Brand Finance®

Apparel 50 2020

The annual report on the most valuable and strongest apparel brands
April 2020

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About Brand Finance.

Brand Finance is the world's leading independent brand valuation consultancy.

We bridge the gap between marketing and finance
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 quantify the financial value of brands
We put 5,000 of the world's biggest brands to the test every year. Ranking brands across all sectors and countries, we publish nearly 100 reports annually.

We offer a unique combination of expertise
Our teams have experience across a wide range of disciplines from marketing and market research, to brand strategy and visual identity, to tax and accounting.

We pride ourselves on technical credibility
Brand Finance is a chartered accountancy firm regulated by the Institute of Chartered Accountants in England and Wales, and the first brand valuation consultancy to join the International Valuation Standards Council.

Our experts helped craft the internationally recognised standards on Brand Valuation – ISO 10668 and Brand Evaluation – ISO 20671. Our methodology has been certified by global independent auditors – Austrian Standards – as compliant with both, and received the official approval of the Marketing Accountability Standards Board.

BRIDGING THE GAP

Corporate Member IVSC International Valuation Standards Council

MARKETING ACCOUNTABILITY STANDARDS BOARD MASB CERTIFIED 2019 MARKETING METRIC AUDIT PROTOCOL

ICAEW

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Brandirectory.com

Brandirectory is the world's largest database of current and historical brand values, providing easy access to all Brand Finance rankings, reports, whitepapers, and consumer research published since 2007.

+ Browse thousands of published brand values
+ Track brand value, strength, and rating across publications and over time
+ Use interactive charts to compare brand values across countries, sectors, and global rankings
+ Purchase and instantly unlock premium data, complete brand rankings, and research

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Brand Finance Group.

Brand Dialogue

Brand Dialogue is a public relations agency developing communications strategies to create dialogue that drives brand value. Brand Dialogue has over 25 years of experience in delivering campaigns driven by research, measurement, and strategic thinking for a variety of clients, with a strong background in geographic branding, including supporting nation brands and brands with a geographical indication (GI). Brand Dialogue manages communications activities across Brand Finance Group's companies and network.

Brand Exchange

Brand Exchange is a contemporary and exclusive members' club and events space nestled in the heart of the City of London. It was launched in 2015 to provide members with a private space to network and socialise. The club has since held several prestigious events and welcomed many key figures in the marketing and finance sectors as speakers. The membership brings together senior professionals from the world's strongest and most valuable brands.

BRAND EXCHANGE®
WHERE BRANDS MEET FINANCE

VI360

VI360 is a brand identity management consultancy working for clients of all sizes on brand compliance, brand transition, and brand identity management. VI360 provide straightforward and practical brand management that results in tangible benefits for your business.

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.

Nike Strikes Again as World's Most Valuable Apparel Brand but Brands Across Sector Stand to Lose up to 20% of Brand Value Following COVID-19 Pandemic.

+ Apparel sector heavily impacted by COVID-19 pandemic, brands across sector could lose up to 20% of brand value
+ **Nike** retains its title of world's most valuable apparel brand, brand value up 7%
+ **Levi's** is sector's fastest growing, brand value up impressive 38%
+ In contrast, **Valentino** and **Gap** fastest falling, both brands down 39%
+ **Rolex** retains crown as world's strongest apparel brand, Brand Strength Index (BSI) score 89.8 out of 100

Executive Summary.

The brand value of the world's 500 biggest companies is set to potentially lose up to an estimated US$1 trillion as a result of the Coronavirus outbreak, with the apparel sector one of the most affected.

Brand Finance has assessed the impact of COVID-19 based on the effect of the outbreak on enterprise value, compared to what it was on 1st January 2020. Based on this impact on enterprise value, Brand Finance estimated the likely impact on brand value for each sector. The industries have been classified into three categories – limited impact (0% brand value loss), moderate impact (up to 10% brand value loss) and heavy impacted (up to 20% brand value loss) - based on the severity of enterprise value loss observed for the sector in the period between January 2020 and March 2020.

Our COVID-19 impact analysis shows that the apparel sector is one of the most heavily impacted sectors globally and could face a potential 20% loss in brand value as a result of the pandemic.

Despite the havoc that COVID-19 is undoubtedly going to wreak on the sector in the coming year, agile brands are likely to fare much better than their inflexible counterparts. With new consumer behaviour habits likely to be borne out of the pandemic, brands will look towards greater innovation in their e-commerce businesses and the potential reassessment of their store business models.

The COVID-19 pandemic is undoubtedly going to hit the apparel sector hard – Brand Finance has predicted that apparel brands could face up to a 20% drop in brand value. As these brands negotiate store and factory closures, broken supply chains and a customer base that is facing unprecedented economic uncertainty, they will have to prepare for a tough and turbulent journey ahead.

Richard Haigh
Managing Director, Brand Finance

As with most sectors, however, the damage that will ensue on apparel brands will greatly depend on how long this pandemic engulfs the world.

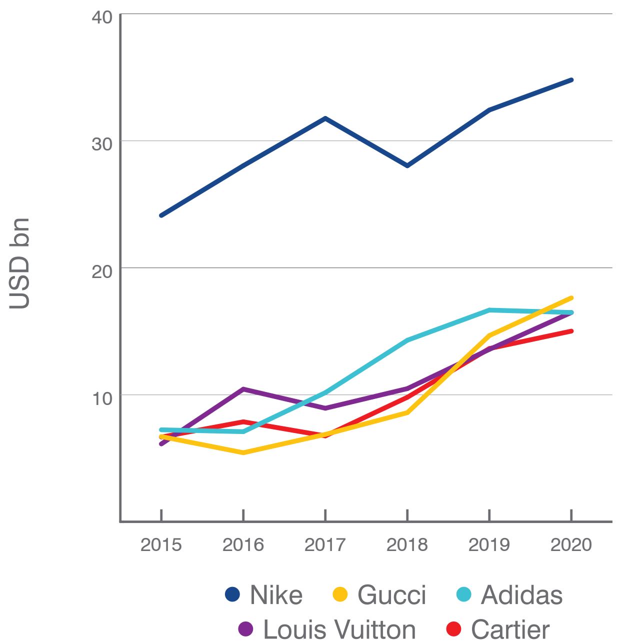
Nike strikes again

For the sixth consecutive year **Nike** has claimed the title of the world's most valuable apparel brand, recording a 7% increase in brand value to US$34.8 billion, as of 1st January 2020. The sports giant has focused on implementing a pivotal distribution strategy move, drastically reducing the number of retailers selling its products, with the aim of regaining control of the brand customer relationship and improving profit margins.

Nike's bitter rival and fellow sportswear superpower, **Adidas**, has seen a less successful year, recording a 1% decrease in brand value to US$16.5 billion.

Both brands, however, have been forced to close stores as the world negotiates the COVID-19 pandemic and thus sales are going to take a damaging hit. Adidas announced that it expects to lose over US$1 billion from sales in the first quarter of 2020 from greater China alone.

Brand Value over Time



Top 10 Most Valuable Brands

Rank	Previous rank	Brand	2020	2019	Change
1	1	Nike	$34,792m	$32,421m	+7.3%
2	5	Gucci	$17,630m	$14,662m	+20.2%
3	3	Adidas	$16,481m	$16,669m	-1.1%
4	7	Louis Vuitton	$16,479m	$13,576m	+21.4%
5	6	Cartier	$15,015m	$13,642m	+10.1%
6	2	Zara	$14,582m	$18,424m	-20.9%
7	4	H&M	$13,860m	$15,876m	-12.7%
8	NEW	Chanel	$13,705m	-	-
9	8	Uniqlo	$12,878m	$11,991m	+7.4%
10	9	Hermès	$11,909m	$10,920m	+9.1%

Both brands will need to rely heavily on their e-commerce businesses to protect themselves as much as possible. Nike surpassed the US$1 billion milestone in quarterly online sales last year, a feat that not only demonstrates the brand's sheer dominance in the sector but also puts the brand in a solid position to rise up to the challenge of current worldwide turmoil.

Levi's is fastest growing

Iconic jean brand **Levi's** is the fastest growing brand in this year's ranking, increasing an impressive 38% to US$4.1 billion, as of 1st January 2020. 2019 was a solid year for the brand, as it celebrated its highest growth rate in more than 25 years and undertook an extremely successful IPO after trading privately for over 30 years. The brand, which has traditionally relied heavily on its men's clothing range, now boasts womenswear as the fastest-growing segment of its business – a testament to the brand's successful diversification strategy.

As one of America's oldest companies, Levi's has been focusing on maintaining its relevance against its younger, more modern counterparts, through partnering with music festival Coachella and launching its 'Use Your Voice' advertising campaign – empowering the younger generation to spark change.

Valentino and Gap struggle

In contrast **Valentino** (brand value US$1.4 billion) and **Gap** (brand value US$1.6 billion) are the two fastest falling brands in the ranking both recording a 39% drop in brand value.

Italian luxury fashion brand, Valentino, has been negotiating slowing revenue and sales over the previous year, particularly in parts of its key Chinese market - which accounts for approximately 30% of the brand's sales – in the face of civil unrest in Hong Kong and the general slowing Chinese economy.

Similarly, American high street brand, Gap's fortunes have been less than favourable. With declining sales, the abrupt exit of CEO Art Peck, and the plan to close 230 of its stores on the horizon, the brand is evidently taking measures to attempt to counteract its sharp drop in earnings.

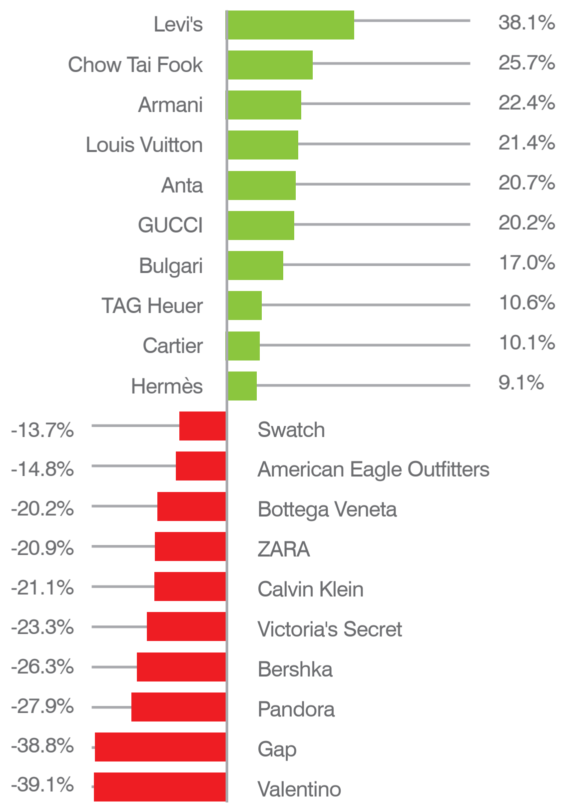
Zara slips down top 10

With a brand value of US$14.6 billion Spanish retailer, Zara, has slipped down the ranks to 6th position following a 21% drop in brand value. Fellow Inditex Group brand Bershka has suffered a similar fate, its brand value dropping 26% to US$1.6 billion.

As with all brands across the sector, Zara and Bershka are negotiating a significant drop in visibility with store closures and consumers staying at home. Online shopping and e-commerce channels are vital to help alleviate some of the economic damage from COVID-19. Zara has implemented an innovative approach to the pandemic, with models photographing and styling new campaigns from their own home rather than the studio.

Despite the challenges facing all of Inditex Group's brands, there is no doubt that the power of Amancio Ortega, and his ability to face the crisis head on, paired with the brands' strength internationally, should stand these brands in good stead once stores are re-opened and normality is reestablished.

Brand Value Change 2019-2020 (%)



Brand Value by Economy

	Sector	Brand Value (USD bn)	% of total	Number of Brands
●	United States	92.7	30.8%	18
●	France	70.0	23.3%	7
●	Italy	33.8	11.2%	7
●	Germany	21.7	7.2%	3
●	Spain	16.2	5.4%	2
●	Switzerland	15.6	5.2%	4
●	Other	50.7	16.9%	9
	Total	**300.8**	**100.0%**	**50**

Rolex retains crown as sector's strongest

In addition to measuring overall brand value, Brand Finance also evaluates the relative strength of brands, based on factors such as marketing investment, familiarity, loyalty, staff satisfaction, and corporate reputation. Alongside revenue forecasts, brand strength is a crucial driver of brand value. According to these criteria **Rolex** (down 2% to US$7.9 billion) is the world's strongest apparel brand with a Brand Strength Index (BSI) score of 89.8 out of 100 and a corresponding elite AAA+ brand strength rating.

The global luxury watch market has been celebrating continuous growth over the previous few years - a result of growing demand amongst millennials and the upsurge in e-commerce channels. Despite the brand only releasing one new model last year, Rolex saw solid sales across the UK and globally.

Rolex, along with other luxury apparel brands, is now having to brace itself for a steep decline in sales as travel restrictions, rapid unemployment and worldwide economic uncertainty ensue following COVID-19. This, paired with broken supply chains and factory closures, certainly marks a tough journey ahead for both Rolex and the luxury apparel sector in general.

Top 10 Strongest Brands

ROLEX	1	← 1	2020: 89.8 AAA+	2019: 90.0 AAA+	-0.2
GUCCI	2	↑ 4	2020: 89.6 AAA+	2019: 85.5 AAA	+4.1
NIKE	3	↓ 2	2020: 87.7 AAA	2019: 87.4 AAA	+0.4
LOUIS VUITTON	4	↑ 7	2020: 87.3 AAA	2019: 84.6 AAA	+2.7
HERMÈS PARIS	5	↑ 6	2020: 85.7 AAA	2019: 84.8 AAA	+1.0
MONCLER	6	↑ 16	2020: 85.4 AAA	2019: 82.8 AAA-	+2.6
adidas	7	↑ 12	2020: 85.1 AAA	2019: 83.6 AAA-	+1.5
BOTTEGA VENETA	8	↑ 10	2020: 85.0 AAA	2019: 83.9 AAA-	+1.1
PRADA	9	↓ 3	2020: 84.9 AAA	2019: 86.6 AAA	-1.7
PENNEYS	10	↑ 28	2020: 82.7 AAA-	2019: 78.0 AA+	+4.6

Brand Finance Apparel 50 (USD m).

Top 50 most valuable apparel brands 1-50

2020 Rank	2019 Rank		Brand	Country	2020 Brand Value	Brand Value Change	2019 Brand Value	2020 Brand Rating	2019 Brand Rating
1	1	←	Nike	United States	$34,792	+7.3%	$32,421	AAA	AAA
2	5	↑	GUCCI	Italy	$17,630	+20.2%	$14,662	AAA+	AAA
3	3	←	Adidas	Germany	$16,481	-1.1%	$16,669	AAA	AAA-
4	7	↑	Louis Vuitton	France	$16,479	+21.4%	$13,576	AAA	AAA
5	6	↑	Cartier	France	$15,015	+10.1%	$13,642	AAA-	AAA-
6	2	↓	ZARA	Spain	$14,582	-20.9%	$18,424	AA+	AAA
7	4	↓	H&M	Sweden	$13,860	-12.7%	$15,876	AA+	AAA-
8	-	New	Chanel	France	$13,705	-	-	AA+	-
9	8	↓	UNIQLO	Japan	$12,878	+7.4%	$11,991	AA+	AA
10	9	↓	Hermès	France	$11,909	+9.1%	$10,920	AAA	AAA
11	10	↓	Rolex	Switzerland					
12	13	↑	Dior	France					
13	11	↓	COACH	United States					
14	14	←	Tiffany & Co.	United States					
15	16	↑	Chow Tai Fook	China (Hong Kong)					
16	12	↓	Victoria's Secret	United States					
17	15	↓	Burberry	United Kingdom					
18	22	↑	Anta	China					
19	20	↑	Ralph Lauren	United States					
20	17	↓	Prada	Italy					
21	21	←	Ray-Ban	United States					
22	18	↓	The North Face	United States					
23	30	↑	Levi's	United States					
24	19	↓	Omega	Switzerland					
25	26	↑	Armani	Italy					
26	23	↓	Under Armour	United States					
27	32	↑	Bulgari	Italy					
28	27	↓	Old Navy	United States					
29	31	↑	Moncler	France					
30	25	↓	Puma	Germany					
31	24	↓	Michael Kors	United States					
32	29	↓	Saint Laurent	France					
33	36	↑	Primark / Penney's	Ireland					
34	-	New	NEXT	United Kingdom					
35	33	↓	Tommy Hilfiger	United States					
36	28	↓	Calvin Klein	United States					
37	41	↑	Skechers	United States					
38	39	↑	Hugo Boss	Germany					
39	43	↑	TAG Heuer	Switzerland					
40	-	New	New Balance	United States					
41	35	↓	Pandora	Denmark					
42	38	↓	Bottega Veneta	Italy					
43	42	↓	Swatch	Switzerland					
44	40	↓	Bershka	Spain					
45	34	↓	Gap	United States					
46	49	↑	Gildan	Canada					
47	46	↓	Converse	United States					
48	37	↓	Valentino	Italy					
49	44	↓	Salvatore Ferragamo	Italy					
50	48	↓	American Eagle Outfitters	United States					

Sector Reputation Analysis.

Benchmarking against the best

Every brand owner will want to compare brand equity against immediate competitors and peers. But broader benchmarking against brands across a range of categories provides a more rounded assessment of brand strength.

This perspective is also important as brand categories converge, with new technologies enabling disruption and brands seeking tactical entry into neighbouring categories, like a trusted supermarket offering financial services.

Brand reputation is relatively straightforward to compare across sectors. This year's global sector rankings from our B2C research are similar to the previous wave, but there is some movement with potential implications for future brand strategy.

Reputation dips slightly overall

On a like-for-like basis, reputation scores are lower this year, but only by a very small margin as the average brand score fell from 6.6 to 6.4 out of 10. Categories where a poor reputation is the default position, such as utilities, telecoms, and banks, have failed to convince customers that they are consumer champions – and the global average score reflects overall feelings towards brands: acceptance and appreciation, but rarely love and devotion.

Autos lead the way

Car brands continue to enjoy strong reputations. The sector also ranks first on other indicators, such as recommendation and word-of-mouth sentiment – people like talking about cars and top brands such as **Audi** (reputation score 7.5/10) and **BMW** (7.7) remain sought after. At the top of the car brand pinnacle is where you can see true brand desire, and meanwhile there are few instances of brands with a really poor reputation – most cars nowadays are well-designed and equipped.

Importantly, the category enjoys a good reputation for being innovative – allowing century-old brands to be well-positioned to withstand the enormous disruption in mobility expected in the coming decade.

Sectors Ranked by Reputation

Rank	Sector	Score
1	Auto	6.9/10
2	Tech	6.8/10
3=	Apparel	6.6/10
3=	Restaurants	6.6/10
5=	Airlines	6.6/10
5=	Retail	6.5/10
7	Insurance	6.4/10
8	Utilities	6.3/10
9=	Banks	6.1/10
10=	Telecoms	6.0/10

Top Sectors per Metric

Metric	Top Sector
Reputation	AUTO
Quality	AUTO
Recommendation (NPS)	RESTAURANTS
Loyalty	TECH
Innovation	TECH
Website/App	TECH
Value for money	RETAIL
OVERALL STAKEHOLDER EQUITY	TECH

Tech halo shining less brightly

Consumers continue to hold the tech sector in high regard, even though reputation scores have fallen slightly. In part, any decline may be because issues in the public spotlight are finally impacting the reputation of some industry giants. Reputation scores for **Facebook** (6.3) and **Uber** (5.7) are all lower by 0.5 points, and **Huawei** (6.2) is under the global spotlight.

Nevertheless, brands such as **YouTube** (7.8), **Google** (7.7), and **Netflix** (7.4) continue to enjoy strong reputations and buzz – most brands would love to be in their position.

Retail & Restaurants

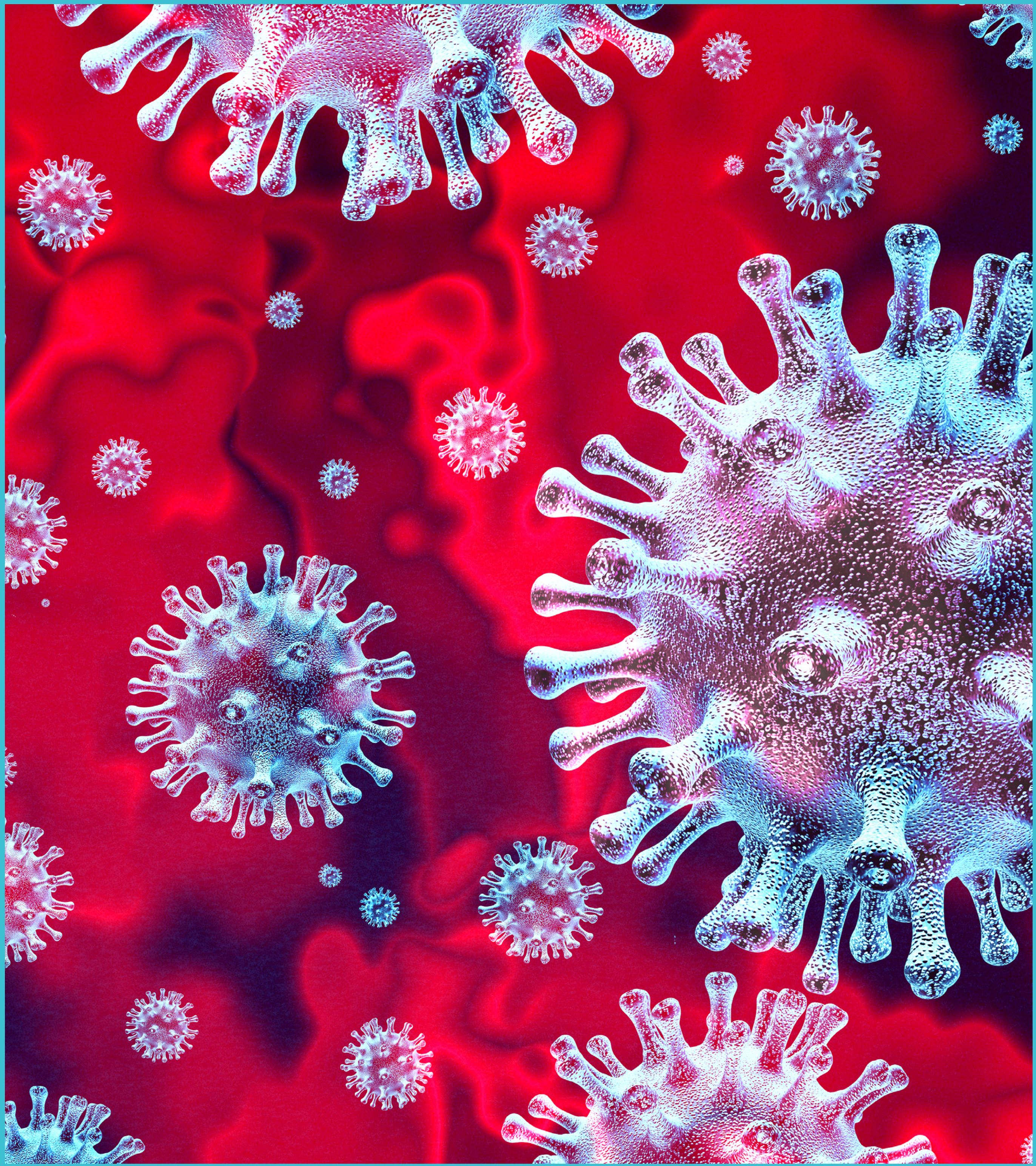
Supermarkets and casual dining brands have moderately positive reputations overall, but these two are category leaders in terms of delivering value for money. Consumers are well aware that brands in these categories are out to make a profit – but unlike for instance banks, the consumer verdict is that brands such as **McDonalds** (39% 'great value') and **Tim Hortons** (38%) charge a fair price, though **Starbucks** (15%) is a notable exception.

Banks still in the red

Banking brands continue to struggle to earn the respect of consumers and are seen as offering poor value for money. However, ratings have generally stabilised – the key challenge is to show growth.

The broader set of scores in our research shows glimmers of opportunity. Banks fare reasonably well on customer service, caring about the community, and for website/app quality. For national and regional banks especially, a community-centred positioning in an age where in many places globalisation is being rejected, may be worth considering.

COVID-19 Global Impact Analysis.



Companies likely to lose up to US$1tn in Brand Value as Direct Impact of COVID-19 Outbreak, Effects to be Felt Well into Next Year.

+ Worst hit industries: aviation, oil & gas, tourism & leisure, restaurants, retail
+ Brand Finance has measured levels of business impact categorised by: limited impact, moderate and worst hit
+ International aviation, airlines and airports to be worst affected by Coronavirus outbreak, with measures of social distancing, closure of borders, advice against travel
+ Home delivery apps, online video conferencing platforms, digital media see surge in demand from remote working revolution

Executive Summary.

Brand Value at Risk

Up to US$1 trillion estimated brand value loss from COVID-19 globally

The brand value of the world's biggest companies is set to drop by an estimated US$1tn as a result of the Coronavirus outbreak, with the aviation sector being the most affected. The 2003 SARS outbreak, which infected about 8,000 people and killed 774, cost the global economy an estimated US$50 billion. As of 14th April 2020, there have been 1,955,648 cases and 123,436 deaths of COVID-19 confirmed worldwide. Global spread has been rapid, with 146 countries now having reported at least one case.

Brand Finance has assessed the impact of the COVID-19 outbreak based on the effect of the outbreak on Enterprise Value, compared to what it was on 1st January 2020. Based on this impact on Enterprise Value, Brand Finance estimated the likely impact on Brand Value for each sector. The sectors have been classified into 3 categories based on the severity of Enterprise Value loss observed for the sector in the period between January and March 2020.

The COVID-19 pandemic is now a major global health threat and its impact on global markets is very real. Worldwide, brands across every sector need to brace themselves for the Coronavirus to massively affect their business activities, supply chain and revenues in a way that eclipses the 2003 SARS outbreak. The effects will be felt well into 2021.

David Haigh,
CEO, Brand Finance

Work from home revolution

Brands offering in-home or remote working solutions have observed an immediate uptick in demand, as multiple **Zoom** online video conferencing platform prompted huge demand for workable solutions

Food delivery apps **Deliveroo** and **UberEats**, now offering contact-free delivery options whereby a food delivery is conveniently left on your doorstep so as not to encourage contact between customer and delivery driver, have also seen a huge surge in demand for their services.

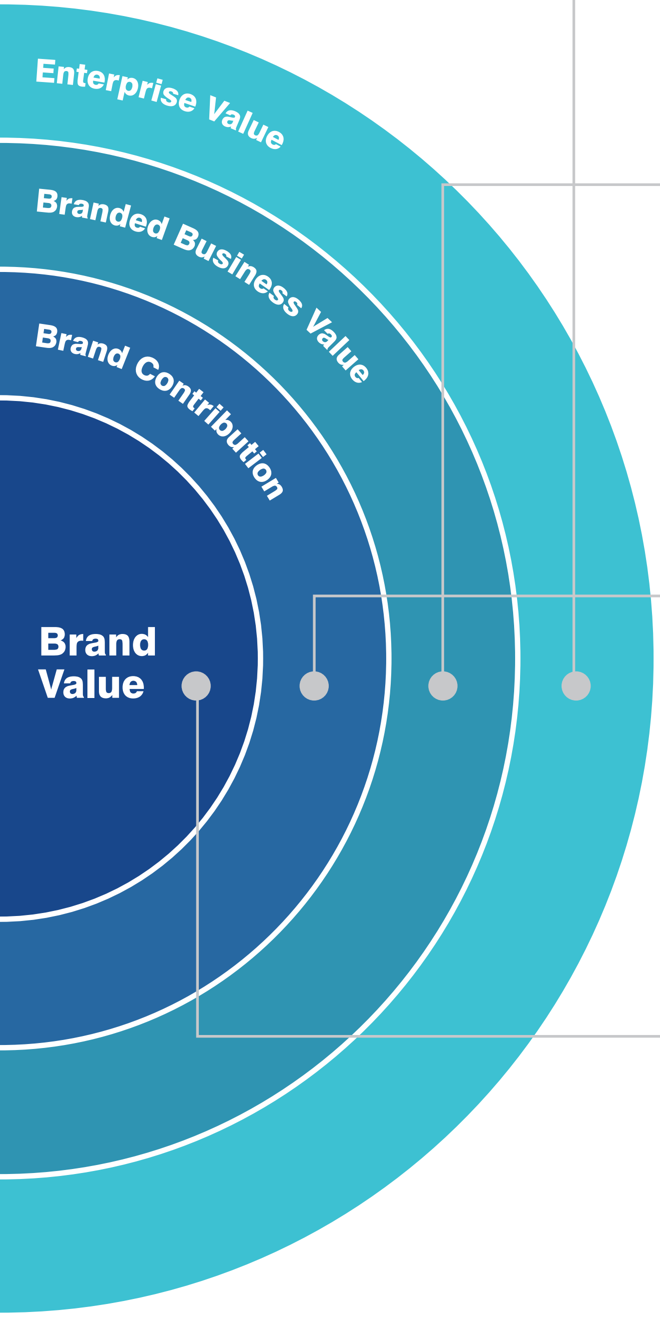
Media and film industry feel effects

Film production and promotion schedules have been affected by the outbreak, with **Disney** pushing back the release of its remake of Mulan as well as The New Mutants, part of the X-Men franchise. The effects of social distancing have meant more viewers watching TV, however **Netflix** has had to suspend production on all scripted series and films in the US and Canada. As massive televised sports events and festivals such as Glastonbury being cancelled, TV executives will be feeling the strain of providing fresh and watchable content.

However it is not all doom and gloom. Some brands will fare better under COVID-19: Amazon, Netflix, WhatsApp, Skype, BBC and BUPA are all booming.

David Haigh,
CEO, Brand Finance

Definitions.



Brand Value

INDITEX

[Inditex]

+ 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'.

ZARA

[ZARA]

+ 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.

ZARA

[ZARA]

+ 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.

ZARA

[ZARA]

+ 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.

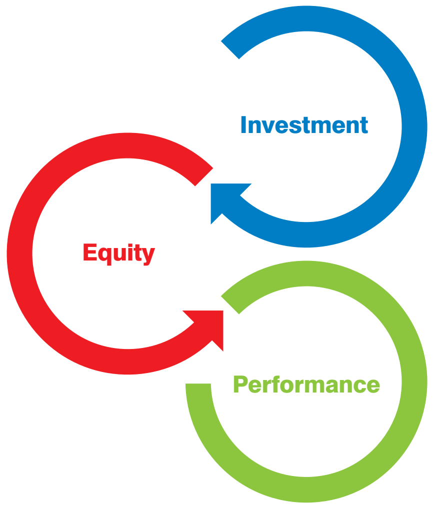
In order to determine the strength of a brand, we look at Marketing Investment, Stakeholder Equity, and the impact of those on Business Performance.

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.

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.



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.

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.

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.

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.

Market Research Methodology.

Brand Finance conducted original market research in 10 sectors across 29 markets with a sample size of over 50,000 adults, representative of each country's internet population aged 18+. Surveys were conducted online during autumn 2019.

- Auto
- Tech
- Apparel
- Restaurants
- Airlines
- Retail
- Insurance
- Utilities
- Banking
- Telecoms

Stakeholder Equity Measures.

Key Metrics

+ Reputation
+ Innovation
+ Value for Money
+ Emotional Fit
+ Recommendation
+ Quality etc.

Brand converison funnel

The brand conversion funnel is a way of summarising the likely strength of a brand to convert to purchase.

Awareness
Knowledge that your brand exists

Familiarity
Depth of knowledge of the brand

Consideration
Narrowing down market to candidate brand set

Preference
Category users' brand preference

Loyalty
Intention to repeat purchase

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

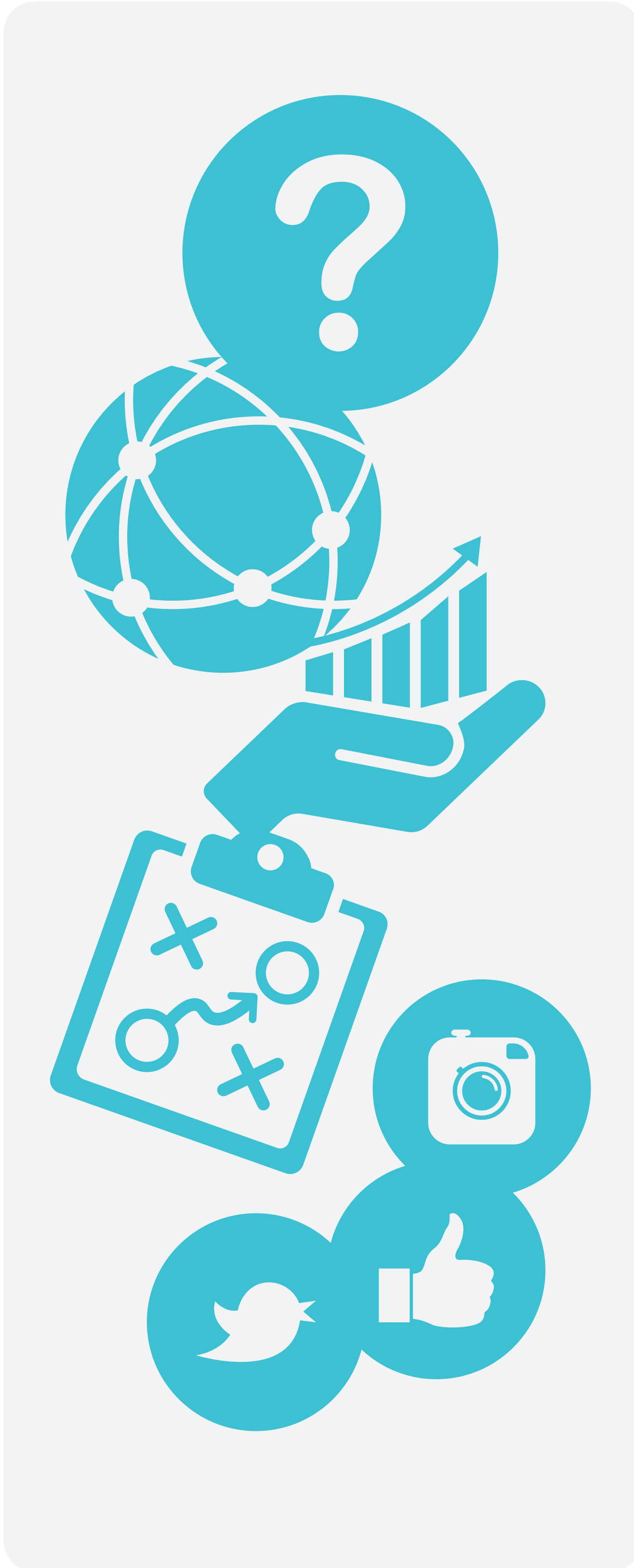
3. Strategy: How can I increase the value of my branded business?

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 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.

2020 Brand Finance® Awards
TOP 50 APPAREL BRAND

2020 Brand Finance® Awards
MOST VALUABLE APPAREL BRAND

2020 Brand Finance® Awards
STRONGEST APPAREL 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 Finance Network.

For further information on our services and valuation experience, please contact your local representative:

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