THE SHERIDAN ROAD MAP

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SLIPS, BLIPS, DIPS, AND TIPS FROM 2010

If 2010 was not quite the return to "normal" we might have hoped, there was more than enough—both new and old—to draw the attention of plan sponsors. Here is a look at the trends that were on our mind this past year—and those just over the horizon.

Doctor Bill? Curing Health Care

What we said: It is still hard to believe that the Senate and House positions on any number of key issues can be reconciled—but then, there was a point in the summer of 2006 when many felt the same way about the Pension Protection Act. However, if it does pass—or if it does not—it seems safe to say that the issue is not going away any time soon. What remains to be seen is if the "cure" is worse than what it aims to remedy.

Where we are: Given the legislative hurdles that the Patient Protection and Affordable Care Act (PPACA) faced a year ago, it still seems amazing that the legislation passed. Of course, the dominant majorities in Congress that were necessary to carry that off are no more (some would argue in no small part because of their role in passing the legislation), legal challenges have been filed by roughly half the states, and the newly resurgent Republicans in Congress are threatening to "repeal and replace."

What's ahead: Common wisdom is that the legal challenges will fall short, and that President Obama's certain veto of any attempt to repeal (much less replace) the legislation will keep those efforts at bay as well. Those in support of the legislation continue to believe that the American public eventually will warm to the idea (in fairness, many already have), while those opposed find vindication in the results of the recent mid-term elections. My guess is that we will still be talking about this a year from now—and that the issue will loom large in the 2012 election cycle.

Fee Fie? Revenue-Sharing Litigation

What we said: Barring a smoking-gun discovery among the cases already filed, it seems likely that the laws—and disclosures—will change before the litigation has any real impact. On the other hand, it is entirely possible that the mere existence of that litigation—and the ever-present litigation threat—will serve to reform the system in a way, and on a schedule, that would not otherwise have been possible.

Where we are: No smoking gun yet, but four years in, a number of the cases have settled, another group has been dismissed and, by my count, only one has been fully adjudicated (and that in favor of the plaintiffs). The courts are split on the issues, and many have been willing to extend plan fiduciaries the benefit of the doubt, so long as participants had the ability to make their own investment choices. As litigation worries go, this brand drew the highest level of concern in PLANSPONSOR's annual Defined Contribution Survey—but it wasn't much. As for that much-anticipated "second generation" of lawsuits? Well, somewhat surprisingly, it has yet to materialize.

What's ahead: This year, the Form 5500 took a big first step in prompting a new level of fee disclosures, and the near-final proposed regulations on 408(b)2 should carry that one step further. The Labor Department continues to challenge the courts' generous application of ERISA 404(c)'s shield—and has gone so far as to make its point clearer on the application of 404(c) with the addition of language in the recently proposed participant fee-disclosure regulations. Many seem to think

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that more disclosure—and the more public disclosure in the form of Form 5500—will simply serve to provide the plaintiffs' bar with fuel for the fire, while others believe that more, and more consistent, disclosure will make it easier for fiduciaries to know what they are paying and if it is reasonable. My guess is that both will turn out to be correct.

Auto-Premonition—Doing It for Participants

What we said: Automatic enrollment may have taken something of a "holiday," but it seems unlikely to be "over" as a trend. Look for it to pick up the pace again in 2010—and for the Obama Administration to turn its attention to the issue in the next year (or two).

Where we are: Well, in many respects, it was déjà vu all over again—with a sluggish economy doubtless contributing (no pun intended) to another flat year for automatic enrollment adoption rates. Still, while the overall adoption rate in PLANSPONSOR's annual Defined Contribution Survey was slightly lower this year, there was a discernible uptick in adoption at the largest programs—even if small and micro plans showed no change at all. That said, the primary motivation this year, as it has been the past two, has been to be more proactive in helping workers save, and there's every indication that it will remain so in the future.

What's ahead: I'm sure plans will continue to adopt the design—for all the right reasons—but it is hard to see anything leading to any kind of major acceleration in the trend in the short term.

Default Lines—Targeting Target-Dates

What we said: We don't know yet what regulators may try to do to help ensure that investors—particularly near-retirees—are not misled by the simplicity of a fund title and marketing pitch. Plan sponsors are on notice that there are differences here and, with luck, will continue to ask pointed questions. Because, after all, when you're selling "you don't have to worry about it," somebody has to.

Where we are: Much of the "damage" from 2008 has been restored, providers have taken pains to ensure that buyers understand their underlying glide-path assumptions (certainly those having to do with equity allocations at age 65), and regulatory bodies have taken some baby steps in helping individual investors better understand these offerings. All in all, the storm seems, for the very most part, to have passed.

What's ahead: More and better disclosures, a growing interest in offerings that take more into account than mere retirement date (including managed accounts), and more discussion around the importance of open architecture solutions and concerns about the (lack of) ERISA fiduciary status for the providers who bundle their own offerings together. However, as for real change—failing another sharp stumble in the markets—most seem to be content with the way things are.

Stop Gaps: Closing the Pension Funding Gap

What we said: It remains more expensive—and complicated—to walk away from pension commitments than most realize, though many employers remain committed to their pension plans for reasons that transcend those financial considerations. Still, it seems likely that freezes, both hard and soft, will continue to be applied, certainly in the private sector. The public sector's commitment to pensions remains largely unabated—and yet, a sense remains that it may only be a matter of time before fiscal realities bring about a different result.

Where we are: For the very most part, little has changed. Pension funding remains a challenge, with the funding gap seemingly constantly buffeted between the ups and downs of the markets and interest rates, despite the conscientious efforts of most plan sponsors to keep up with ever-tightening funding requirements.

What's ahead: It remains more expensive—and complicated—to walk away from pension commitments than most realize, though many employers remain committed to their pension plans for reasons that transcend those financial considerations. Still, it seems likely that freezes, both hard and soft, will continue to be applied, certainly in the private sector, while in the public sector, financial pressures seem likely to result in a different future solution for newer hires. Sound familiar?

Conflicts of Interests—Advice Regulations

What we said: Will we ever get final advice regulations? Almost certainly, though almost certainly regulations very different from the ones put forth a year ago. Or perhaps they will not come until after the concepts embodied in the PPA have been re-crafted by legislators, such as Congressman Rob Andrews (D-New Jersey), who already has introduced legislation (the aptly named "The Conflicted Investment Advice Prohibition Act of 2009") that would do just that. Between now and then, participants will continue to get advice the way they always have—or have not.

Where we are: Well, we now have those regulations—a proposed final version, anyway. For the most part, they seem to have restored and shored the status quo. Not that that's a bad thing.

What's ahead: The final proposed regulations will likely become the final regulations, at least in the important areas. The big change in advice seems more likely to emerge from a different direction—the recently proposed regulations on the definition of a fiduciary, not so much because it will change the rules on advice, but because the controversy on advice has largely revolved around trying to avoid becoming a fiduciary while offering advice (and getting paid for doing so). It seems likely that, if the proposed fiduciary regulations become law, the advice net some have tried so hard not to become ensnared in will, quite simply, be inescapable.

Revolution and Reform

France's trouble with retirement reform has done little to sway investors away from the country.

For weeks, news stories about strikes and protests in France over President Nicolas Sarkozy's unwavering decision to change the country's pension system dominated the headlines. Students took to the street like it was 1968, cars burned and thousands vented their fury over the impending changes.

But surprisingly, the furor did nothing to deter investor interest over France. On the contrary—and notwithstanding all that happened in the country itself—in a year when Europe has barely had a chance to catch its breath between the different sovereign crises that have threatened its very existence, France has actually stood out from the pack and its fixed income markets have proven themselves a safe haven in the Eurozone on several occasions this year.

Most recently, French sovereign bonds were the beneficiaries of the flight to quality that occurred following the announcement of a $113 billion joint European Union and International Monetary Fund (IMF) bailout for Ireland, and through the year, French investment-grade corporates have also been an attractive and important part of the corporate bond market in Europe. But even at the height of the financial crisis in 2008 and 2009, demand for French bonds was high, and the first company to approach the pound sterling bond market after the collapse of Lehman Brothers, says Emmanuel Teissier, fixed income strategist at Franklin Templeton Investments, was GDF Suez, a leading French utility with a cutting edge business.

"Although French banks are in fairly good shape, they have pushed companies to approach the bond market to replace their bank facilities," Teissier says. "That trend is not specific to France only, of course, and has been observed in many developed countries since Lehman collapsed, [but] as a result, new French companies have approached the bond market for the first time over the last two years."

According to Tim Hall, global head of debt capital markets origination at French bank Calyon in London, the biggest French bond story is the advent of sub-investment grade issuers from France and the use they have made of the capital markets. Like their investment-grade counterparts, French high-yield issuers have realized the benefits of having both bank and bond debt on their balance sheets, Hall says, and this year the European bond markets have seen a significant number of high-yield issues—euro as well as dollar-denominated—from French corporates, almost all of which have been well received by enthusiastic investors. The list includes specialty chemical companies Rhodia and SNF Floerger Group; spirits company Remy Cointreau; car rental concern Europcar and auto giant Renault.

High-yield bonds were also a part of the funds that financed the $2 billion buyout of French frozen food company Picard by private equity firm Lion Capital, one of the few European leveraged buyouts (LBOs) this year and the biggest such deal in France since 2008.

All these bond issues did very well—in fact, Hall says, Remy Cointreau's $272.7 million issue, which came to market in June, was well oversubscribed. "The combined benefits of Remy as an infrequent issuer, the relatively small transaction size, the company's strong brand recognition and the non-cyclical nature of the business attracted strong investor interest, thereby enabling the bonds to price with an attractive coupon of 5.18% based on a book that was three times oversubscribed," he says. "And although SNF is a privately held company, its $252.7 million, 8.25% bond was also very well received, largely because the company was able to weather the financial crisis with minimal deterioration in its operating performance in spite of the cyclical chemicals sector in which it operates."

High-yield issues out of France are still a small part of overall corporate bond issuance, but fixed-income investors—whose risk appetite has been fairly strong this year—like them very much. Many French companies have been able to borrow at competitive rates, says Richard Hunter, managing director for corporate bond ratings at ratings agency Fitch Ratings in London, and firms like Renault and Peugeot, which are rated sub-investment grade but are regarded as blue-chip corporates, have been able to issue bonds on the same covenant-free terms as their investment-grade counterparts.

"Theoretically, this gives investors less protection, but it hasn't hurt those issuers' ability to raise debt," Hunter says. "What's most interesting about the recent wave of French high-yield bond issues is the relative comfort level of investors vis-à-vis the legal jurisdiction in France. Our loss severity ratings for issuers in France, unlike in Germany and the U.K., are capped to reflect the less 'creditor-friendly' nature of the legal regime, with more priority given by courts to supporting the issuer's management and less priority to legal seniority of debt, but the need for yield has evidently offset investors' reluctance on that front."

According to Curtis Lyman, Palm Beach, FL-based managing director and partner of HighTower Advisors, France has been making greater strides in terms of transparency and disclosure,

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and in protecting junior creditors in French bond deals, and this is also encouraging investors. This year's high-yield bonds have been issued using innovative structures in senior secured notes and junior priority notes, he says, and as French companies continue to diversify their funding sources, the innovation will continue.

Yet innovation is not new to the French corporate world: While there is a general perception of France as a country where deep-rooted social initiatives have resulted in serious government overhang, the private sector is and always has been a space apart, functioning as a highly sophisticated mechanism that investors the world over respect for its well-managed operations.

"France has many good companies—some solely domestic, some 'national champions' and some very strong global players—so the demand from investors for bonds issued by French companies has been and continues to be very strong," Calyon's Hall says.

Investment-grade companies from France have always been skilled users of the capital markets, says Fitch Ratings' Hunter, and they borrow money on a regular basis to fund their business needs. Investors are used to seeing companies in the infrastructure and energy sectors, and have been long-time lenders to names like Total, Electricite de France and SNCF. These companies have regular financing needs, they are strong A- or higher-rated credits, they have a good story to tell, and this year, issuers from a lot of new sectors, including consumer goods, have joined them, he says.

"While there is a general perception of France as a country where deep-rooted social initiatives have resulted in serious government overhang, the private sector is and always has been a space apart."

Most French companies clearly recognize the benefits of including the bond market as part of their debt capital structure, and experts believe that this reliance on a broader creditor base, which in turn leads to greater creditor diversity, is a wise financing strategy over the long term. It also sets France apart from Germany (another European safe haven), says Ed Farley, head of international investing at Prudential, where companies get most of their funding from the state-owned Landesbanks—which have had to scale back their operations this year, thereby leaving more room for greater lending by private banks and capital market funding.

Like Germany, France also has a deep-rooted and fairly stable banking system, Farley says, but French corporates have always used the capital markets to their advantage, and this year have been welcome issuers because of France's safe-haven status.

Nevertheless, France and the French corporate sector are not immune to the Eurozone's sovereign troubles, which don't look to be ending any time soon.

"Sovereign risk is everything," Farley says, "and the trading levels of corporate bonds will be dictated by what is happening at the moment with Ireland and what will happen with Portugal, and how the European Union will stop the rot before it gets to Spain. French bonds have enjoyed the benefits of the country being a relative safe haven, but while bailing out Ireland, Greece and Portugal is still affordable, things get too large when you get to Spain, and even more unsustainable if Italy has to be bailed out as well."

French corporate issuance is not exempt from deterioration in the broader credit markets, brought on by each wave of crisis in the Eurozone peripheral markets, Hall agrees, but French investment-grade borrowers are still in a relatively good position because they are well-funded (most of them were able to pre-fund in 2009, when market conditions were far better), and they can afford to sit out the choppy markets to wait for better conditions. In the high-yield universe, though, the need to diversify the creditor base and include more bond investors has a much more immediate tone, he says, which is why European high-yield volumes are likely to increase in 2011.

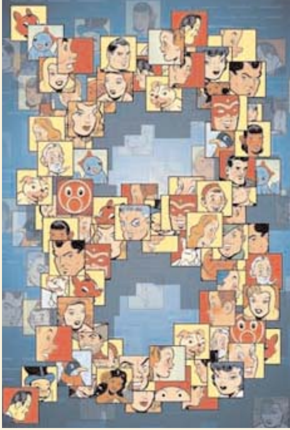
Overall, the outlook for high-yield debt in Europe is positive, not least because European banks remain extremely careful lenders. Investor appetite should also remain strong despite the ongoing sovereign story in Europe, but while this certainly does pose a challenge to corporates, French companies included, the greatest challenge they will have to face will be generating growth, says Hunter, and at the individual company level, this is what is going to matter the most for future funding and for attracting investors.

"Given the low growth rates we forecast for Europe, French corporates, in common with most other established Western companies, will be tempted to make further acquisitions in emerging market countries like India and China, in the hunt for top-line growth," he says.

But even though the challenging macroeconomic environment in Europe generally and in France more specifically does weigh on profitability at the local level, French companies continue exhibiting strong operating performance and solid financial health, says Teissier. As far as the top line is concerned, sales growth is mainly driven by international operations and more than 50% of sales reported this year by the 40 biggest French market capitalizations come from outside France, he says.

By Savita Iyer-Ahrestani • Investment Advisor, January 2011

How to build a name you can literally bank on.



Refreshing the image of a well-established brand name so it stands out can take years, a multi-million-dollar marketing budget and extreme strategizing. Ask Andy Cosslett, CEO of InterContinental Hotels Group. He's just overseen the rebranding of the group's Holiday Inn chain. It took seven years, $1 billion and an integrated plan that saw the logo redesigned, hotels upgraded, staff retrained and TV advertising campaigns launched—along with a social media blitz.

Cosslett is counting on the substantial investment to see a long-term pay-off in increased revenues for the 59-year-old brand. That will be gratifying, since he had to persuade the independent hotel owners—who put up the bulk of the money—that there would be a payback from the rebranding.

"Brands have a life cycle," he says. Indeed, the hotel's approach to refreshing the brand involved a lot more than, as Cosslett puts it, "selling chocolate."

A TV campaign developed by agency McCann Erickson relied on commercials with the message "Stay You"—a slogan meant to emphasize that guests don't have to dress up but can show up as they are.

To extend the message in a more personal way, Cosslett relied on social media. Staffers were encouraged to tweet, and customer testimonials were uploaded to YouTube, supplemented by endorsements on travel industry site TripAdvisor. A fan of social media, Cosslett says, "When you use sites like Facebook or Twitter, the message is authentic."

These recessionary times call for CEOs to spearhead marketing efforts and manage the customer relationship innovatively. A 2009 study by consultancy Interbrand demonstrated that brand stewards face major challenges as consumers rethink purchasing decisions, opting for less expensive choices and most trusted products—even as marketing budgets are being cut. Jez Frampton, global CEO of Interbrand, says executives who revamp their campaigns to connect with consumers in new ways, rather than just cutting prices, will prosper. What do he and other marketing experts recommend? Social media.

Today, who hasn't heard of Twitter, Kindle or Zappos? Each has a visionary CEO who built a brand identity and relied on innovative ways to break through. Significantly, each benefited from having a new big idea—the cornerstone priority of a breakthrough—that resonated with customers.

Tony Hsieh, CEO of online shoe seller Zappos.com, relied on superior customer service and tapped into social media to reinforce the message through word-of-mouth exchanges. He sums up his branding effort as ICEE: inspire, connect, entertain and educate.

It's a strategy well-suited to today's fast-paced, always-on and interconnected marketing and media environment, with Twitter, Facebook and other peer-to-peer sites supplanting the 30-second television commercial. The days when the chairman of a company—remember Lee Iacocca and his classic revival of Chrysler in the 1980s?—could go on national television to sell the company's brand coast to coast is long over. Now CEOs need to project their brand's image on a fragmented media landscape of dozens of stations, publications and online sites, as well as increasingly influential social media outlets.

Most forward-oriented corporations today have Twitter accounts and Facebook groups to help their brands break out of the multi-media clutter. Some CEOs too, like Hsieh, who have learned the tools of social media, have projected their own image, too, to symbolize brand values.

Social media offer CEOs a way to connect to customers on an emotional level in a way that is not "corporate speak," points out Michael D'Esopo, senior partner at brand consulting firm Lippincott.

Hsieh of Zappos has profited from being one of the pioneering users of social media. His Las Vegas-based company went from startup in 1999 to $1 billion in sales by 2009, and the same year, a $1.2 billion acquisition by Amazon.com—with the CEO spearheading the branding communications.

Starting out, Hsieh initially got customers' notice by promising quick delivery of online orders, then won their loyalty by surprising them with shorter and shorter wait times. "What we are really is a customer-service company that happens to sell shoes," Hsieh says of Zappos.

The cool and savvy Hsieh is practically synonymous with the hip and entrepreneurial brand. His Twitter profile has more than 1.7 million followers, who frequently retweet his lines. Zappos gets additional mileage from the 500 or so of its 1,800 employees who also microblog on Twitter.

Given that Twitter costs nothing more than the time it takes to tweet—or write—140 characters, it has provided a good return on investment. "We use Twitter the same way that you would interact with friends," says Hsieh, who also makes frequent appearances at social media conferences. He has supplemented his surround- sound media campaign by publishing a book, *Delivering Happiness: A Path to Profits, Passion, and Purpose*.

CEOs who are unable to leverage social media could end up falling behind, cautions Steve Farnsworth, chief digital strategist at Jolt Social Media in Palo Alto, CA. "As new media communications evolve, CEOs who fail to grasp and use social media to their brand's advantage will be replaced by the next generation that will," he says.

Certainly, having a larger-than-life CEO personality who can become the voice of the brand—like Hsieh, Steve Jobs

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of Apple and Jeff Bezos of Amazon—is one way to be heard.

But crafting a social media persona is not for every CEO, advises Laura Ries, president of marketing consultancy Ries & Ries in Roswell, GA. She points out that it made sense for Zappos because the CEO has a vibrant personality that translates well online, and the product category is fun. "Social media work best for smaller, entrepreneurial companies and for younger CEOs," she concludes.

In today's fast-moving society, a well-rounded marketing campaign built upon a fresh idea is essential. "You have to put your marketing muscle behind an exciting new idea to become number one in the minds of consumers," she says. "If you're a CEO and you're marketing a brand that is second or third in the market, then you have a problem. You have to figure out a strategy not to be the same thing and a cheaper version of the leader."

Ries cites the example of Lowe's home improvement chain gaining market share against No. 1 Home Depot by

TOP 10 MOST VALUABLE GLOBAL BRANDS IN 2010

Want proof that a brand is one of a company's most valuable assets and a key contributor to financial performance? A study by Millward Brown Optimor for WPP demonstrates that the stock of its BrandZ top-100 most valuable global brands has outperformed the S&P 500 by more than 30% over the past two years. Moreover, the branding consultancy finds that since 2006, these top 100 brands' shares have gained 18.5%, compared with a decline of 11.5% for the S&P 500.

The positive performance of the BrandZ top 100 shows that strong brands are resilient even in downturns and can rebound faster, says David Roth, who spearheads the study and is Eastern Hemisphere chief executive of The Store, WPP's retail group.

Not surprisingly, Google ranked far in the lead for brand value, based on how it has revolutionized search, the popularity of its related products such as Gmail, and its accelerated expansion— a 32% compounded annual growth rate since 2006.

Some key takeaways from the study include: Four of the top 10 brands are in the technology category (Google, IBM, Apple and Microsoft), and 13 of the top 100 brands are from emerging markets—a trend that signals the increased importance of developing regions.

China claimed seven spots in the top 100, with the world's largest wireless operator and most valuable mobile brand, China Mobile, in the top 10, despite increased competition from two new rivals. Another standout was Chinese search engine Baidu, which ranked second in brand value growth among the top 100—a fact the study attributed to Chinese consumers' close bond with the brand and its unique search technology in Chinese for the large online market.

Meanwhile, India had its first company appear on the list, ICICI Bank (formerly Industrial Credit and Investment Corp. of India), which became widely known for pioneering ATMs throughout the country.

The study also highlighted a shift in consumer values, placing increasing importance on environmental causes, social responsibility, health benefits, trust and personalization.

These issues, Roth said, have become more pronounced in the aftermath of the recession, which left customers feeling betrayed by financial institutions and government, and dealing with increased stresses in a more complex life. He added that the study reinforced the message that brands seen as familiar and reliable stand the best chance of maintaining and growing their position in these turbulent times.

Of particular note, the personalization trend has become highly relevant for technology brands seeking to stand out. Google scored high, in part because it lets users create their own homepages. Likewise, Apple owes its third-place standing largely to personalization features, like its myriad applications for iPhone users.

The BrandZ top 100 list is based on annual interviews with 1.5 million consumers and professionals in 30 countries about shopping choices, an evaluation of the brand's strength with customers and earnings contributed by a brand to the company's overall performance.

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Managing Yourself, Emails and All *(continued from page 6)*

upgrading its stores with a bright, clean look and training staff to offer superior service.

She also points to Starbucks' ability to overtake rival West Coast-brand Peet's Coffee & Tea and become the first expensive coffee shop nationwide by consistently delivering good quality in a consumer-friendly environment with a simple, easily communicated brand name. "Up until then, there was no $3 latte," she notes. "Starbucks invented that."

Likewise, the creative genius of Twitter co-founder Jack Dorsey and his instant messaging, microblogging news stream was the key to its taking off like wildfire a few short months after its launch. The story of Twitter hitting the blogging and international business community's radar at a media and arts festival in Austin, TX, in 2007 is practically legendary. Bloggers began using Twitter to let their friends know about the best parties to crash. As author Shel Israel recounts in his book, *Twitterville: How Businesses Can Thrive in the New Global Neighborhoods*, the startup brought 10 of its 12 employees to the show and set up monitors in the convention hall, where passersby could see their tweets about the conference. Twitter came to the conference with 16,000 users and left with more than 60,000, he recalls.

Soon, Twitter became the default option for bloggers; and today it's replacing email among the Internet intelligentsia. In certain techie circles, the number of followers someone has on Twitter defines their social status more than belonging to a high-profile club in Manhattan.

With its innovative news stream, Twitter gave Facebook, the first social medium to go mainstream, competition. Soon CEO Mark Zuckerberg made sure Facebook too had constantly updating news streams. A pitched battle continues between the two rivals, with Facebook at 400 million users and Twitter at more than 100 million.

As the pace of change picks up and the landscape of choices becomes more cluttered, keeping a brand's message on target and relevant has becoming increasingly challenging.

Hayes Roth, chief marketing officer of consultancy Landor Associates, points to Special K as an example of a brand that was able to stand out with an imaginative, well-conceived promotion. Special K was repositioned from a classic cereal for healthy and nutritious eating to being a woman's partner in weight loss, with diet-friendly foods added to the product selections.

Social media helped to get the message out. Along with a personalized Special K diet plan offered on the Special K site, the campaign included a link to a Yahoo group with a message board for quick exchanges, a celebrity blogger who posted weight-loss advice and an online offer to win a pair of designer jeans. The campaign helped the cereal marketers to update its image, but without straying too far from its original healthy-breakfast idea.

In contrast, Internet portal Yahoo is one example of a once-hot, leading brand that lost its way, points out Tim Calkins, clinical professor of marketing at Northwestern University's Kellogg School of Management. Calkins notes that while Yahoo gained awareness as an innovator and leader, it strayed too far from its base into email and news —areas where it proved difficult to remain distinct. He credits Google for leveraging its brand image across related products, such as Google maps. Says Calkins, "The trick is not to go too far, like Yahoo did, and then be left with the question of what are we?"

Another established brand that has continued to remain top of mind is Amazon. The market's first online bookseller, for instance, has climbed swiftly up the ranks of the BrandZ top 100 (see sidebar) to No. 15. The jump was based on the successful launch of its Kindle online reading device, an extension that worked because it was strategically close to the origins of Amazon, says David Roth, CEO of WPP's retail practice, The Store, in Europe, Asia and Africa. In spite of the introduction of products like the Nook from Barnes & Noble, Bezos has been able to reinforce Kindle's claim to category leadership with the rollout of a second-generation e-reader.

Still, the spring 2010 debut of the ever-so-cool iPad digital device from savvy marketer Apple upped the ante as colorful and jazzy designs wowed consumers, the blogosphere ignited with posts about the new item and lines of buyers formed outside Apple stores.

Amazon responded by lowering the Kindle's price, undercutting the Nook. But such discounting can instantly make a brand seem less distinctive, says Frampton of Interbrand, hurting any competitive advantage it may have. Instead, he advises that the marketing energy be turned up on figuring out new features that may oneup rivals.

But who could blame marketers faced with competing against the marketing genius of Apple CEO Steve Jobs. Jobs may have been faulted for branding the iPad with a name that suggests sanitary napkins, but nearly all his recent product introductions—all called iSomething—have been stellar successes. Moreover, showman Jobs has become a brand in his own right—every marketer's dream.

By Rebecca A. Fannin • CEO Magazine, January/February 2011

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