



Airports 25 2019

The annual report on the most valuable and strongest airport brands
June 2019

About Brand Finance.

Brand Finance is the world’s leading independent brand valuation 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

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

Brand Finance helped craft the internationally recognised standard on Brand Valuation – ISO 10668, and the recently approved standard on Brand Evaluation – ISO 20671.



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Request Your Brand Value Report.

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 | + Tech |
| + Insurance | + Auto |
| + Banks | + Hotels |
| + Telecoms | + Beers |
| + Airlines | + Oil & Gas |

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

enquiries@brandfinance.com

What are the benefits of a Brand Value Report?



Insight



Strategy



Benchmarking



Education



Communication



Understanding

Brand Valuation 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.



Brand Strength Index (BSI)

Brand strength expressed as a BSI score out of 100.



Brand Royalty Rate

BSI score applied to an appropriate sector royalty range.



Brand Revenues

Royalty rate applied to forecast revenues to derive brand value.



Brand Value

Post-tax brand revenues discounted to a net present value (NPV) which equals the brand value.

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.

Heathrow flies high as world's most valuable airport brand-inaugural study.

- + Inaugural report into world's most valuable airport brands ranks Heathrow top of its league, brand valued at US\$919 million
- + Singapore's Changi Airport clinches title of world's strongest and second most valuable airport brand, with a Brand Strength Index (BSI) score of 86.90 out of 100
- + French parent company Groupe ADP hold two of the world's most valuable airport brands, with Paris' Charles De Gaulle Airport ranked 5th (brand value US\$544 million) and Paris Orly Airport (brand value US\$152 million) in 24th rank
- + 4 Chinese airports make it to the rankings, an indication of high standards exercised in Far Eastern aviation: Shanghai Pudong, Hong Kong Intl, Beijing Capital, Guangzhou Baiyun all feature within world's top 25 airports
- + 5 US hubs are among world's best: Los Angeles Intl, JFK Intl, Fort Worth Intl, San Francisco Intl and O'Hare Intl

Brand Value Analysis.



Heathrow is first class airport brand

Heathrow is the world’s most valuable airport brand, with a brand value of US\$919 million.

The report is the first of its kind into the world’s strongest airport brands and uses a variety of metrics such as service quality, customer reviews and ratings, airport capacity, number of destinations, investment and utilization to measure the value and strength of airport brands around the world.

Heathrow is the most valuable global airport hub brand and has impressively, in the past year, managed to accommodate a record-breaking volume of 80.1m passengers, making it the busiest airport in Europe and the world’s 7th busiest airport.

The challenge now for top ranked Heathrow is to think beyond the runway debate and to monetise its valuable brand and world-class reputation by stretching the brand into adjacent categories such as consulting and managing aviation related services (e.g.: advising other airport operators on management and operations, training programs).

Groupe ADP holds 2 airport brands

French parent company Groupe ADP hold two of the world’s most valuable airport brands, with Paris’ **Charles De Gaulle Airport** at rank 5 (brand value US\$544 million) and Paris’ **Orly Airport** (brand value

A world class airport hub is one that can operate seamlessly with heavy volumes of passengers transiting, departing and arriving while also maintaining high service standards across its terminals, a superior customer service offering and a pleasant travel experience for customers. The most valuable airport brands are those that manage to meet the demands of discerning business travellers and frequent fliers, as well as providing a comfortable and well-equipped environment to accommodate for a family embarking on their annual summer holidays.

Savio D’Souza
Director of Aviation, Brand Finance

US\$152 million) sitting in 24th rank. Charles de Gaulle Airport, also known as Roissy Airport, is the largest international airport in France and the second largest in Europe. Orly is the second-busiest airport in France by total passengers annually and serves as a secondary hub for domestic and overseas territories flights of Air France and as the home base for Transavia France.

Singapore’s Changi is world’s strongest

Aside from calculating overall brand value, Brand Finance also determines the relative strength of brands through a balanced scorecard of metrics evaluating marketing investment, stakeholder equity, and business performance. Along with the level of revenues, brand strength is a crucial driver of brand value.

The strongest brand in the sector belongs to Singapore’s **Changi Airport** with a Brand Strength Index (BSI) score of 86.90 out of 100. Changi Airport is renowned for its world-class duty-free shops and transfer services as well as ease of access for passengers.

Already one of the most important hubs in the world, welcoming over 65 million travellers per year, the Changi Airport hub has recently part-opened a brand-new location with the complex, the architectural masterpiece named the Changi Jewel.

Built across a 1,461,000ft2 area, the new lifestyle hub has five stories above ground and five underneath, with attractions including a multi-screen IMAX cinema, a hotel, a full-size supermarket and 280 retail spaces.

In the brand strength stakes, Changi is followed by **Hong Kong International Airport** (86.26 out of 100) and South Korea’s **Incheon** (85.85 out of 100).

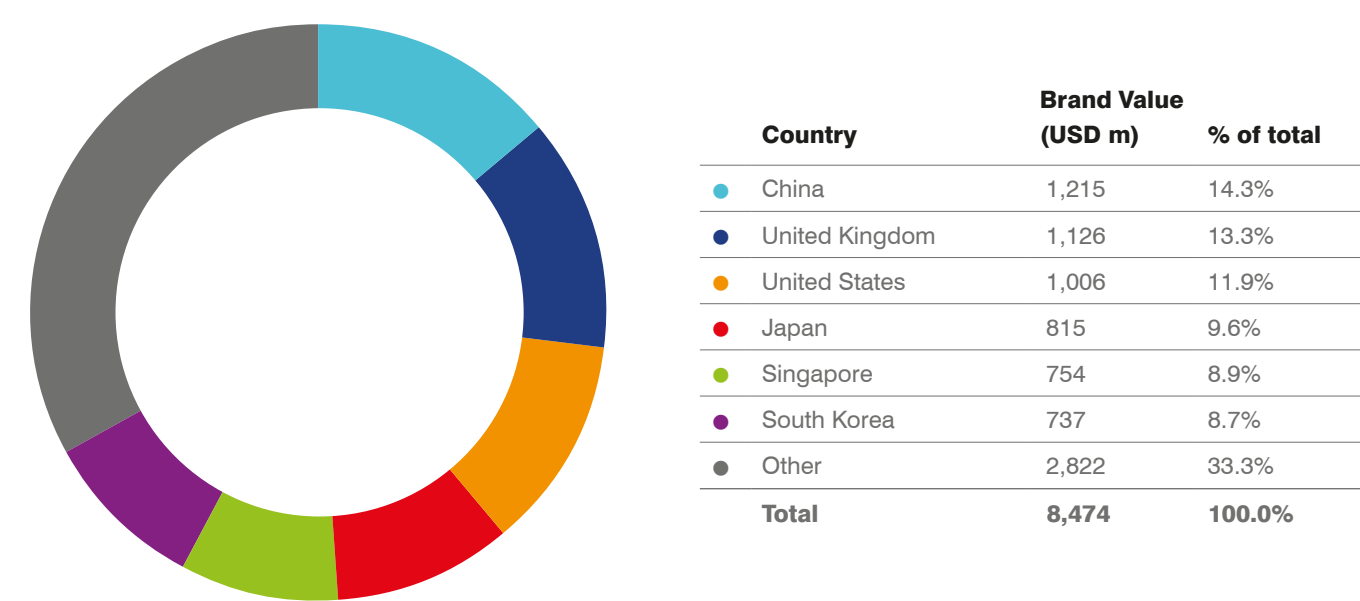
Top 10 Most Valuable Brands

	1		LHR
		London	
		2019: \$919m	
	2		SIN
		Singapore	
		2019: \$754m	
	3		ICN
		Seoul	
		2019: \$737m	
	4		FRA
		Frankfurt am Main	
		2019: \$547m	
	5		CDG
		Paris	
		2019: \$544m	
	6		HND
		Tokyo	
		2019: \$461m	
	7		PVG
		Shanghai	
		2019: \$385m	
	8		NRT
		Tokyo	
		2019: \$354m	
	9		HKG
		Hong Kong	
		2019: \$330m	
	10		AMS
		Amsterdam	
		2019: \$314m	





















Top 25 most valuable airport brands 1-50

2019 Rank	Code	City	Brand	Country	2019 Brand Value	2019 Brand Strength	2019 Brand Rating
1	LHR	London	Heathrow	United Kingdom	919	74.9	AA+
2	SIN	Singapore	Changi Airport	Singapore	754	86.9	AAA
3	ICN	Seoul	Incheon International Airport	South Korea	737	85.9	AAA
4	FRA	Frankfurt am Main	Frankfurt Airport	Germany	547	70.2	AA
5	CDG	Paris	Charles De Gaulle Airport	France	544	74.0	AA
6	HND	Tokyo	Haneda Airport	Japan	461	80.9	AAA-
7	PVG	Shanghai	Shanghai Pudong International Airport	China	385	63.0	A+
8	NRT	Tokyo	Narita International Airport	Japan	354	70.5	AA
9	HKG	Hong Kong	Hong Kong International Airport	China (Hong Kong)	330	86.3	AAA
10	AMS	Amsterdam	Amsterdam Airport Schiphol	Netherlands	314	72.8	AA
11	KUL	Kuala Lumpur	Kuala Lumpur International Airport	Malaysia			
12	LAX	Los Angeles	Los Angeles International Airport	United States			
13	PEK	Beijing	Beijing Capital International Airport	China			
14	SYD	Sydney	Sydney Airport	Australia			
15	CAN	Guangzhou	Guangzhou Baiyun International Airport	China			
16	BKK	Bangkok	Suvarnabhumi Airport	Thailand			
17	ZRH	Zurich	Zürich Airport	Switzerland			
18	LGW	London	Gatwick Airport	United Kingdom			
19	JFK	New York City	John F. Kennedy International Airport	United States			
20	DFW	Dallas	Dallas/Fort Worth International Airport	United States			
21	YYZ	Toronto	Toronto Pearson International Airport	Canada			
22	SFO	San Francisco	San Francisco International Airport	United States			
23	ORD	Chicago	O'Hare International Airport	United States			
24	ORY	Paris	Orly Airport	France			
25	MAD	Madrid	Madrid-Barajas Adolfo Suárez Airport	Spain			

Brand Value by Country

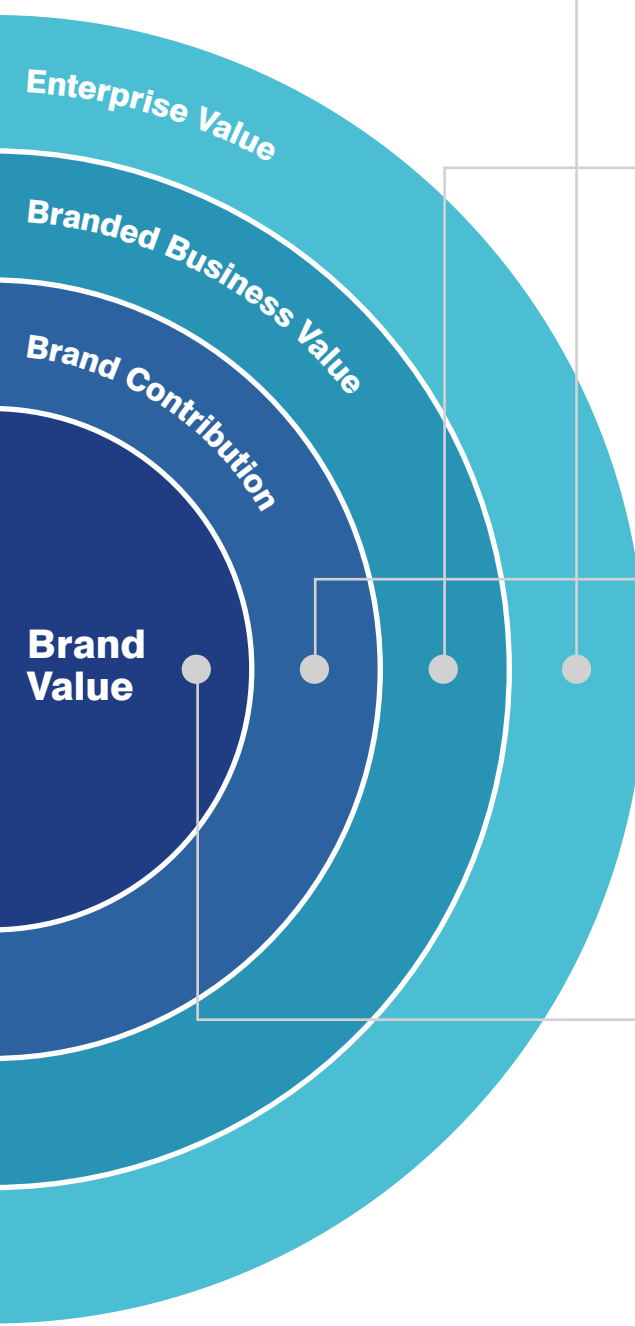


Top 10 Strongest Brands

	 SIN Singapore 2019: 86.9 AAA
	 HKG Hong Kong 2019: 86.3 AAA
	 ICN Seoul 2019: 85.9 AAA
	 HND Tokyo 2019: 80.9 AAA-
	 LHR London 2019: 74.9 AA+
	 CDG Paris 2019: 74.0 AA
	 AMS Amsterdam 2019: 72.8 AA
	 SYD Sydney 2019: 71.8 AA
	 NRT Tokyo 2019: 70.5 AA
	 FRA Frankfurt am Main 2019: 70.2 AA



Definitions.



Brand Value



+ Enterprise Value
The value of the entire enterprise, made up of multiple branded businesses.
Where a company has a purely mono-branded architecture, the 'enterprise value' is the same as 'branded business value'.



+ Branded Business Value
The value of a single branded business operating under the subject brand.
A brand should be viewed in the context of the business in which it operates. Brand Finance always conducts a branded business valuation as part of any brand valuation. We evaluate the full brand value chain in order to understand the links between marketing investment, brand-tracking data, and stakeholder behaviour.



+ Brand Contribution
The overall uplift in shareholder value that the business derives from owning the brand rather than operating a generic brand.
The brand values contained in our league tables are those of the potentially transferable brand assets only, making 'brand contribution' a wider concept. An assessment of overall 'brand contribution' to a business provides additional insights to help optimise performance.



+ Brand Value
The value of the trade mark and associated marketing IP within the branded business.
Brand Finance helped to craft the internationally recognised standard on Brand Valuation – ISO 10668. It defines brand as a marketing-related intangible asset including, but not limited to, names, terms, signs, symbols, logos, and designs, intended to identify goods, services or entities, creating distinctive images and associations in the minds of stakeholders, thereby generating economic benefits.

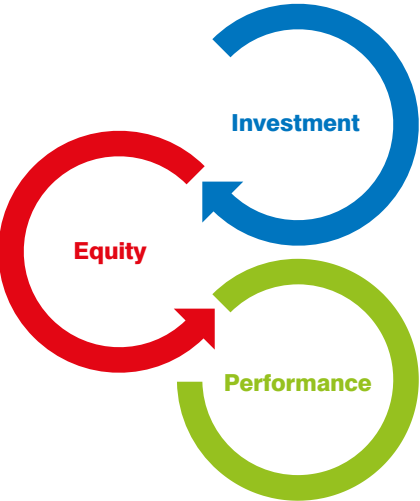
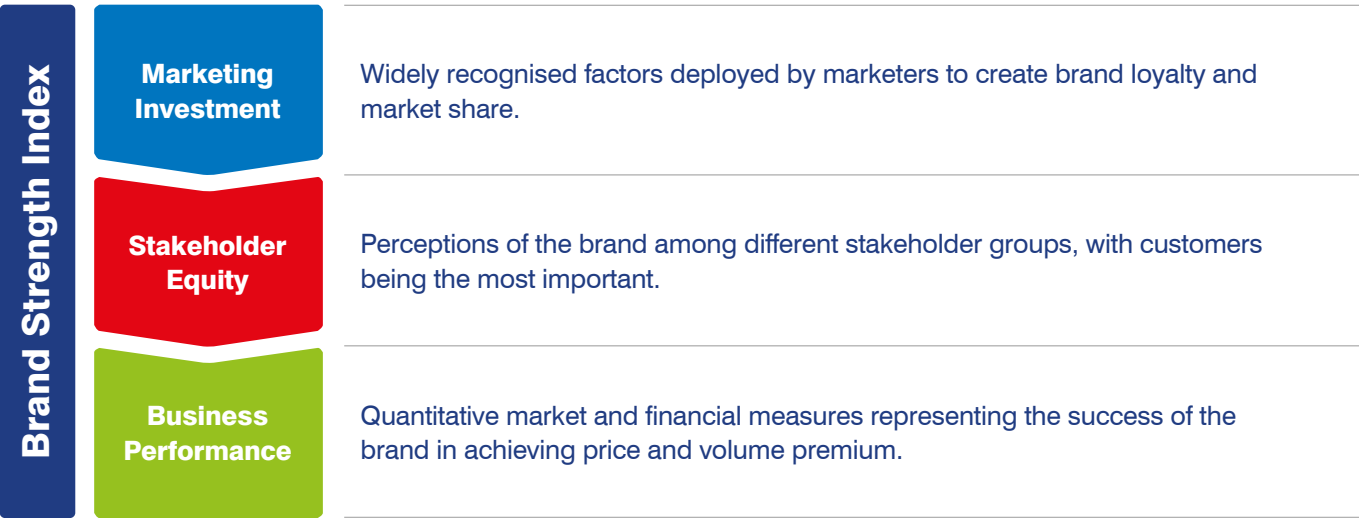
Brand Strength

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.



Marketing Investment

- A brand that has high Marketing Investment but low Stakeholder Equity may be on a path to growth. This high investment is likely to lead to future performance in Stakeholder Equity which would in turn lead to better Business Performance in the future.
- However, high Marketing Investment over an extended period with little improvement in Stakeholder Equity would imply that the brand is unable to shape customers' preference.

Stakeholder Equity

- The same is true for Stakeholder Equity. If a company has high Stakeholder Equity, it is likely that Business Performance will improve in the future.
- However, if the brand's poor Business Performance persists, it would suggest that the brand is inefficient compared to its competitors in transferring stakeholder sentiment to a volume or price premium.

Business Performance

- Finally, if a brand has a strong Business Performance but scores poorly on Stakeholder Equity, it would imply that, in the future, the brand's ability to drive value will diminish.
- However, if it is able to sustain these higher outputs, it shows that the brand is particularly efficient at creating value from sentiment compared to its competitors.

Consulting Services.

1. Valuation: What are my intangible assets worth?

Valuations may be conducted for technical purposes and to set a baseline against which potential strategic brand scenarios can be evaluated.

- + Branded Business Valuation
- + Trademark Valuation
- + Intangible Asset Valuation
- + Brand Contribution

2. Analytics: How can I improve marketing effectiveness?

Analytical services help to uncover drivers of demand and insights. Identifying the factors which drive consumer behaviour allows an understanding of how brands create bottom-line impact.

- Market Research Analytics +
- Return on Marketing Investment +
- Brand Audits +
- Brand Scorecard Tracking +

4. Transactions: Is it a good deal? Can I leverage my intangible assets?

Transaction services help buyers, sellers, and owners of branded businesses get a better deal by leveraging the value of their intangibles.

- + M&A Due Diligence
- + Franchising & Licensing
- + Tax & Transfer Pricing
- + Expert Witness

3. Strategy: How can I increase the value of my branded business?

Strategic marketing services enable brands to be leveraged to grow businesses. Scenario modelling will identify the best opportunities, ensuring resources are allocated to those activities which have the most impact on brand and business value.

- Brand Governance +
- Brand Architecture & Portfolio Management +
- Brand Transition +
- Brand Positioning & Extension +



MARKETING



FINANCE



TAX



LEGAL

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

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

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

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

Brand Evaluation Services.



How are brands perceived in my category?

Brand Finance tracks brand fame and perceptions across over 30 markets in 10 consumer categories. Clear, insightful signals of brand performance, with data mining options for those who want to dig deeper – all at an accessible price.

What if I need more depth or coverage of a more specialised sector?

Our bespoke brand scorecards help with market planning and can be designed to track multiple brands over time, against competitors, between market segments and against budgets. Our 30-country database of brand KPIs enables us to benchmark performance appropriately.

Do I have the right brand architecture or strategy in place?

Research is conducted in addition to strategic analysis to provide a robust understanding of the current positioning. The effectiveness of alternative architectures is tested through drivers analysis, to determine which option(s) will stimulate the most favourable customer behaviour and financial results.

How can I improve return on marketing investment?

Using sophisticated analytics, we have a proven track record of developing comprehensive brand scorecard and brand investment frameworks to improve return on marketing investment.

What about the social dimension? Does my brand get talked about?

Social interactions have a proven commercial impact on brands. We measure actual brand conversation and advocacy, both real-world word of mouth and online buzz and sentiment, by combining traditional survey measures with best-in-class social listening.

Communications Services.

How we can help communicate your brand's performance in brand value rankings



Brand Accolade – create a digital endorsement stamp for use in marketing materials, communications, annual reports, social media and website. Advertising use subject to terms and conditions.



**TOP 25
AIRPORT
BRAND**



**MOST VALUABLE
AIRPORT
BRAND**



**STRONGEST
AIRPORT
BRAND**



Video Endorsement – record video with Brand Finance CEO or Director speaking about the performance of your brand, for use in both internal and external communications.



Bespoke Events – organise an award ceremony or celebratory event, coordinate event opportunities and spearhead communications to make the most of them.



Digital Infographics – design infographics visualising your brand's performance for use across social media platforms.



Trophies & Certificates – provide a trophy and/or hand-written certificate personally signed by Brand Finance CEO to recognise your brand's performance.



Sponsored Content – publish contributed articles, advertorials, and interviews with your brand leader in the relevant Brand Finance report offered to the press.



Media Support – provide editorial support in reviewing or copywriting your press release, pitching your content to top journalists, and monitoring media coverage.

Brand Dialogue[®]



Value-Based Communications

With strategic planning and creative thinking, we develop communications plans to create dialogue with stakeholders that drives brand value. Our approach is integrated, employing tailored solutions for our clients across PR, marketing and social media.

SERVICES

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

For more information, contact enquiries@brand-dialogue.co.uk or visit www.brand-dialogue.co.uk

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