



Media 25 2018

The annual report on the world's most valuable media 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.




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www.brandfinance.com

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

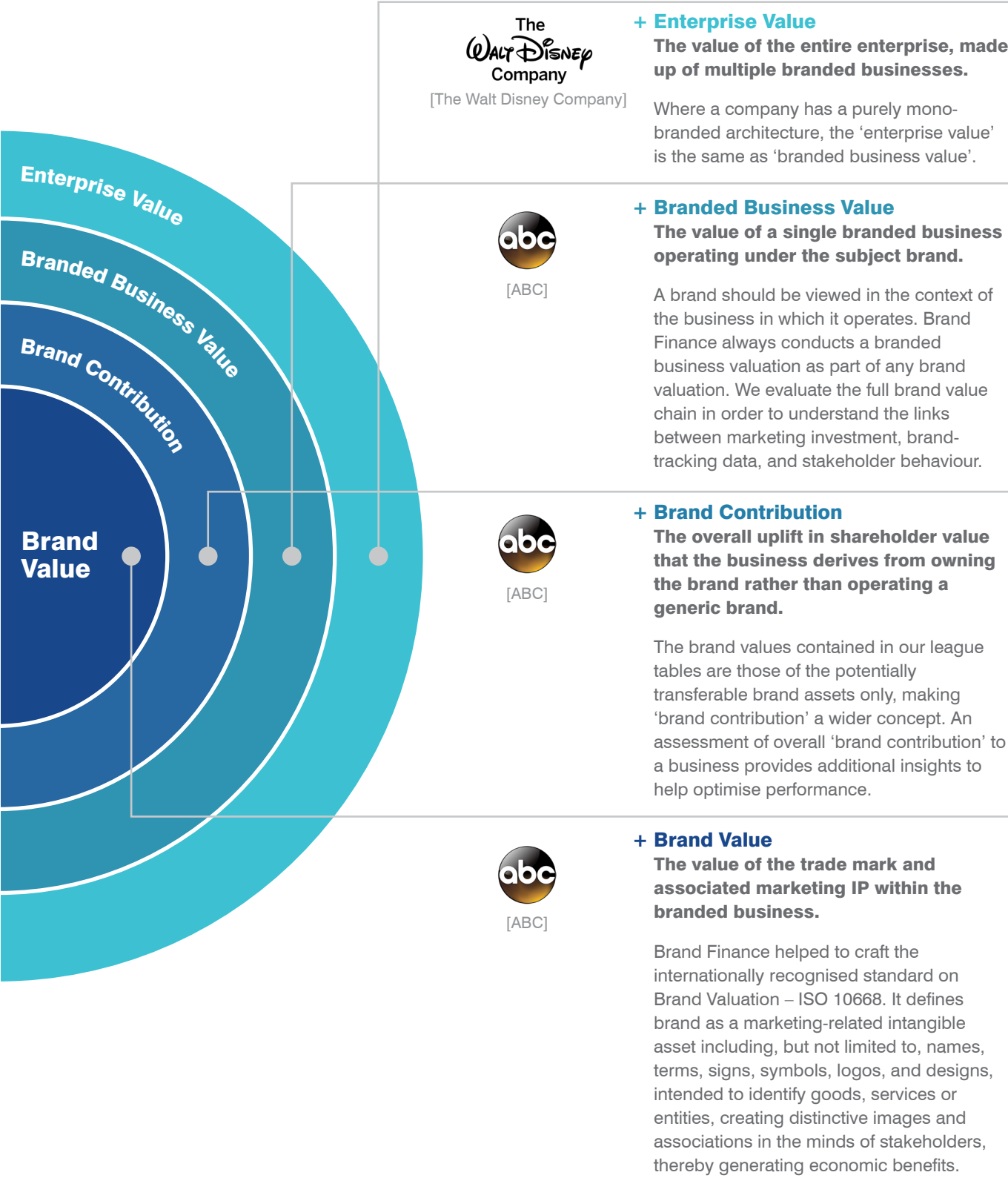
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Contents.

Foreword	3
About Brand Finance	4
Contact Details	4
Definitions	6
Executive Summary	8
Full Table	11
Methodology	14
Understand Your Brand’s Value	15
Consulting Services	16
Communications Services	17

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.



Disney Most Valuable Media Brand

With a brand value of US\$32.6 billion, entertainment giant Disney remains the most valuable media brand this year, despite a 5% brand value decrease since 2017. Disney maintains its leading position through its measured focus on brand loyalty, investment in new technologies, and the expansion of its valued partnerships and divisions. Such is the brand’s appeal that with an AAA+ brand rating and a Brand Strength Index (BSI) score of 92.3, it also came out as the strongest brand in the world not just within the media sector, but across all categories in this year’s Brand Finance Global 500 study.

Building on that performance with the recent purchase of a majority stake in 21st Century Fox for US\$52.4 billion, Disney can develop its exceptionally strong brand to deliver more for completely new audiences. The addition of companies like Star India – which reaches hundreds of millions of viewers on the subcontinent, Sky – with presence across the UK, Ireland, Germany, Austria, and Italy, as well as a 60% stake in Hulu and plans to open a new streaming platform, mean that Disney can look to capitalise on

Disney has once again waved its magic wand to maintain the title of the most valuable media brand in the world. As a well-loved entertainment brand, Disney has a unique ability to use nostalgia to harness childhood memories. Revisiting old Disney classics like ‘The Jungle Book’ and ‘Beauty and the Beast’ has proved wildly popular at box offices worldwide.

David Haigh
CEO, Brand Finance

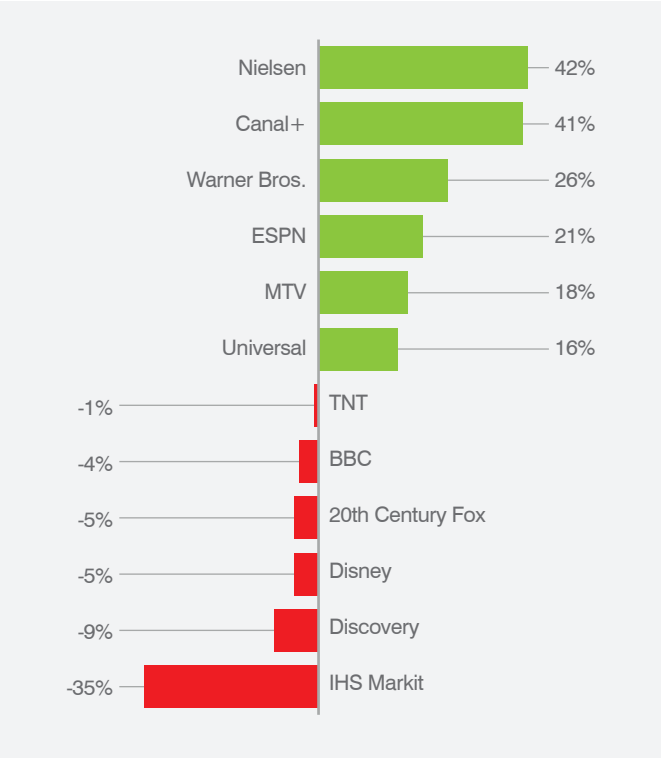
this greater international exposure and establish its brand as much more than just a children’s favourite.

Disney’s acquisition of Star India could be a game changer in this fast-growing media market. Disney will be able to take advantage of new opportunities, such as access to cricket broadcasting rights and syndicating Disney productions across Star India’s 50+ TV channels in eight languages and the popular Hotstar streaming service. With over 150 million households, India is the second-largest subscription TV market in Asia, and acquisition of Star India will give Disney a strong edge over competing content providers on the continent. Star’s TV business could also bring in new advertising revenue at a time when US ad spending is growing at a slower pace.

US brands dominate the ranking

Whilst Disney claimed the top rank, Fox (valued at US\$17.0 billion) and NBC (with a brand worth US\$14.9 billion) retained 2nd and 3rd place respectively in the Brand Finance Media 25 league table, each growing

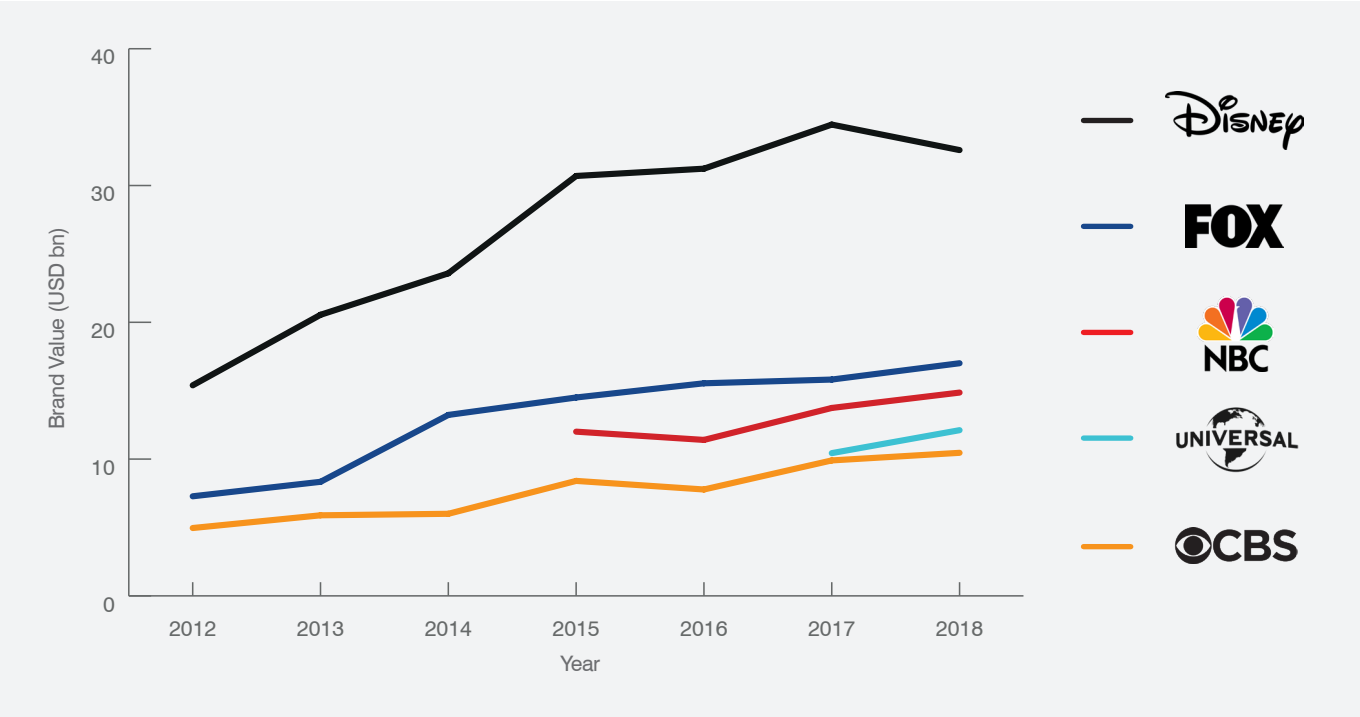
Brand Value Change 2017-2018 (%)



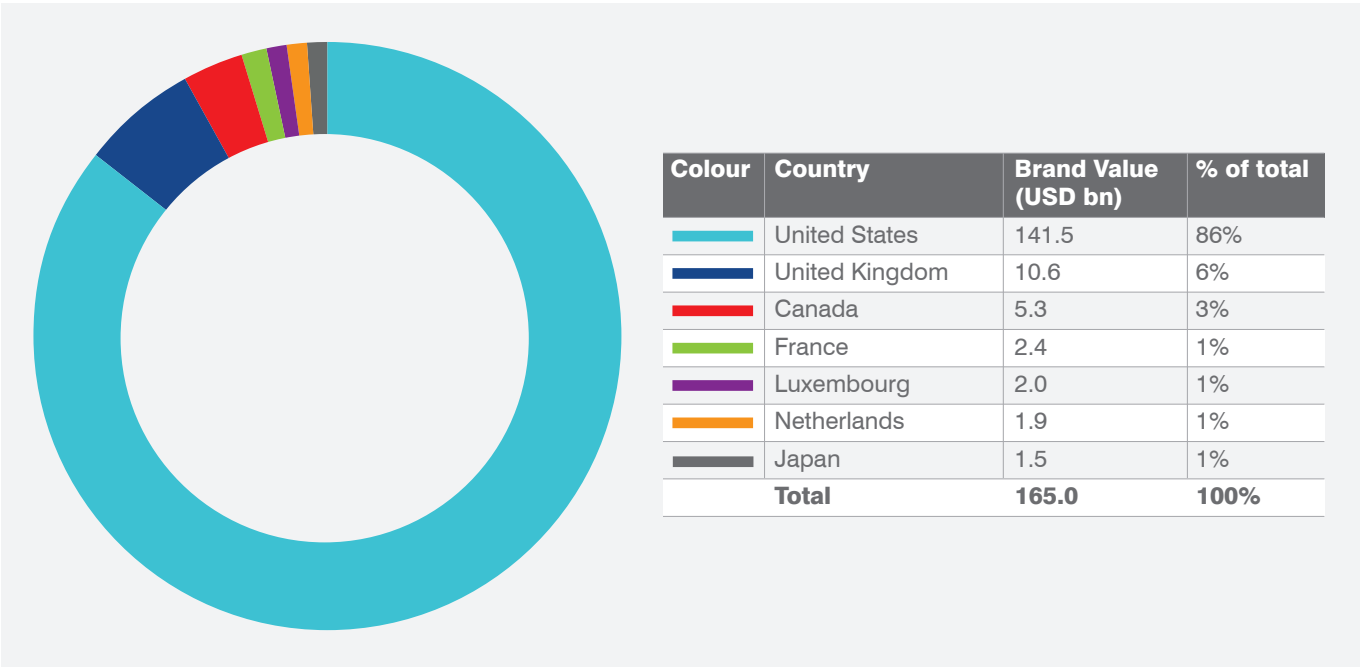
Top 10 Most Valuable Brands

	1	Rank 2018: 1 2017: 1 → BV 2018: \$32,590m BV 2017: \$34,454m -5% Brand Rating: AAA+
	2	Rank 2018: 2 2017: 2 → BV 2018: \$17,007m BV 2017: \$15,814m +8% Brand Rating: AAA-
	3	Rank 2018: 3 2017: 3 → BV 2018: \$14,862m BV 2017: \$13,736m +8% Brand Rating: AAA+
	4	Rank 2018: 4 2017: 4 → BV 2018: \$12,113m BV 2017: \$10,435m +16% Brand Rating: AAA-
	5	Rank 2018: 5 2017: 5 → BV 2018: \$10,458m BV 2017: \$9,902m +6% Brand Rating: AAA
	6	Rank 2018: 6 2017: 6 → BV 2018: \$10,435m BV 2017: \$9,371m +11% Brand Rating: AAA+
	7	Rank 2018: 7 2017: 7 → BV 2018: \$10,178m BV 2017: \$8,055m +26% Brand Rating: AAA-
	8	Rank 2018: 8 2017: 8 → BV 2018: \$5,656m BV 2017: \$5,871m -4% Brand Rating: AAA-
	9	Rank 2018: 9 2017: 11 ↑ BV 2018: \$5,356m BV 2017: \$4,411m +21% Brand Rating: AAA
	10	Rank 2018: 10 2017: 10 → BV 2018: \$5,286m BV 2017: \$5,000m +6% Brand Rating: AAA-

Brand Value Over Time



Brand Value by Country

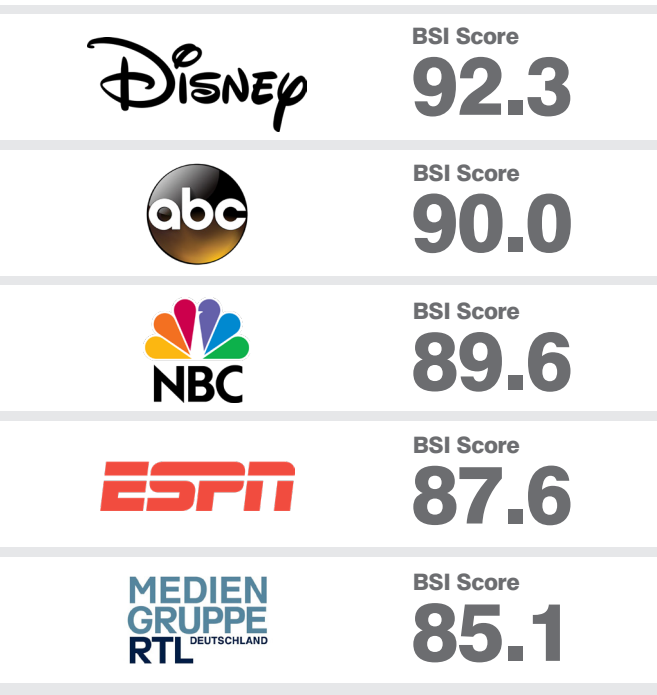


8% year on year. As Chinese brands make waves in many other sectors, the universal appeal of the American lifestyle and the prevalence of the English language make it easier for the US to retain control of media and entertainment. US brands fill 8 out of the top 10 positions and claim 17 spots in the league table overall. Their aggregate brand value accounts for 86% of the total.

Canal+ fastest-growing network

With a 41% growth to a brand value of US\$2.4 billion, Canal+ is the fastest-growing network brand this year in the Brand Finance Media 25 league table. Canal+ is the leader in Pay TV in France, and its individual subscriber base increased by 2.8 million year-on-year. In August 2017, Canal+ announced a partnership with Bouygues Telecom which will offer subscribers an entry-level package including popular channels and unlimited access to video-on-demand, that is likely to further boost the network’s brand value.

Top 5 Strongest Brands



Top 25 most valuable media brands

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	1	Disney	United States	32,590	-5%	34,454	AAA+	AAA+
2	2	Fox	United States	17,007	+8%	15,814	AAA-	AAA-
3	3	NBC	United States	14,862	+8%	13,736	AAA+	AAA+
4	4	Universal	United States	12,113	+16%	10,435	AAA-	AA+
5	5	CBS	United States	10,458	+6%	9,902	AAA	AAA-
6	6	ABC	United States	10,435	+11%	9,371	AAA+	AAA
7	7	Warner Bros.	United States	10,178	+26%	8,055	AAA-	AA+
8	8	BBC	United Kingdom	5,656	-4%	5,871	AAA-	AA+
9	11	ESPN	United States	5,356	+21%	4,411	AAA	AAA
10	10	Thomson Reuters	Canada	5,286	+6%	5,000	AAA-	AA+
11	9	20th Century Fox	United States	🔒	🔒	🔒	🔒	🔒
12	13	HBO	United States	🔒	🔒	🔒	🔒	🔒
13	12	Bloomberg	United States	🔒	🔒	🔒	🔒	🔒
14	14	ITV	United Kingdom	🔒	🔒	🔒	🔒	🔒
15	16	Sirius XM	United States	🔒	🔒	🔒	🔒	🔒
16	15	Discovery	United States	🔒	🔒	🔒	🔒	🔒
17	18	TBS	United States	🔒	🔒	🔒	🔒	🔒
18	22	Canal+	France	🔒	🔒	🔒	🔒	🔒
19	New	Nielsen	United States	🔒	🔒	🔒	🔒	🔒
20	17	TNT	United States	🔒	🔒	🔒	🔒	🔒
21	20	MTV	United States	🔒	🔒	🔒	🔒	🔒
22	21	RTL	Luxembourg	🔒	🔒	🔒	🔒	🔒
23	19	Wolters Kluwer	Netherlands	🔒	🔒	🔒	🔒	🔒
24	New	CyberAgent	Japan	🔒	🔒	🔒	🔒	🔒
25	New	IHS Markit	United Kingdom	🔒	🔒	🔒	🔒	🔒

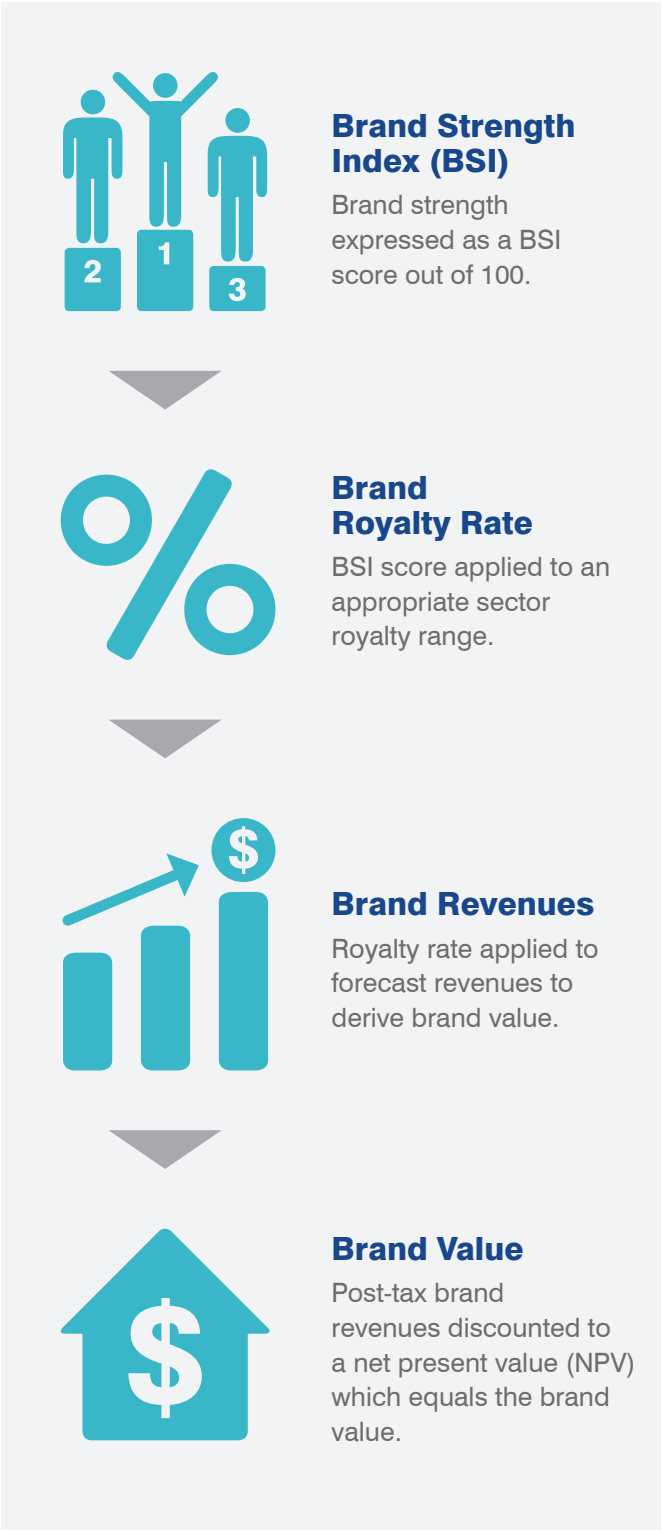
Methodology.

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.






MARKETING

We help marketers to connect their brands to business performance by evaluating the return on investment (ROI) of brand-based decisions and strategies.




FINANCE

We provide financiers and auditors with an independent assessment on all forms of brand and intangible asset valuations.



TAX

We help brand owners and fiscal authorities to understand the implications of different tax, transfer pricing, and brand ownership arrangements.



LEGAL

We help clients to enforce and exploit their intellectual property rights by providing independent expert advice in- and outside of the courtroom.

14. Brand Finance Media 25 February 2018

Communications Services.

We offer a variety of services to help communicate your brand's success.

CEO Quote

Press Release

Your Brand Value

Social Media

Awards

Advertising

How we can help

CEO Quote
Supply a quote in recognition of your brand's performance for you to use in external and internal communications.


Press Release
Assist with the creation of a press release communicating your brand's success.

Your Brand Value
Explain and discuss your brand's performance in more depth.

Social Media
Coordinate with your social media activity to communicate your brand's success more effectively.

Awards
Produce an accolade plaque and hand-written certificates, personally signed by our CEO, to recognise your brand's performance.

Advertising
Allow full use of the Brand Finance logo on your ad designs and create a bespoke digital endorsement stamp for your website and investor relations use.



Brand Finance®

Strongest Global Brand 2018

Your Brand

Example digital endorsement stamp for use on your website as well as in investor relations and advertising, to recognise your brand's performance.

Brand Finance Media 25 February 2018 15.

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