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Coke Still No. 1, Starbucks Slips in Brand Index

CoreBrand's Survey Also Finds Pepsi, Microsoft Sliding Down Standings While Apple Gains

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NEW YORK (AdAge.com) -- Watch out, Starbucks, Pepsi and Microsoft: Your brand power is waning.

So concludes CoreBrand's Brand Power Index, which ranks 100 corporate brands in terms of market reputation and awareness. The annual ranking is conducted by surveying 400 corporate executives across 1,200 companies and 49 industries, with financial performance, perception of management and investment potential taken into account.



Coca-Cola Co. has retained the No. 1 slot since 2004.

For 2008, two perennial favorites were lodged in the Nos. 1 and 2 slots: Coca-Cola Co. and Johnson

& Johnson, which have remained in those positions since 2004. Coca-Cola rival Pepsi is sliding down the ranking, dropping from fourth place in 2005 to 18th place in 2008. Starbucks fell from No. 10 last year to No. 14, and Microsoft tumbled all the way down from No. 26 in 2005 to No. 54.

"PepsiCo's drop in brand power is due to a rather abrupt and drastic decline in familiarity," said Jim Gregory, CoreBrand's CEO. "In 2006 their familiarity [rating] was 95, in 2007 it dropped to 91, and in 2008 it dropped again to 86. Interestingly, their favorability [rating] stood firm at 88 over those three years. Familiarity is much easier to rebuild than favorability, so it looks like PepsiCo should rebound quickly and perhaps their new identity is designed to prime the pump."

The falloff at Starbucks, he said, is more of an evolution. "I believe the current decline is a natural retrenchment that is quite common for any company that has been growing fast," he said. "Starbucks lost three points of favorability, dropping from the very high score of 87 in 2007 to 84 in 2008. We need to keep a close eye on them to see if they rebound quickly, or if this is a downward trend."

As for Microsoft, the company has "lost their way" in terms of message, said Mr. Gregory, citing the tepidly received Bill Gates-Jerry Seinfeld spots. "Recently, they haven't stood for anything except frustration."

Oddly, the company generally cited as much cooler than Microsoft -- Apple -- is hovering 37 spots lower than Microsoft in the CoreBrand ranking, in the 91st spot. That ranking is up, however, from 119th place in 2007 and 128th in 2005. "This isn't a consumer popularity contest," said Mr. Gregory of Apple, which has been plagued with rumors about founder Steve Jobs' health. "It isn't just about the logo -- it's about everything these companies say and do."

A no-brainer is General Motors Corp., which plunged from 30th place in 2005 to 41st last year amid its government bailout and continuing headlines regarding its solvency. The automaker's preeminent position in the media explains its high 95-point familiarity rating, but, Mr. Gregory said, as the news is usually bad, its favorability score has dropped considerably over the past year, from 81 in 2007 to 75 in 2008. Its overall index score stands at 41 -- some 11 slots lower than in 2005, indicating there's no quick fix.

"All the attributes we measure -- reputation, perception of management and investment potential -- are all in decline" for GM, said Mr. Gregory. "This indicates the negative feelings are pretty well entrenched. They have mismanaged their brand for decades and it has caught up with them. A short-term turnaround is highly unlikely."

After Coke and J&J, the remaining top 10 in the index are also relatively unchanged, including Hershey Foods, Campbell Soup and Hallmark Cards. Only Kellogg Co. (in 10th place) posted a marked increase, jumping from 15th in 2007 and 21st place in 2005.

"The common trait of these winners is that they all have a brand promise that goes beyond the product," said Mr. Gregory. "Coca-Cola is all about refreshment, Johnson & Johnson is all about caring -- there's a clear emotional benefit attached to these brands."

