margins. At that point you try to build brands. Theory suggests this is a very difficult thing to do.

“Expectations have always been that developing countries cannot build brands because their comparative advantage is in manufacturing costs.”

“So the fact that they are building brands is actually quite amazing.”

The next batch of global brands is most likely to emerge from China and India, the most populous of the Bric group of emerging countries alongside Brazil and Russia.

China and India both have big domestic markets where companies can hone their skills before venturing overseas.

“I expect to see brands from the Bric countries spreading globally,” Mr Chattopadhyay says.

“I remember in the early 1990s, when the Indian economy was liberalised, there was much chest-thumping about how the foreign companies would come in and swallow the local participants.

“In fact these companies have prospered in spite of the competition from foreign companies.”