



Commercial Services 50 2018

The annual report on the most valuable commercial services brands
February 2018

Foreword.



David Haigh
CEO, Brand Finance

What is the purpose of a strong brand: to attract customers, to build loyalty, to motivate staff? All true, but for a commercial brand at least, the first answer must always be ‘to make money’.

Huge investments are made in the design, launch, and ongoing promotion of brands. Given their potential financial value, this makes sense. Unfortunately, most organisations fail to go beyond that, missing huge opportunities to effectively make use of what are often their most important assets. Monitoring of brand performance should be the next step, but is often sporadic. Where it does take place, it frequently lacks financial rigour and is heavily reliant on qualitative measures, poorly understood by non-marketers.

As a result, marketing teams struggle to communicate the value of their work and boards then underestimate the significance of their brands to the business. Sceptical finance teams, unconvinced by what they perceive as marketing mumbo jumbo, may fail to agree necessary investments. What marketing spend there is, can end up poorly directed as marketers are left to operate with insufficient financial guidance or accountability. The end result can be a slow but steady downward spiral of poor communication, wasted resources, and a negative impact on the bottom line.

Brand Finance bridges the gap between marketing and finance. Our teams have experience across a wide range of disciplines from market research and visual identity to tax and accounting. We understand the importance of design, advertising, and marketing, but we also believe that the ultimate and overriding purpose of brands is to make money. That is why we connect brands to the bottom line.

By valuing brands, we provide a mutually intelligible language for marketing and finance teams. Marketers then have the ability to communicate the significance of what they do, and boards can use the information to chart a course that maximises profits. Without knowing the precise, financial value of an asset, how can you know if you are maximising your returns? If you are intending to license a brand, how can you know you are getting a fair price? If you are intending to sell, how do you know what the right time is? How do you decide which brands to discontinue, whether to rebrand and how to arrange your brand architecture? Brand Finance has conducted thousands of brand and branded business valuations to help answer these questions.

Brand Finance’s research revealed the compelling link between strong brands and stock market performance. It was found that investing in highly-branded companies would lead to a return almost double that of the average for the S&P 500 as a whole.

Acknowledging and managing a company’s intangible assets taps into the hidden value that lies within it. The following report is a first step to understanding more about brands, how to value them and how to use that information to benefit the business.

The team and I look forward to continuing the conversation with you.

About Brand Finance.

Brand Finance is the world’s leading independent brand valuation and strategy consultancy.

Brand Finance was set up in 1996 with the aim of ‘bridging the gap between marketing and finance’. For more than 20 years, we have helped companies and organisations of all types to connect their brands to the bottom line.

We pride ourselves on four key strengths:

- Independence
- Technical Credibility
- Transparency
- Expertise.

Brand Finance puts thousands of the world’s biggest brands to the test every year, evaluating which are the strongest and most valuable.

For more information, please visit our website:
www.brandfinance.com

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For further information on Brand Finance®’s services and valuation experience, please contact your local representative:

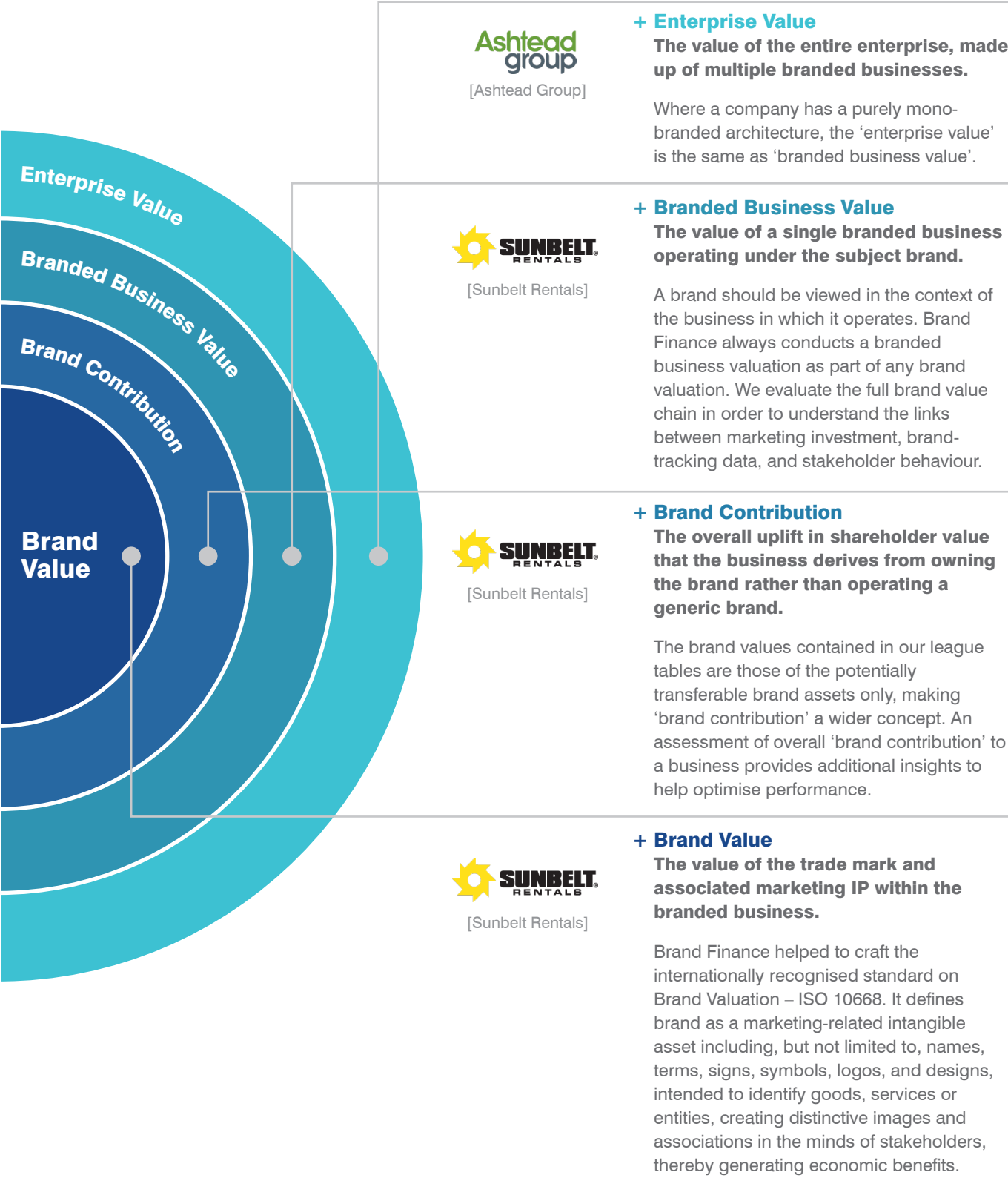
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Definitions.

Brand Value



Brand Strength

Brand Strength is the efficacy of a brand's performance on intangible measures, relative to its competitors.

In order to determine the strength of a brand, we look at Marketing Investment, Stakeholder Equity, and the impact of those on Business Performance.

Each brand is assigned a Brand Strength Index (BSI) score out of 100, which feeds into the brand value calculation. Based on the score, each brand is assigned a corresponding rating up to AAA+ in a format similar to a credit rating.

Analysing the three brand strength measures helps inform managers of a brand's potential for future success.

Brand Strength Index	Marketing Investment	Widely recognised factors deployed by marketers to create brand loyalty and market share.
	Stakeholder Equity	Perceptions of the brand among different stakeholder groups, with customers being the most important.
	Business Performance	Quantitative market and financial measures representing the success of the brand in achieving price and volume premium.



Executive Summary.



EY leads growth among the Big Four

The Big Four have enjoyed a strong year in terms of brand value growth, according to a new report released by Brand Finance, the world’s leading independent brand valuation and strategy consultancy. The four commercial services giants averaged a remarkable brand value gain of 22% in just one year, with EY growing at a faster pace than the other three.

EY’s brand value increased by 28% year on year to US\$17.1 billion. While on brand strength, showing a 2.89% growth, the brand outperformed its competitors not only among the Big Four but also among the top 10 brands in the professional services category within the Brand Finance Commercial Services 50. With a Brand Strength Index (BSI) score of 89.7, EY has now joined the elite club of the world’s strongest brands boasting the rare AAA+ rating.

As well as embracing new technologies such as robotics and artificial intelligence, EY has developed a coherent, cross-platform marketing strategy, improving stakeholder perceptions and in effect, boosting brand strength. EY’s increase in brand value has been driven

EY are reaping the benefits of their extensive C-Suite relationships with big corporates. The brand has been particularly successful at developing revenue streams in the US, where they have historically been reliant on audit.

Alex Haigh
Director, Brand Finance

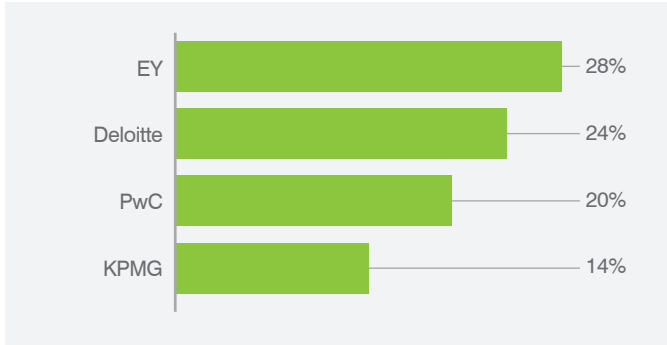
by growing revenues, as the company delivered a 7th consecutive year of strong financial results and has reported compound annual growth of 8.8% since launching its Vision 2020 strategy in 2013.

PwC remains most valuable brand

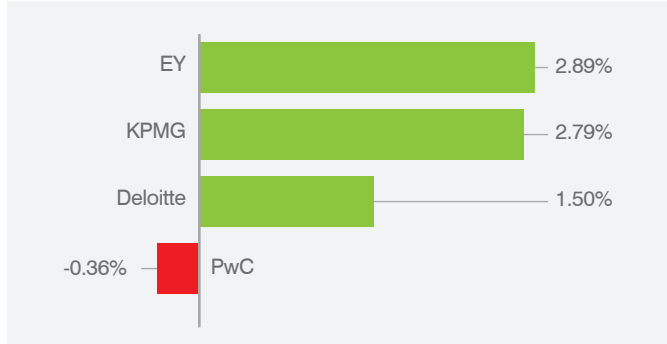
In spite of strong growth, EY’s brand value is still below that of PwC (up 20% to US\$22.3 billion), which claimed first position in the Brand Finance Commercial Services 50 2018 league table featuring the world’s most valuable brands in the industry. PwC’s brand is also the strongest among the Big Four, with a BSI score of 90.6.

PwC’s brand value was boosted by a 6.5% increase in revenues at constant exchange rates to US\$37.7 billion. Advisory businesses, particularly strategy (17%) and technology (20%) were the fastest growing units. All of the Big Four are looking outside of their traditional audit business for growth, as these are constrained by new conflict of interest rules and becoming commoditised by technology.

Big Four Brand Value Change 2017-18 %



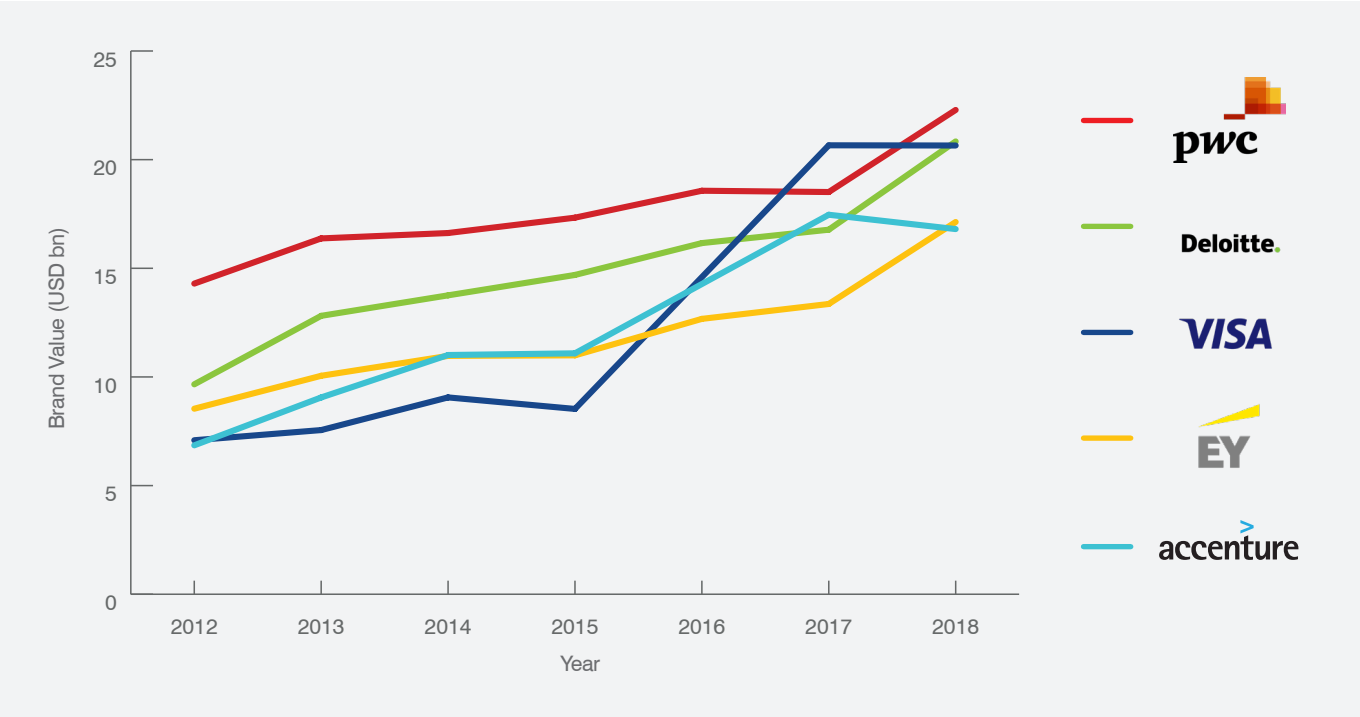
Big Four Brand Strength Change 2017-18 %



Top 10 Most Valuable Professional Services Brands

	1	Rank 2018: 1 2017: 1 → BV 2018: \$22,287m BV 2017: \$18,510m +20% Brand Rating: AAA+ -0.36%
	2	Rank 2018: 2 2017: 3 ↑ BV 2018: \$20,838m BV 2017: \$16,776m +24% Brand Rating: AAA+ +1.50%
	3	Rank 2018: 3 2017: 4 ↑ BV 2018: \$17,130m BV 2017: \$13,357m +28% Brand Rating: AAA+ +2.89%
	4	Rank 2018: 4 2017: 2 ↓ BV 2018: \$16,805m BV 2017: \$17,464m -4% Brand Rating: AA+ -1.03%
	5	Rank 2018: 5 2017: 5 → BV 2018: \$12,475m BV 2017: \$10,978m +14% Brand Rating: AAA +2.79%
	6	Rank 2018: 6 2017: 6 → BV 2018: \$5,018m BV 2017: \$4,347m +15% Brand Rating: AAA+ -0.36%
	7	Rank 2018: 7 2017: 7 → BV 2018: \$3,837m BV 2017: \$2,786m +38% Brand Rating: AA+ -3.56%
	8	Rank 2018: 8 2017: 8 → BV 2018: \$2,460m BV 2017: \$2,102m +17% Brand Rating: AA+ -2.40%
	9	Rank 2018: 9 2017: 9 → BV 2018: \$2,331m BV 2017: \$1,643m +42% Brand Rating: AA- -4.22%
	10	Rank 2018: 10 2017: 10 → BV 2018: \$1,059m BV 2017: \$961m +10% Brand Rating: AAA- -0.95%

Top 5 Commercial Services Brands - Brand Value Over Time



Top 10 Strongest Commercial Services Brands

	BSI Score 91.6		BSI Score 88.7
	BSI Score 90.6		BSI Score 86.8
	BSI Score 89.7		BSI Score 81.5
	BSI Score 89.7		BSI Score 81.3
	BSI Score 89.5		BSI Score 79.4

PayPal's brand value growth soars

Credit card and payment processing giants Visa, American Express, and MasterCard claimed places 3, 6 and 7 in the Brand Finance Commercial Services 50 2018 league table respectively. With a brand value of US\$20.7 billion and an AAA+ rating, there is clear water between Visa and American Express (US\$15.1 billion, AA) and MasterCard (US\$12.7 billion, AAA-).

When it comes to year-on-year brand value growth, however, all three lag behind PayPal, up 37% from 2017 to US\$9.0 billion. PayPal's brand strength has also improved significantly, as its BSI score increased 10.52% from 80.3 to 88.7, raising the brand rating to AAA.

Over the past year, the stock market has responded positively to the company's strategic development, which saw it form or extend partnerships with Synchrony Financial, Bank of America, JP Morgan Chase, Citi, Wells Fargo, Visa, MasterCard, Skype, Baidu, Samsung Pay, Android Pay, Apple and Google. PayPal also acquired working capital provider Swift Financial and payment processor TIO, though it was forced to suspend operations at TIO after discovering security vulnerabilities.



Top 10 Most Valuable Commercial Services Brands

	1	Rank 2018: 1 2017: 2 ↑ BV 2018: \$22,287m BV 2017: \$18,510m +20% Brand Rating: AAA+
	2	Rank 2018: 2 2017: 4 ↑ BV 2018: \$20,838m BV 2017: \$16,776m +24% Brand Rating: AAA+
	3	Rank 2018: 3 2017: 1 ↓ BV 2018: \$20,651m BV 2017: \$20,660m 0% Brand Rating: AAA+
	4	Rank 2018: 4 2017: 6 ↑ BV 2018: \$17,130m BV 2017: \$13,357m +28% Brand Rating: AAA+
	5	Rank 2018: 5 2017: 3 ↓ BV 2018: \$16,805m BV 2017: \$17,464m -4% Brand Rating: AA+
	6	Rank 2018: 6 2017: 5 ↓ BV 2018: \$15,103m BV 2017: \$15,014m +1% Brand Rating: AA
	7	Rank 2018: 7 2017: 7 → BV 2018: \$12,674m BV 2017: \$12,256m +3% Brand Rating: AAA-
	8	Rank 2018: 8 2017: 8 → BV 2018: \$12,475m BV 2017: \$10,978m +14% Brand Rating: AAA
	9	Rank 2018: 9 2017: 9 → BV 2018: \$9,017m BV 2017: \$6,580m +37% Brand Rating: AAA
	10	Rank 2018: 10 2017: 12 ↑ BV 2018: \$5,018m BV 2017: \$4,347m +15% Brand Rating: AAA+

Brand Finance

Commercial Services 50 (USD m)

Top 50 most valuable Commercial Services brands 1-50

Rank 2018	Rank 2017	Brand name	Country	Brand value (USD m) 2018	% change	Brand value (USD m) 2017	Brand rating 2018	Brand rating 2017
1	2	PWC	United States	22,287	+20%	18,510	AAA+	AAA+
2	4	Deloitte	United States	20,838	+24%	16,776	AAA+	AAA
3	1	Visa	United States	20,651	0%	20,660	AAA+	AAA+
4	6	EY	United Kingdom	17,130	+28%	13,357	AAA+	AAA
5	3	Accenture	United States	16,805	-4%	17,464	AA+	AA+
6	5	American Express	United States	15,103	+1%	15,014	AA	AA+
7	7	Mastercard	United States	12,674	+3%	12,256	AAA-	AAA
8	8	KPMG	United States	12,475	+14%	10,978	AAA	AAA-
9	9	Paypal	United States	9,017	+37%	6,580	AAA	AAA-
10	12	McKinsey	United States	5,018	+15%	4,347	AAA+	AAA+
11	10	Sysco	United States	🔒	🔒	🔒	🔒	🔒
12	14	Randstad	Netherlands	🔒	🔒	🔒	🔒	🔒
13	11	ADP	United States	🔒	🔒	🔒	🔒	🔒
14	13	Sodexo	France	🔒	🔒	🔒	🔒	🔒
15	15	BDO International	United Kingdom	🔒	🔒	🔒	🔒	🔒
16	16	Adecco	Switzerland	🔒	🔒	🔒	🔒	🔒
17	New	Willis Towers Watson	United Kingdom	🔒	🔒	🔒	🔒	🔒
18	17	Aramark	United States	🔒	🔒	🔒	🔒	🔒
19	20	BCG	United States	🔒	🔒	🔒	🔒	🔒
20	19	ISS	Denmark	🔒	🔒	🔒	🔒	🔒
21	25	Manpower	United States	🔒	🔒	🔒	🔒	🔒
22	22	Ball	United States	🔒	🔒	🔒	🔒	🔒
23	23	Securitas	Brazil	🔒	🔒	🔒	🔒	🔒
24	29	Nielsen	United States	🔒	🔒	🔒	🔒	🔒
25	26	Bunzl	United Kingdom	🔒	🔒	🔒	🔒	🔒
26	27	Cintas	United States	🔒	🔒	🔒	🔒	🔒
27	31	Abertis	Spain	🔒	🔒	🔒	🔒	🔒
28	New	United Rental	United States	🔒	🔒	🔒	🔒	🔒
29	28	Moody's	United States	🔒	🔒	🔒	🔒	🔒
30	18	Secom	Japan	🔒	🔒	🔒	🔒	🔒
31	21	Capita	United Kingdom	🔒	🔒	🔒	🔒	🔒
32	33	SGS	Switzerland	🔒	🔒	🔒	🔒	🔒
33	24	S&P Global	United States	🔒	🔒	🔒	🔒	🔒
34	30	Experian	Ireland	🔒	🔒	🔒	🔒	🔒
35	34	Bureau Veritas	France	🔒	🔒	🔒	🔒	🔒
36	36	Alliance Data	United States	🔒	🔒	🔒	🔒	🔒
37	35	Iron Mountain	United States	🔒	🔒	🔒	🔒	🔒
38	45	ADT	United Kingdom	🔒	🔒	🔒	🔒	🔒
39	37	Equifax	United States	🔒	🔒	🔒	🔒	🔒
40	38	G4S	United Kingdom	🔒	🔒	🔒	🔒	🔒
41	40	Babcock	United Kingdom	🔒	🔒	🔒	🔒	🔒
42	32	RR Donnelley	United Kingdom	🔒	🔒	🔒	🔒	🔒
43	51	Computershare	Australia	🔒	🔒	🔒	🔒	🔒
44	New	Sunbelt Rentals	United Kingdom	🔒	🔒	🔒	🔒	🔒
45	42	Bain	United States	🔒	🔒	🔒	🔒	🔒
46	41	Paychek	United States	🔒	🔒	🔒	🔒	🔒
47	52	New Oriental	China	🔒	🔒	🔒	🔒	🔒
48	49	Intertek	United Kingdom	🔒	🔒	🔒	🔒	🔒
49	43	Mercer	United States	🔒	🔒	🔒	🔒	🔒
50	50	Quanta Services	United States	🔒	🔒	🔒	🔒	🔒



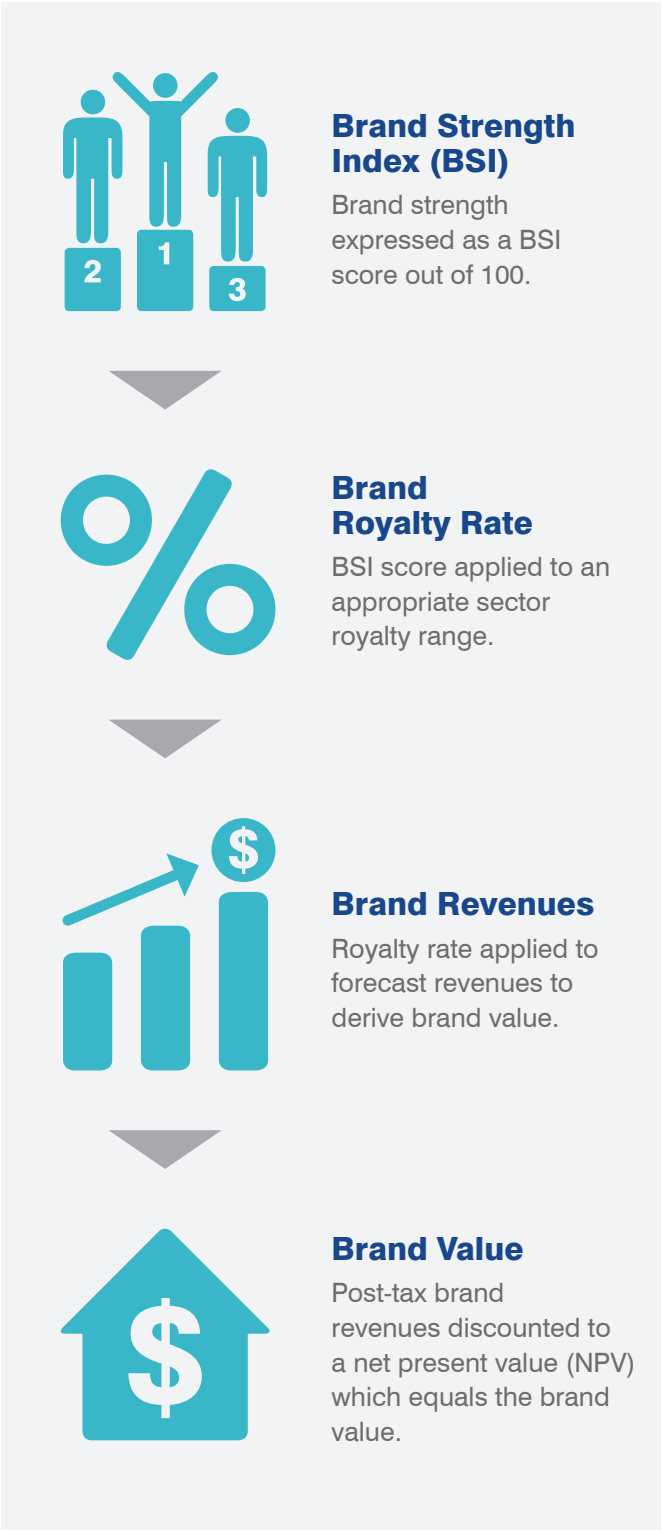
Methodology.

Brand Finance calculates the values of the brands in its league tables using the Royalty Relief approach – a brand valuation method compliant with the industry standards set in ISO 10668.

This involves estimating the likely future revenues that are attributable to a brand by calculating a royalty rate that would be charged for its use, to arrive at a ‘brand value’ understood as a net economic benefit that a licensor would achieve by licensing the brand in the open market.

The steps in this process are as follows:

- 1 Calculate brand strength using a balanced scorecard of metrics assessing Marketing Investment, Stakeholder Equity, and Business Performance. Brand strength is expressed as a Brand Strength Index (BSI) score on a scale of 0 to 100.
- 2 Determine royalty range for each industry, reflecting the importance of brand to purchasing decisions. In luxury, the maximum percentage is high, in extractive industry, where goods are often commoditised, it is lower. This is done by reviewing comparable licensing agreements sourced from Brand Finance’s extensive database.
- 3 Calculate royalty rate. The BSI score is applied to the royalty range to arrive at a royalty rate. For example, if the royalty range in a sector is 0-5% and a brand has a BSI score of 80 out of 100, then an appropriate royalty rate for the use of this brand in the given sector will be 4%.
- 4 Determine brand-specific revenues by estimating a proportion of parent company revenues attributable to a brand.
- 5 Determine forecast revenues using a function of historic revenues, equity analyst forecasts, and economic growth rates.
- 6 Apply the royalty rate to the forecast revenues to derive brand revenues.
- 7 Brand revenues are discounted post-tax to a net present value which equals the brand value.



Disclaimer

Brand Finance has produced this study with an independent and unbiased analysis. The values derived and opinions produced in this study are based only on publicly available information and certain assumptions that Brand Finance used where such data was deficient or unclear. Brand Finance accepts no responsibility and will not be liable in the event that the publicly available information relied upon is subsequently found to be inaccurate. The opinions and financial analysis expressed in the report are not to be construed as providing investment or business advice. Brand Finance does not intend the report to be relied upon for any reason and excludes all liability to any body, government or organisation.

Understand Your Brand’s Value.

A Brand Value Report provides a complete breakdown of the assumptions, data sources, and calculations used to arrive at your brand’s value.

Each report includes expert recommendations for growing brand value to drive business performance and offers a cost-effective way to gaining a better understanding of your position against competitors.

What is a Brand Value Report?

Brand Valuation Summary

- + Internal understanding of brand
- + Brand value tracking
- + Competitor benchmarking
- + Historical brand value

Brand Strength Index

- + Brand strength tracking
- + Brand strength analysis
- + Management KPIs
- + Competitor benchmarking

Royalty Rates

- + Transfer pricing
- + Licensing/franchising negotiation
- + International licensing
- + Competitor benchmarking

Cost of Capital

- + Independent view of cost of capital for internal valuations and project appraisal exercises

Customer Research

- + Utilities
- + Insurance
- + Banks
- + Telecoms

For more information regarding our Brand Value Reports, please contact:

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What are the benefits of a Brand Value Report?



Insight

Provide insight as to how the brand is performing vs. key competitors on underlying measures and drivers of brand value and brand strength.



Strategy

Understand where brand value is being generated by region and channel in order to identify areas of opportunity that warrant further investigation.



Benchmarking

Track year-on-year changes to brand value and set long-term objectives against which high-level brand performance can be benchmarked.



Education

Provide a platform of understanding which the company can use to educate employees on the importance of the brand.



Communication

Communicate your brand’s success to shareholders, customers, and other strategically selected audiences.



Understanding

Understand and appreciate the value of your brand as an asset of the business.

Consulting Services.





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