



# Ireland 10 2018

**The annual report on the most valuable Irish brands**  
March 2018

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# Foreword.

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**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](http://www.brandfinance.com)

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

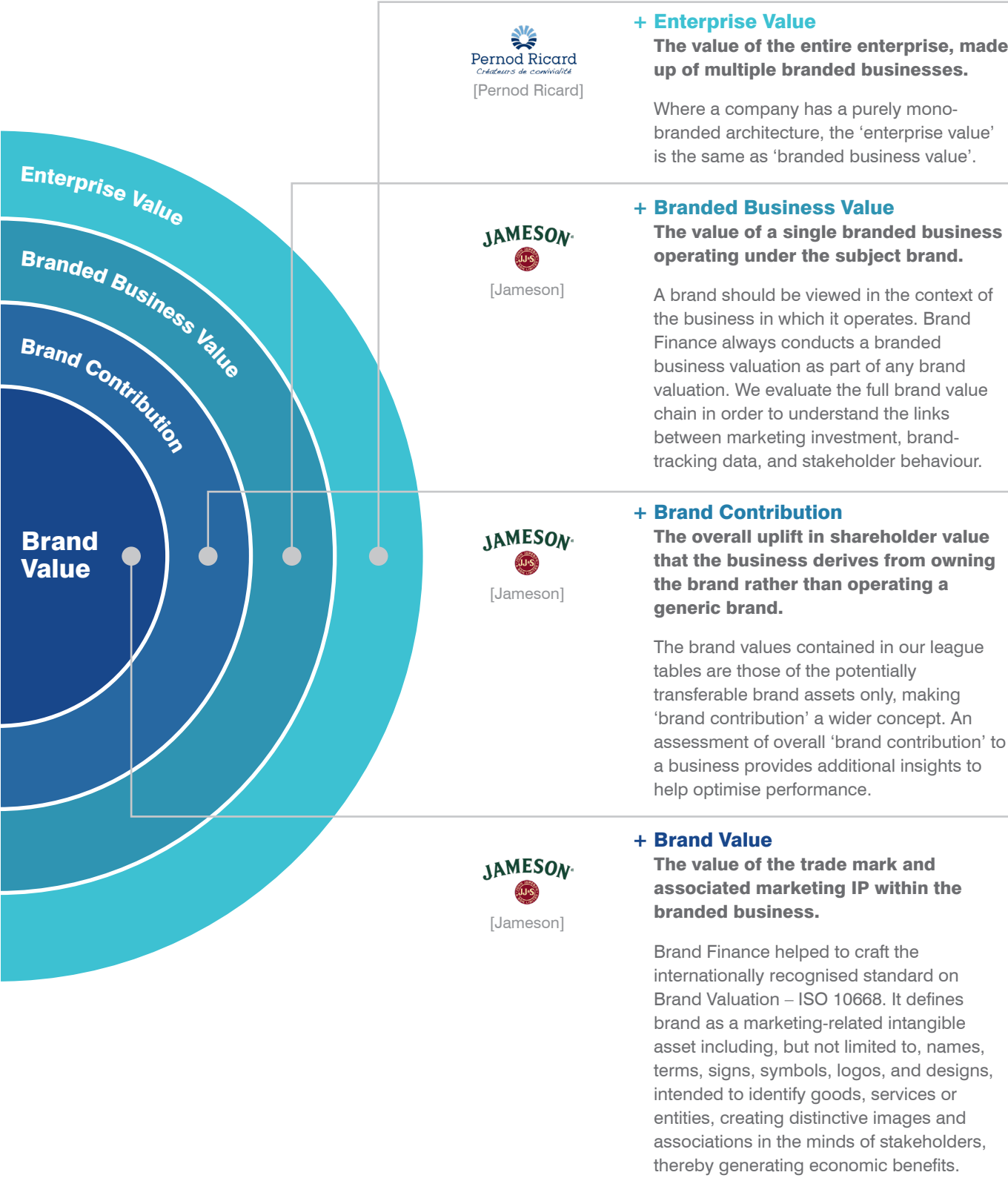
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# Definitions.

## 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.



## Drinks are on Guinness

Guinness remains Ireland’s most valuable brand after growing by 5% over the last year to a brand value of €2.1 billion on the back of new product innovations and steady sales of the world-famous draught, according to the latest report by Brand Finance, the world’s leading independent brand valuation and strategy consultancy.

Guinness’s brand value has been supported by revenue growth primarily in Europe and Africa, with sales remaining steady elsewhere. In addition, Diageo, the corporate parent and owner of St James’s Gate brewery, has launched new products using the Guinness brand, including full-flavoured non-alcoholic beer to reach a whole new customer base. This represents a clear strategic vision to better leverage the strength of the Guinness brand into new product segments.

## Bank Brand Values Diverge

Allied Irish Banks (up 40% to €1.9 billion) was the fastest-growing Irish brand over the past year, as it moved from 4th place to 2nd. AIB’s brand value increase coincided

Ireland’s home-grown brands are worthy ambassadors for the Irish economy, which saw an impressive 7% increase over the past year. Their strong reputation derives not just from successful marketing campaigns, but because they create authentic value for their customers. Guinness leads by example, delighting with every pour, settle, and sip.

Simon Haigh  
Managing Director, Brand Finance Ireland

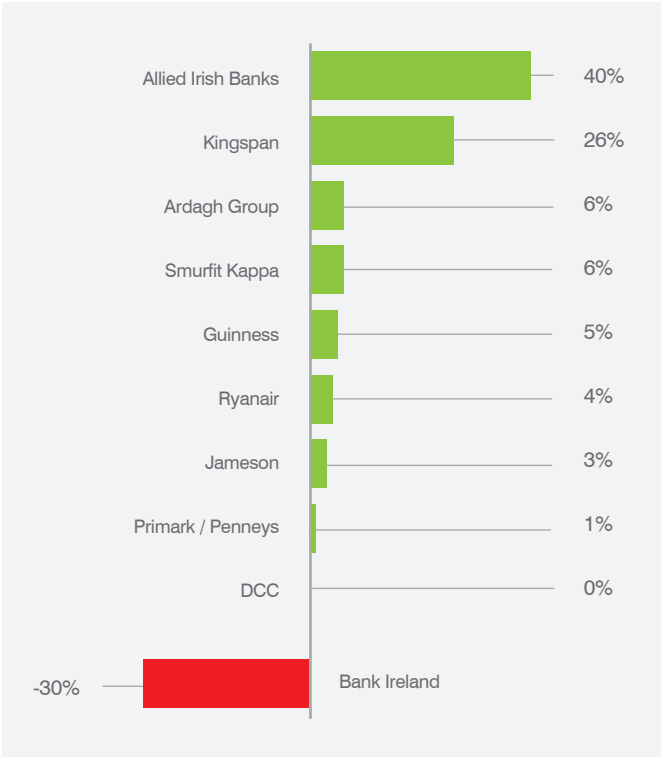
with its privatisation as part of Europe’s biggest IPO of the year and its significantly improved financial results. This represents a significant turnaround for a brand seriously damaged in the fallout from the 2007-2008 financial crisis, which has now returned to private ownership.

In contrast, Bank of Ireland (down 30% to €0.9 billion) is the only brand in the Brand Finance Ireland 10 league table to see its value drop this year. The brand had a tough year and is now going through a period of adjustment under a new CEO. Bank of Ireland’s public association with the nationwide mortgage tracker scandal, which generated widespread negative press coverage and weak revenue forecasts, contributed to its poor brand performance.

## Budget Brands Struggle

Despite benefitting from pan-European operations, Ireland’s two big budget brands, Primark/Penneys (up 1% to €1.8 billion) and Ryanair (up 4% to €1.6 billion), recorded sluggish brand growth.

## Brand Value Change 2017-2018 (%)

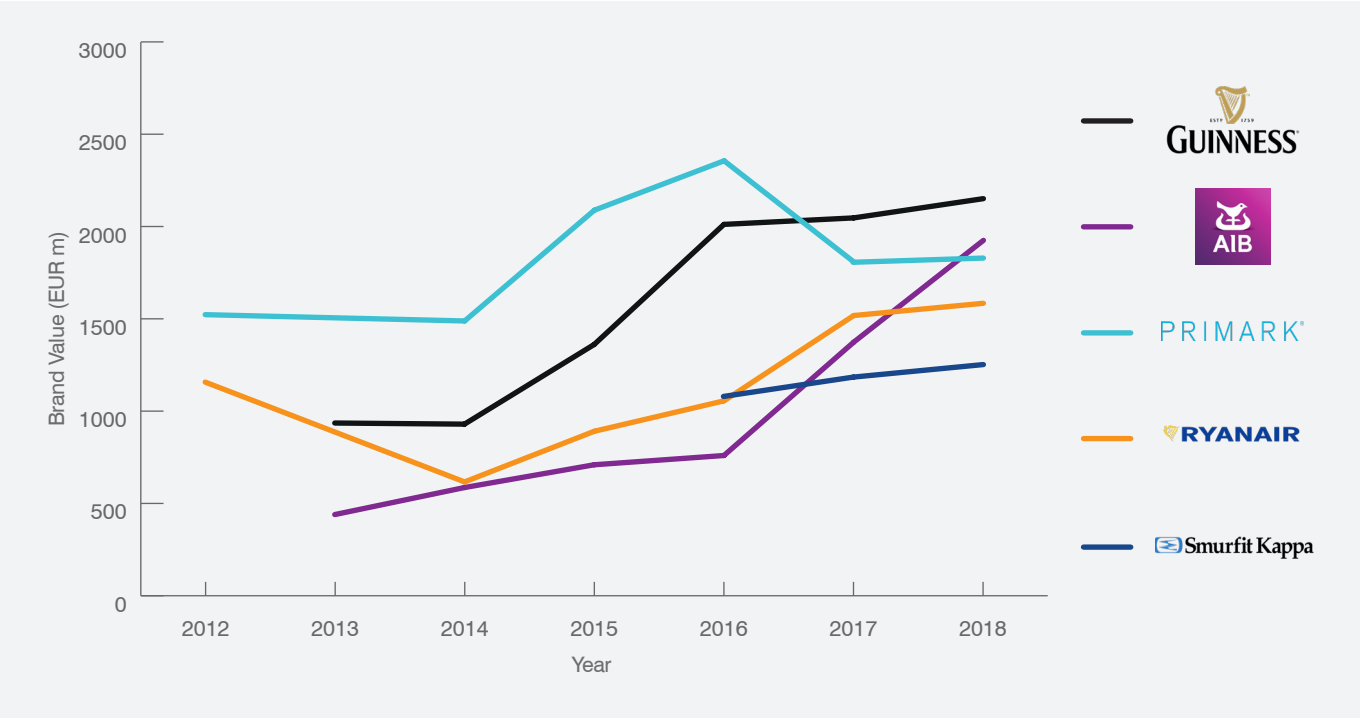


## Top 10 Most Valuable Brands

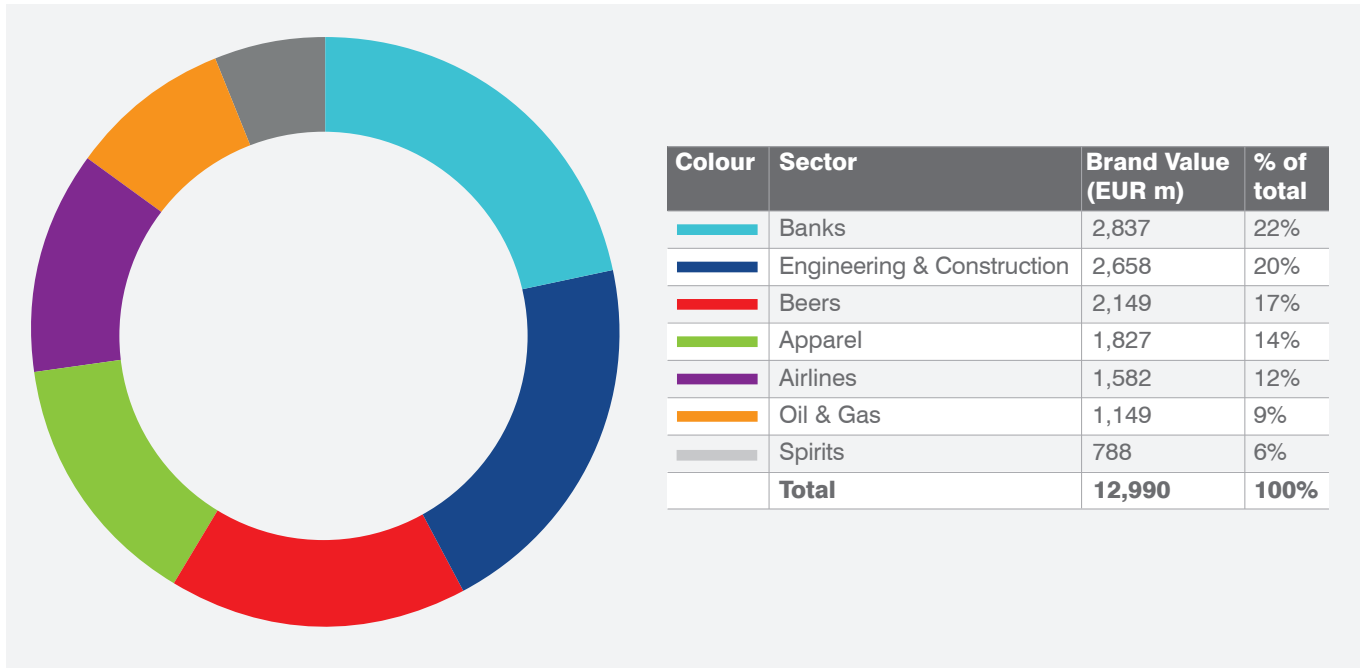
	1	Rank 2018: 1 2017: 1 →	BV 2018: €2,149m BV 2017: €2,045m Brand Rating: AA	+5%
	2	Rank 2018: 2 2017: 4 ↑	BV 2018: €1,923m BV 2017: €1,373m Brand Rating: AA-	+40%
	3	Rank 2018: 3 2017: 2 ↓	BV 2018: €1,872m BV 2017: €1,809m Brand Rating: AA+	+1%
	4	Rank 2018: 4 2017: 3 ↓	BV 2018: €1,582m BV 2017: €1,516m Brand Rating: AA+	+4%
	5	Rank 2018: 5 2017: 7 ↑	BV 2018: €1,250m BV 2017: €1,184m Brand Rating: AA	+6%
	6	Rank 2018: 6 2017: 8 ↑	BV 2018: €1,149m BV 2017: €1,145m Brand Rating: A	0%
	7	Rank 2018: 7 2017: 5 ↓	BV 2018: €913m BV 2017: €1,304m Brand Rating: A+	-30%
	8	Rank 2018: 8 2017: 9 ↑	BV 2018: €788m BV 2017: €768m Brand Rating: AA	+3%
	9	Rank 2018: 9 2017: 10 ↑	BV 2018: €712m BV 2017: €669m Brand Rating: A+	+6%
	10	Rank 2018: 10 2017: 12 ↑	BV 2018: €697m BV 2017: €552m Brand Rating: A	+26%



Brand Value Over Time



Brand Value by Sector



Primark’s brand value is under pressure from increased online competition, following its decision not to sell clothes online given the very small margins involved in its product range.

Meanwhile, Ryanair had to face a staff holiday scheduling crisis in late 2017, when 400,000 passengers were impacted by flight cancellations. However, Ryanair’s deliberate decision to manage customer expectations by positioning itself as a no-frills service, rather than prioritising emotional connection, makes the brand more resilient in such situations. Despite causing a major communications issue for Ryanair at the time, last year’s embarrassment is unlikely to cause Ryanair much long-term brand damage.

Smurfit Kappa Opens the Future

The brand value of Smurfit Kappa (up 6% to €1.2 billion) grew in conjunction with their ‘Open the future’ global brand campaign showcasing the company’s expertise across packaging, paper, and sustainability to help solve real-world problems. It reflects a renewed focus by Smurfit Kappa on innovation and working with brands to make their products more attractive to shoppers.

Top 5 Strongest Brands



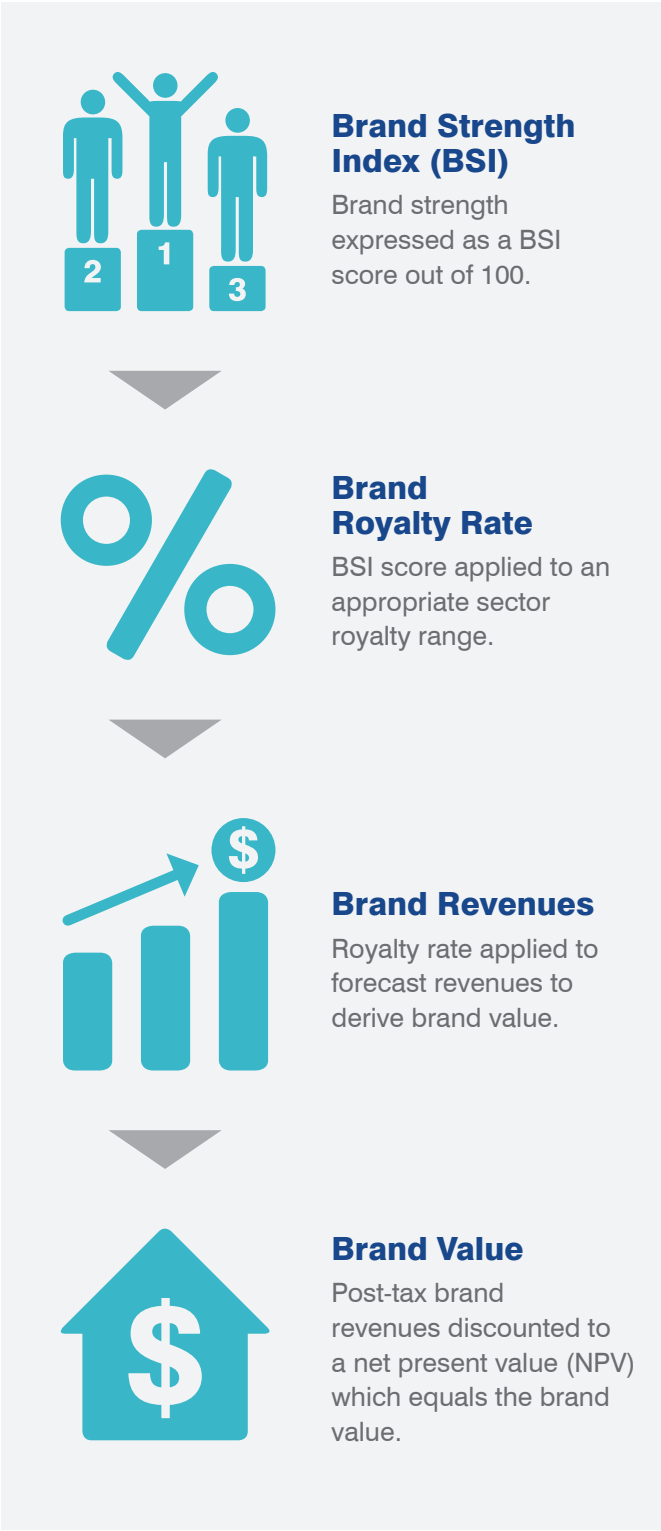
# Methodology.

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.



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# 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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# Brand Dialogue<sup>®</sup>



## Value-Based Communications

**We execute strategic communications programmes to optimise the value of your business and to enhance brand perception among stakeholders.**

### SERVICES

- Research and Insights
- Project Management and Agency Steering
- Content and Channel Strategy
- Integrated Communications Planning and Execution
- Communications Workshops

For more information, contact [enquiries@brand-dialogue.co.uk](mailto:enquiries@brand-dialogue.co.uk) or visit [www.brand-dialogue.co.uk](http://www.brand-dialogue.co.uk)

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