Brand Finance®

Automotive Industry 2021

The annual report on the most valuable and strongest automobile, auto component, car rental services & tyre brands

March 2021

Contents.

About Brand Finance.

Brand Finance is the world's leading 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 25 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.

Get in Touch.

For business enquiries, please contact:
Alex Haigh
Valuation Director
+44 7711 597580
a.haigh@brandfinance.com

For media enquiries, please contact:
Florina Cormack-Loyd
Senior Communications Manager
+44 7939 118932
f.cormackloyd@brandfinance.com

For all other enquiries, please contact:
enquiries@brandfinance.com
+44 207 389 9400

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

linkedin.com/company/brand-finance

twitter.com/brandfinance

facebook.com/brandfinance

instagram.com/brand.finance

Brand Finance®

Request your own **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.

Visit **brandirectory.com/request-a-valuation**
or email **enquiries@brandfinance.com**

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

Visit brandirectory.com to find out more.

Brand Finance Group.

Brand Finance Institute

Brand Finance Institute
Brand Finance Institute is the educational division of Brand Finance, whose purpose is to create and foster a professional environment for knowledge-sharing and networking among practitioners and experts in the market. BFI organises events, in-company training, and corporate educational initiatives around the world. In the quest for marketing excellence and with the purpose to equip the brand valuation and strategy practitioners with the necessary skills and tools, we have developed a wide range of programmes and certifications in collaboration with the most coveted business schools, universities and thought leaders in the field.

Brand Dialogue®

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.

VI360

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.

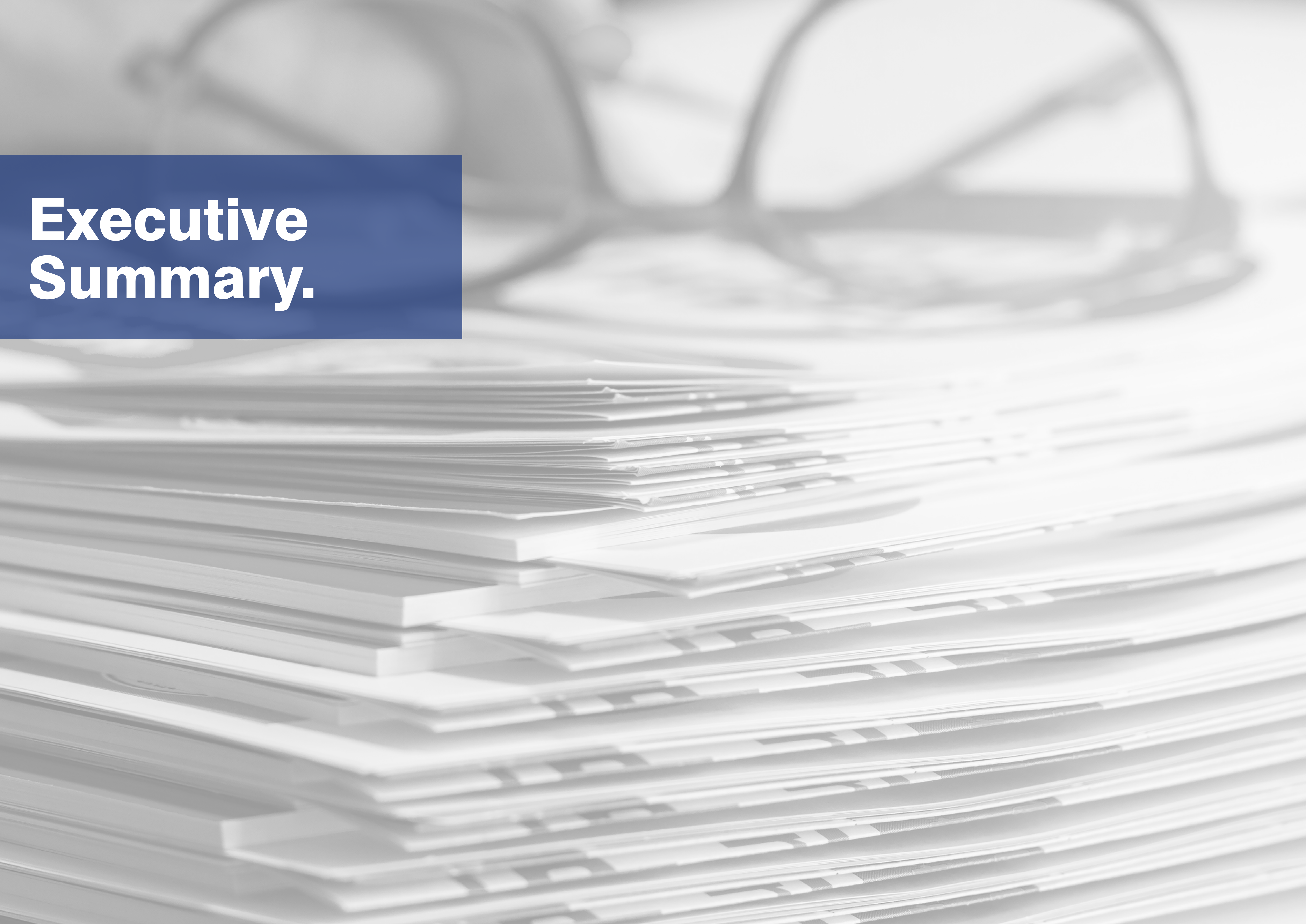
Acknowledging and managing a company's intangible assets taps into the hidden value that lies within it. The following report is a first step to understanding more about brands, how to value them and how to use that information to benefit the business.

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

Mercedes Lacks Horsepower as Toyota Races Ahead Overtaking as World's Most Valuable Auto Brand.

+ **Toyota** overtakes **Mercedes-Benz** claiming pole position as world's most valuable automobile brand, brand value US$59.5 billion
+ **Ferrari** retains position as world's strongest automobile brand with elite AAA+ brand strength rating
+ India's **Maruti Suzuki** is Asia's strongest automobile brand, Brand Strength Index (BSI) score of 88.2 out of 100
+ As new technologies drive brand value across industries, **Tesla** leaves traditional auto marques behind with fastest brand value growth in ranking, up 158%
+ **Chevrolet** is strongest brand in America, BSI score 83.5 out of 100
+ Home to four out of top five brands, Germany commands autos industry, accounting for 34% of ranking's total brand value at US$201.8 billion
+ **Michelin** retains title of world's most valuable and strongest tyres brand
+ Japanese **Denso** remains most valuable auto components brand, despite dropping 9% in brand value to US$3.8 billion
+ All car rental brand values suffer - **Hertz** files for bankruptcy after catastrophic year caused by pandemic

Executive Summary.



Brand Value & Brand Strength Regional Analysis.

The total value of the world's most valuable automobile brands according to the Brand Finance Auto 100 ranking has increased by over US$20 billion. Germany remains the standout nation in the ranking commandeering over a third of the total brand value in the ranking. Japan sits in second, with its 14 brands accounting for 24% of the total brand value and the US sits in third, its 18 brands accounting for 17% of the total brand value.

Asia

Toyota dethrones Mercedes

Toyota has overtaken **Mercedes-Benz** to claim pole position as the world's most valuable automobile brand for the first time since 2017, following a modest 2% uplift in brand value to US$59.5 billion.

Toyota has not suffered the same output reduction experienced by rivals, and sales in Q3 2020 increased in Japan, North America, and Europe, with the car manufacturer upgrading its global sales forecast to 9.73 million units for the fiscal year. Additionally, net profit for the Japanese giant soared by 50% in Q3 2020. Toyota also benefited from a jump in sales in China – increasing by over 10% year-on-year – after improved ties with the Chinese government, which is interested in Toyota's green tech.

The brand has recently announced its foray into the EV market, with the launch of the SUV model planned in the coming year - this being the first of six-intended

Toyota is outperforming competitors in a difficult business environment, while Japan's car industry has remained relatively stable as major markets rebound from the global impacts of the pandemic. Toyota has been around for over 75 years, evolving from a small subsidiary of a Japanese weaving firm to one of the most respected and trusted automobile brands in the world. Toyota's performance isn't a fluke... high-quality architecture, unyielding creativity, and innovative steps have all contributed to its growth.

Alex Haigh
Valuation Director, Brand Finance

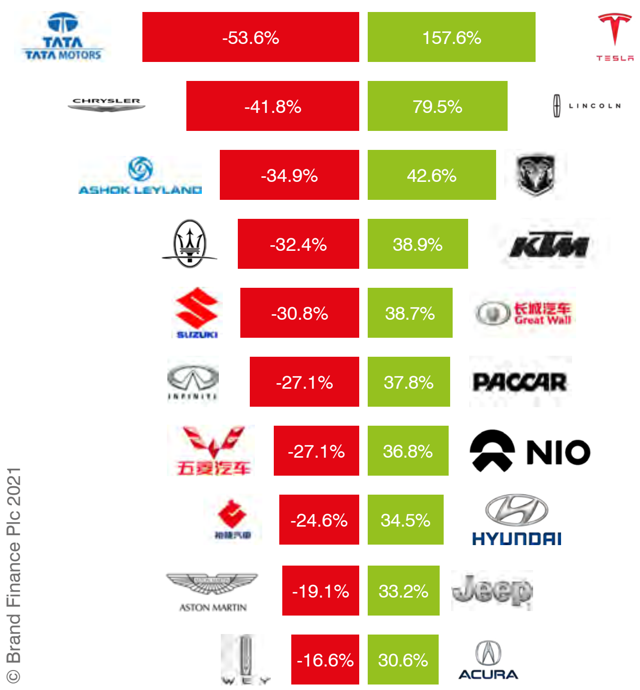
Top 10 Most Valuable Brands

Rank	Previous rank	Brand	2021	2020	Change
1	2	TOYOTA	$59,479m	$58,076m	+2.4%
2	1	Mercedes-Benz	$58,225m	$65,041m	-10.5%
3	3	Volkswagen	$47,020m	$44,897m	+4.7%
4	4	BMW	$40,447m	$40,483m	-0.1%
5	5	PORSCHE	$34,326m	$33,911m	+1.2%
6	12	TESLA	$31,986m	$12,416m	+157.6%
7	6	HONDA	$31,366m	$33,102m	-5.2%
8	7	Ford	$22,676m	$18,515m	+22.5%
9	10	VOLVO	$17,750m	$16,914m	+4.9%
10	9	Audi	$17,187m	$16,973m	+1.3%

Top 10 Strongest Brands

Rank	Previous rank	Brand	2021	2021 rating	2020	2020 rating	Change
1	1	Ferrari	93.9	AAA+	94.1	AAA+	-0.2
2	8	MARUTI SUZUKI	88.2	AAA	82.4	AAA-	+5.9
3	2	TOYOTA	86.8	AAA	85.5	AAA	+1.3
4	15	Mahindra	85.7	AAA	80.5	AAA-	+5.2
5	5	HONDA	85.3	AAA	83.0	AAA-	+2.4
6	13	Audi	84.4	AAA-	81.4	AAA-	+3.0
7	35	BAJAJ	84.4	AAA-	75.7	AA+	+8.6
8	7	PORSCHE	84.3	AAA-	82.7	AAA-	+1.7
9	4	ASTON MARTIN	84.0	AAA-	83.9	AAA-	+0.1
10	11	BMW	84.0	AAA-	81.8	AAA-	+2.2

Brand Value Change 2020-2021 (%)



using the new e-TNGA platform that it has co-developed with **Subaru** (down 6% to US$8.2 billion).

While the pandemic has taken a heavy toll on the global auto sector, demand recovered swiftly in the second half of last year, most notably in the US and China. However, a shortage of semiconductors is forcing carmakers to cut back production, with **Honda** (down 5% to US$31.3 billion) and **Nissan** (down 9% to US$16.2 billion) downgrading sales forecasts for the current fiscal year, citing in part the chip shortage. In fact, Nissan has seen some of the industry's largest declines, with profits sinking by 33% – the lowest levels since 2009 – rendering the automobile brand practically unprofitable.

In addition to measuring overall brand value, Brand Finance also determines the relative strength of brands through a balanced scorecard of metrics evaluating marketing investment, customer familiarity, staff satisfaction, and corporate reputation. According to these criteria, **Maruti Suzuki** (up 8% to US$3.0 billion) is the region's strongest automobile brand with a Brand Strength Index score of 88.2 out of 100, while Toyota is the third strongest with a BSI score of 86.8 out of 100 and AAA rating.

As India's largest auto manufacturer, Maruti Suzuki, has been driving the CNG side of its business heavily in recent years, with compressed natural gas engine options offered in eight models from its line-up of 14. With the rise in popularity for these types of vehicles ever-increasing – as concerns around the environment build, government regulations on emissions rise and from the need to reduce fuel costs – Maruti Suzuki is putting itself in a strong position for future growth too.

Americas

Tesla leaves traditional auto marques behind

The importance of technological innovation as a driving force behind brand value is best exemplified by **Tesla** (up 158% to US$32.0 billion), the fastest-growing brand in the world this year and the most valuable brand across the region in the Brand Finance Auto 100 2021 ranking.

Emerging unscathed from the various controversies surrounding CEO, Elon Musk, Tesla's market capitalisation has grown by an eyewatering US$500 billion over the last year, making it worth as much as the nine largest automobile manufacturers in the world combined. The California-headquartered auto brand has also celebrated record numbers of sales this year, ramping up production of its Model Y car and expanding into new markets by opening a plant in Shanghai. As the world's best-selling plug-in and battery electric passenger car manufacturer as well as a pioneer in using artificial intelligence in the automobile industry, Tesla has continued to strive for innovation and sustainability, developing more efficient battery cells.

One of the many automobile brands operating under the umbrella of General Motors (GM), **Chevrolet** (down 2% to US$13.7 billion), is the strongest brand across the Americas, with a BSI score of 83.5 out of 100 and AAA- brand strength rating. Driven by plans to invest more than US$40.0 billion in electric and autonomous vehicles over the next four years – including 30 new models and six new production plants – as well as partnering with Walmart to test delivering customer orders using driverless vehicles, Chevrolet remains a strong market contender in an industry where innovation is key.

Brand Value by Country

Country	Brand Value (USD bn)	% of total	Number of Brands
Germany	201.8	34.4%	8
Japan	143.2	24.4%	14
United States	100.5	17.1%	18
China	28.2	4.8%	23
United Kingdom	21.4	3.6%	9
Sweden	20.8	3.5%	2
Other	70.7	12.1%	26
Total	**586.5**	**100.0%**	**100**

Europe

German brands still command the autos industry, with the nation's eight brands that feature in the ranking accounting for 34% of the total brand value, equating to an impressive US$201.8 billion. Germany is also home to four out of the top five in the ranking: **Mercedes-Benz** (down 11% to US$58.2 billion), **Volkswagen** (up 5% to US$47.0 billion), **BMW** (stagnant at US$40.4 billion) and **Porsche** (up 1% to US$34.3 billion).

Mercedes lacks horsepower

While Tesla races ahead of the crowd, it has been a difficult year for most traditional car manufacturers, with last year's most valuable brand, Mercedes-Benz (down 11% to US$58.2 billion), seeing the largest brand value drop among this year's top 10, resulting in losing its spot as most valuable automobile brand in the world. With sales impacted by COVID-19, the iconic German marque also struggled to formulate a coherent electric mobility strategy and communicate a clear vision for its electric car models, ultimately leading to its slip behind Toyota in the ranking.

Volkswagen has recorded healthy results this year, both for brand value and brand strength – its brand value up 5% to US$47.0 billion and its BSI score increasing 2.8 points to 81.3 out of 100. The brand has continued to focus on its 'New Volkswagen' strategy – described as a new era for the brand – as well as implementing its TOGETHER 2025+ strategy, with the ultimate aim of selling 50 different fully-electric vehicles and another 30 plug-in hybrid options, should the brand be successful it will overtake Tesla to become the world's largest electric carmaker.

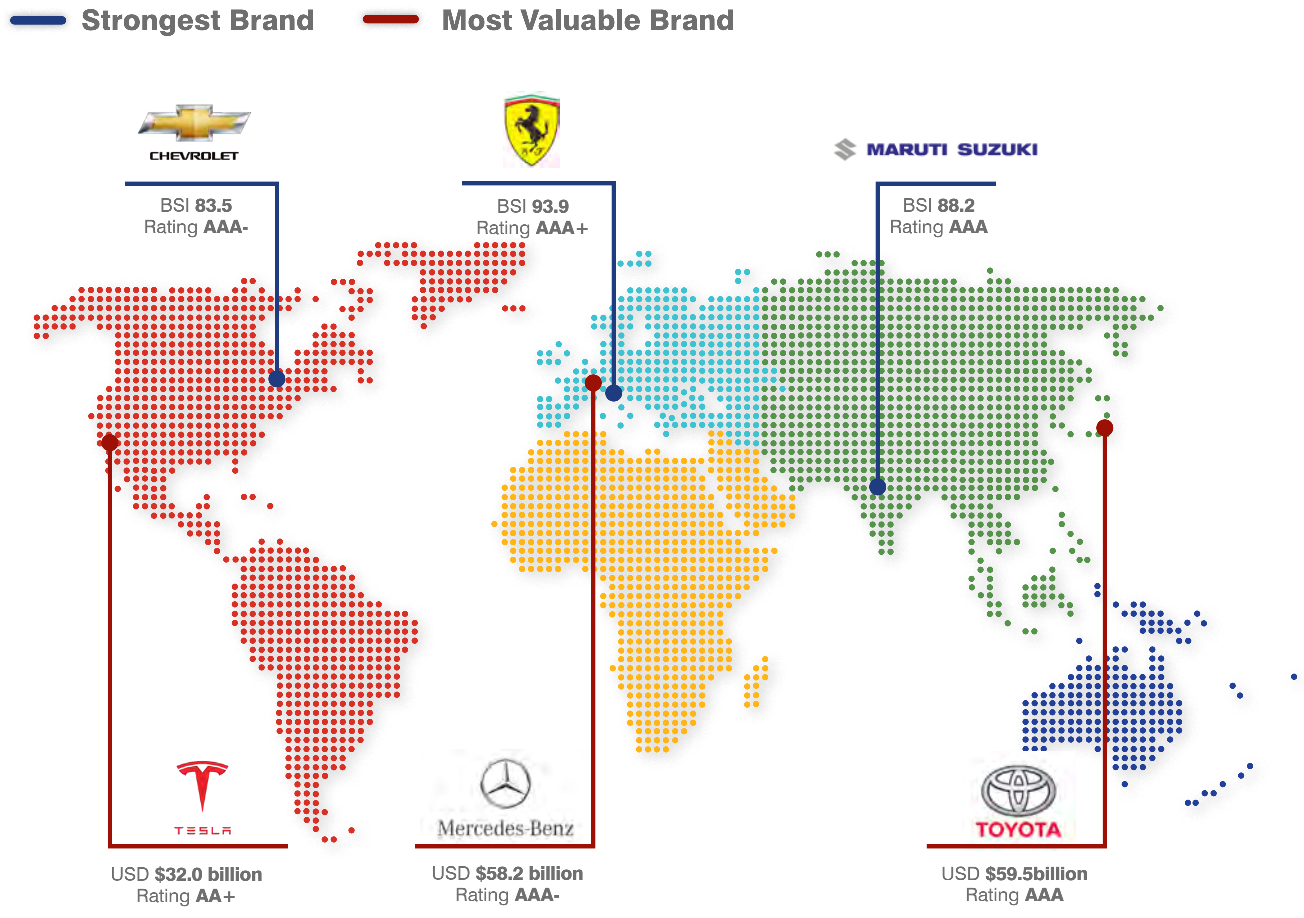
Similarly, Porsche (up 1% to US$34.3 billion) has also recorded healthy performances in brand value and BSI, which has jumped 1.7 points to 84.3 out of 100. Porsche celebrated strong sales of the Taycan which totalled over 20,000 units sold last year, despite a six week pause in production due to the pandemic. This impressive result means that over 10% of Porsche's sales are now from its EV models.

No Gambler's Fallacy for Ferrari

For the third year running, Italian luxury sports car manufacturer, **Ferrari**, has retained its position as the world's strongest automobile brand with a Brand Strength Index (BSI) score of 93.9 out of 100. Ferrari is the only brand out of the ranking's 100 to achieve the elite AAA+ rating.

Brand Value & Brand Strength Regional Analysis.

Most Valuable and Strongest Brands per Region 2021



Ferrari reacted proactively to the pandemic, initially shutting down production and then reopening with a focus on creating a safe working environment. This both minimised disruption and reinforced the brand's reputation as a high-quality and responsible firm. In line with this, Ferrari ranks high for reputation in our Global Brand Equity Monitor study, particularly in Western Europe (in the top 3 of all brands researched in each of France, Italy, and the UK). Ferrari remains a highly desired brand, albeit aspirational rather than accessible for many.

Alongside revenue forecasts, brand strength is a crucial driver of brand value. As Ferrari's brand strength maintained its rating, its brand value grew, improving 2% to US$9.2 billion. For years, Ferrari has utilised merchandise to support brand awareness and diversify revenue streams and is now taking steps to preserve the exclusivity of the brand, planning to reduce current licensing agreements by 50% and eliminate 30% of product categories.

Meanwhile, motorcycle manufacturer **KTM** (up 39% to US$833 million) is Europe's fastest-growing brand, jumping up 11 spots to place 74th overall in the Brand Finance Auto 100 2021 ranking. KTM celebrated strong sales and positive revenue in the previous year, despite challenges experienced across the industry in general. As Motocross' top name, the brand continues to feature heavily in the sport around the globe, partnering with Red Bull since 2015 to form the Red Bull KTM Racing Team. Furthermore, the brand has just unveiled the new KTM 890 Duke, which has debuted in the US market, which includes premium componentry from reputable name brands, including with German tyre specialist, Continental (down 5% to US$3.2 billion).

Brand Value Change by Country 2020-2021 (%)

Country	BV 2021 (bn)	BV 2020 (bn)	% change
Germany	201.77	205.79	-2%
Japan	143.19	150.55	-5%
United States	100.47	73.31	37%
China	27.80	26.64	4%
United Kingdom	21.36	22.72	-6%
Sweden	20.76	19.48	7%
South Korea	17.92	13.70	31%
Others	53.21	50.72	5%

Portfolio Brand Value Change 2020-2021 (%)

Country	BV 2021 (bn)	BV 2020 (bn)	% change
Ford Motor Co	24.6	19.6	25.5%
Volkswagen AG	116.0	113.6	2.1%
Toyota Motor Corp	75.5	74.8	0.9%
Bayerische Motoren Werke AG	44.9	45.2	-0.7%
General Motors Co	28.6	29.5	-3.1%
Geely	17.4	18	-3.3%
Honda Motor Co Ltd	33.2	34.5	-3.8%
Nissan Motor Company	17.0	18.9	-10.1%
Daimler AG	13.70	76.3	-11.3%

Top 10 Portfolio Brand Value 2021

Brand	Rank	Previous rank	2021	2020	Change
VOLKSWAGEN AKTIENGESELLSCHAFT	1	1	116.0	113.6	+2.1%
TOYOTA	2	3	75.5	74.8	+0.9%
DAIMLER	3	2	67.7	76.3	-11.3%
BMW GROUP	4	4	44.9	45.2	-0.7%
HONDA	5	5	33.2	34.5	-3.8%
gm	6	6	28.6	29.5	-3.1%
Ford	7	7	24.6	19.6	+25.5%
STELLANTIS	8	NEW	22.7	-	-
GEELY	9	9	17.4	18	-3.3%
NISSAN MOTOR COMPANY	10	8	17.0	18.9	-10.1%

2021 Trends: Managing the Electric & Digitisation Transition

+ COVID has shaken the industry but long-term outlooks look positive
+ Investment is behind the shift to electric but marketing and brand positioning need to catch-up
+ New routes to market could disrupt the dealership model
+ Car brands need to embrace forward-looking brand metrics

What has been happening to the Industry?

The mobility industry is currently undergoing profound changes, both short and long term, that are putting existing business models under strain and upending the industry.

Automotive brands are being influenced by the COVID crisis; the climate crisis and the move to electric cars; an evolving relationship between society, people and cars; changes in commuting patterns; changes in car ownership; and even the slow-going but ever-present move towards more autonomous vehicles.

The list is dizzying but despite these fundamental challenges and the rise of extraordinary new competitors like Tesla, the signs point to a resilient sector ready and able to meet the challenges in front of it.

2020/21: a Rollercoaster Year

Being one of the most globalised industries in the world, the automotive industry caught the COVID cold quickly.

In Q1 for example – before lockdowns were put deeply in to force in Europe and the Americas – Volkswagen Group was already registering around a 25% reduction in sales and production compared to the same quarter in 2019 due to crashing demand in Asia Pacific and, later in the quarter, in Europe.

As the effects of lockdowns rippled across the world from China between January and August of 2020, all car brands were badly affected with sales for many brands dropping by over 30% or 40% compared to the same quarter 2019.

The year has been destructive and we have seen unit sales drop by over 16% in 2020 compared to 2019 to levels not seen since 2011, according to Euromonitor.

However, as countries in the Asia Pacific begin to get the health crisis under control and protect their citizens from the COVID-19 virus, growth started up again – in some cases strongly. By quarter 3, Volkswagen – which must be noted has significant market share in China – was already registering quarterly sales almost equivalent to the same quarter in 2019.

All this pointed to green shoots of a recovery, albeit one heavily reliant on East Asian demand, that has prevented brand values from being damaged as comprehensively as some may have imagined.

Resilience for long-term brand value

Brand valuations, as with any type of business or asset value, are an educated bet on the future. They determine where brand related earnings will come from by analysing how brands' strengths will influence demand in the future, and where – at a market level – that demand will come from.

Despite the past year, our view is that the outlook for industry looks in fairly good shape. Total brand value for the Automobile table is the highest it has ever been at $586bn in value – almost double the value of the Oil & Gas industry and 6 times that of the airlines industry.

However, year-to-year growth slowed this year. From a strong position in 2019, both 2020 and 2021 saw muted growth in value as pressures on international commerce and growth took bites from demand just before but particularly during the initial year of the COVID crisis.

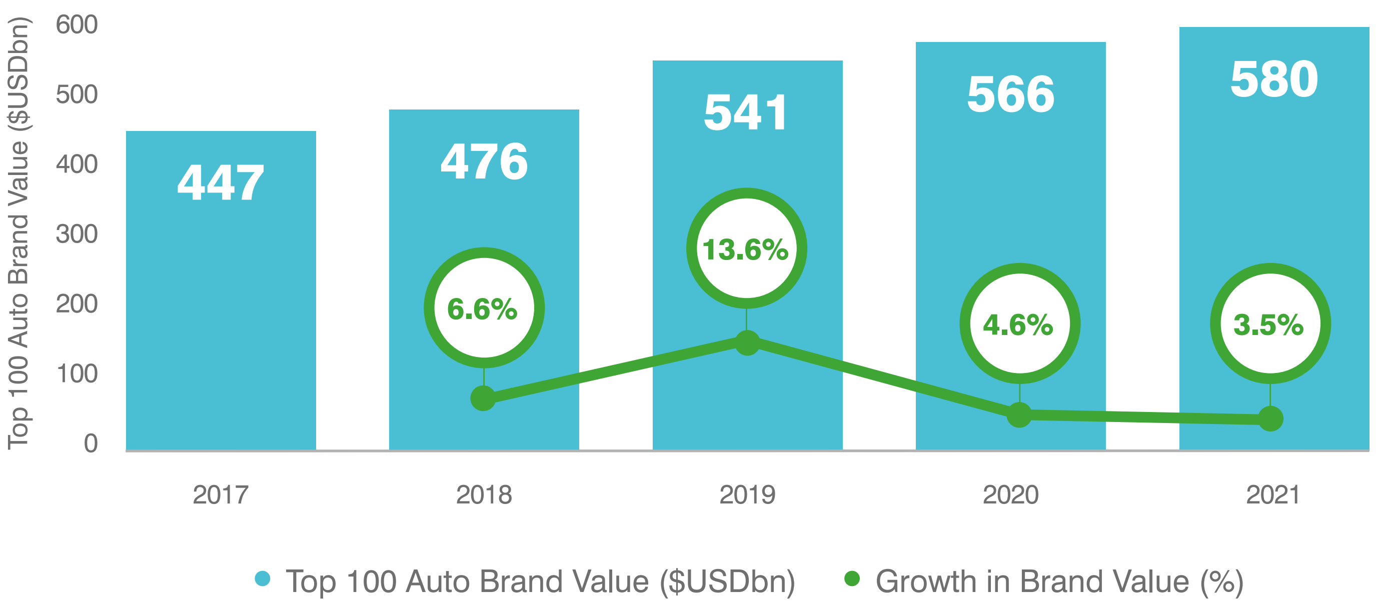
That being said, this drop in growth comes on the back of slower global growth for all industries. As a result, brands in the automobile industry are actually becoming more and more important in the overall mix – reaching a five year high of 7.3% of the total brand value of our Top 500 Most Valuable Global Brands Table 2021.

Growth is coming from diverse sources but generally those brands with more exposure to China and Asia Pacific, along with SUVs, electric vehicles and commercial trucks – which have benefited from a surge in road freight demand – are tending to grow fastest.

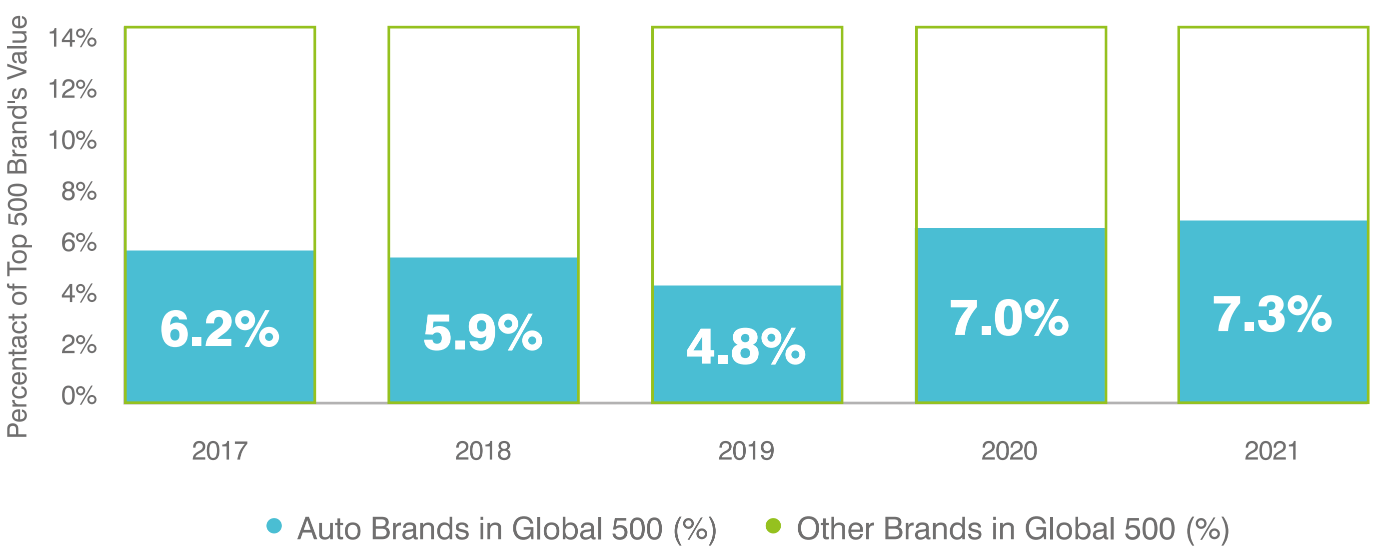
This all means that Tesla, our fastest growing brand, is accompanied both by its Chinese rival NIO and also by more traditional brands like RAM Trucks, Jeep, Lincoln and Dodge in the list of the top 10 fastest growing brands this year.

Taking a look at leading indicators, for example search trends, helps unravel some of these trends in passenger cars. The search term "car" dropped

Brand Finance's Top 100 Automobile Brands 2017-2021



Auto Brand Value as % of Top 500 Brand's Value



in worldwide popularity significantly during the first lockdowns, rising to 2019 levels in the autumn and falling with the third waves of COVID. For the first two months of the year they have been depressed and have not yet reached back up to 2019 levels.

"Electric car" on the other hand has more or less not stopped rising. Since the start of 2019, its popularity has more than doubled. "4x4", which is coincidentally four times more popular than "electric car", is also up – albeit only by about 20%. On the other hand, hatchbacks, sedans and other models are not seeing this level of growth.

However, while these trends are compelling and directional, it is important to bear in mind that demand for traditional ICE models still far outweigh those for electric and it will remain so for some time. This gradual shift will be the defining challenge for all the traditional automobile brands.

Restructuring in the industry

There has been pressure to restructure both from inside and out. Daimler has just announced its plan to split off its commercial trucks division from its passenger car one after being pushed by investors to shake off the corresponding conglomerate discount and unlock value. It will become the latest in a long string of similar spin-offs both full and partial like Volvo Trucks by Volvo and Traton by Volkswagen. Given the sharing of many functions and brands, there will be an obvious challenge to maintain unified brand strategies.

Mercedes-Benz, named for its key brand, will become the new face of the resulting passenger car company. The brand, although dropping in this year's Brand Finance study as it struggled last year with profitable growth in the light of the epidemic, has just announced analyst-beating forecasts and looks likely to bounce back by 2022.

Volkswagen, which is also eyeing restructuring but, in this case, internal. It is looking to double down on its multi-brand strategy.

There have been calls from some investors for the company to more formally spin-off both Porsche, Lamborghini and other luxury marques to unlock value linked to Ferrari-like multiples.

However, the 84 year old company is staying firm with its (at least for now) hallmark multi-brand strategy enabling it to pool investment costs – particularly around the shift to electric and hybrid powertrains – and insure against reputational risk of the type seen following the diesel scandal. Rather than being spun off, Porsche, along with Audi, will be a central pillar to this strategy.

Similarly, Stellantis, formerly PSA and FCA, are preparing for the big investments necessary with the shift away from the internal combustion engine. The deal, held up by competition concerns about their dominance of the commercial vans segment in Europe, has just created the fourth biggest car company in the world with potential pressures to update their brand portfolio as we explore separately in this report.

Regulatory pressure to invest in electric

Regulations all over the world, particularly in Europe, are pushing the industry towards electric cars.

The UK has announced it will ban sales of non-electric cars from 2035 (Scotland in 2032) and phase out petrol and diesel after 2040. Sweden, Iceland, Denmark and the Netherlands are all banning non-electric cars by as early as 2030. Norway, where EVs currently make up around half of all new car sales and there are more Teslas per head than anywhere in the world is planning to ban new conventional car sales by as early as 2025.

Germany is doubling electric vehicles subsidies, removing incentives for ICE cars and vehicle tax on electric vehicles until 2030 and investing billions in electric charging infrastructure as part of its 2030 Climate Action Programme. France has a similar, if slightly less expansive, plan.

The Federal US government is preparing an incentives package and President Biden has declared the whole government vehicle fleet will become US made electric vehicles. Many individual states have stricter packages.

China, which is fast becoming the centre of both the renewable energy generation and electric vehicle market worldwide, has – similar to the UK – announced the phasing out of conventional cars by 2035 and a package of incentives to move car makers to act.

Car companies responding with massive investment plans

For brands this all presents a challenge.

From a production point of view, conventional vehicle production infrastructure must be made valuable for the rest of its useful life while at the same time brands need to prepare for the future. But what we have seen is that many groups are rising to the challenge:

Over the next five years, Volkswagen will be investing €73bn on battery power and digitsation, a figure which is almost double its profit for the period between 2015 and 2019. The company plans to have more electric vehicle market share than Tesla by 2023 and to have one fifth of its fleet electric by 2025.

General Motors will phased out all ICE vehicles by 2035 and become carbon neutral by 2040.

By 2025, Toyota expects to be 70% hybrid, 20% plug-in and only 10% ICE vehicles.

Within five years, Ford is planning for all its European cars to be zero-emissions capable, all-electric or plug-hybrid. By 2030, the whole fleet will be electric.

Hyundai is launching the IONIQ 5 in 2021 and plans to be selling over 500,000 EVs by 2025, aiming for a fully electric lineup in major markets by 2040.

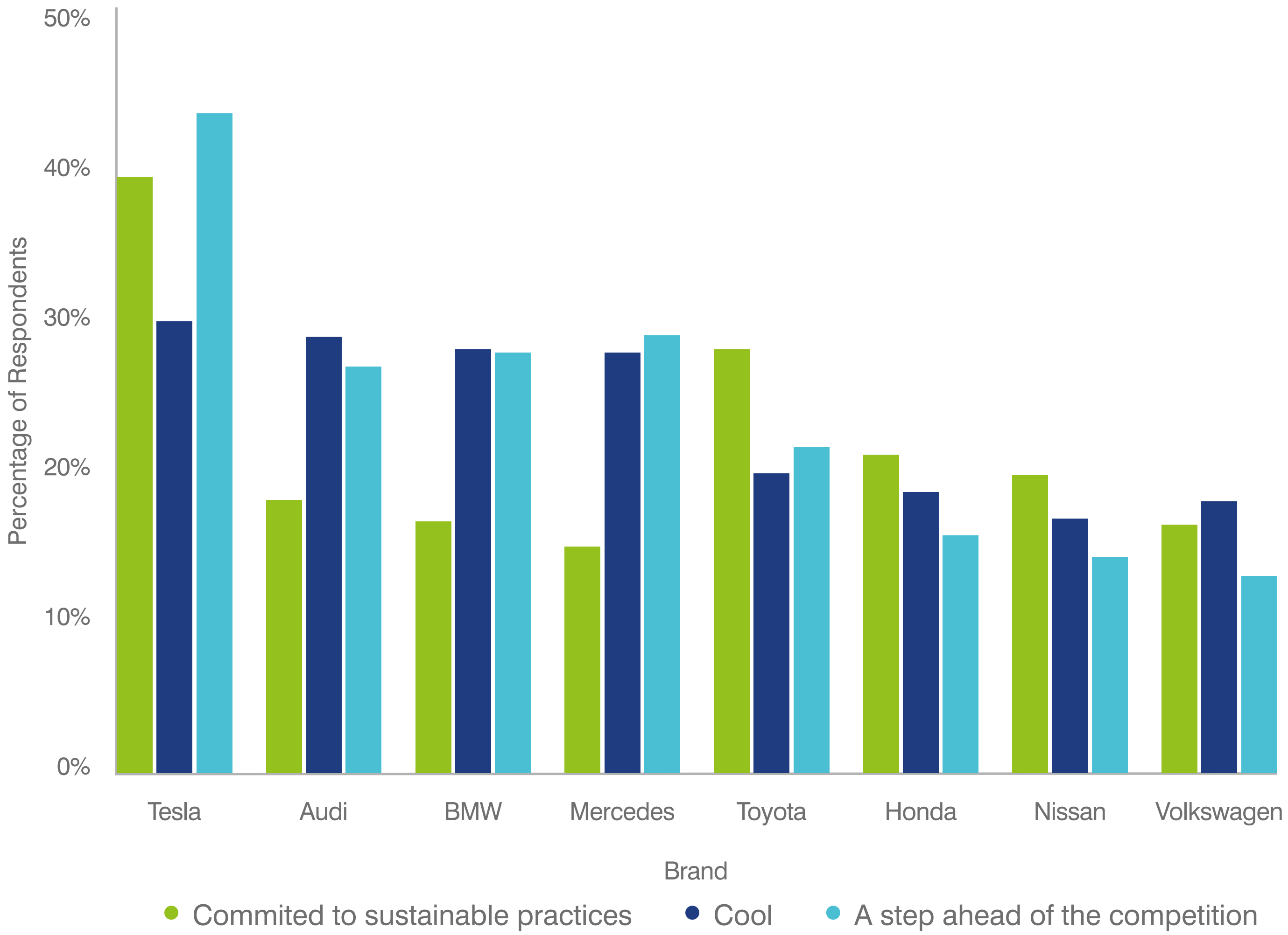
Nissan, with its successful Leaf model, expects more than 1 million sales of electrified vehicles by the end of 2023.

It is clear that across all regions – albeit with Europe seeing a slightly quicker shift – carmakers are taking on this challenge with all their combined power.

Shift to Electric Changing the Brand Landscape

From a marketing point of view, there is the obvious challenge of shifting customers to actually want the

Attributes Associated with Each Brand



Note: Average China, France, Italy, Germany, UK, USA

new cars. While the category is growing in popularity, many people would not consider an electric car.

Given the incoming regulation, falls in ICE model resale value might push customers towards electric vehicles but as of right now resale prices actually seem to be increasing.

There therefore needs to exist a pull – both in terms of easing charging infrastructure concerns but also making electric models and brands high-functioning and aspirational.

Even when customers are in the category, how can brands convince customers that they will have the same level of safety as previously expected from a Volvo? The same level of reliability as for a Ford or a VW? The same level of self-confident satisfaction when driving a Porsche?

All this has led to a flurry of interesting new marketing and branding strategies. We've seen completely new brands being created. The list includes more commercial and accessible new brands like Polestar, Lynk&Co to luxury and experimental or luxury brands like Faraday Future and RIMAC.

Many of these new brands are too small to make our table so in reality the most striking changes are those of existing brands. Volvo and Bentley for example have both announced they will be going fully electric to Volkswagen and BMW announcing and heavily marketing their respective "ID" and "iX" families of new electric-only models. Volkswagen

group have also announced the electrification of over 50 existing models.

However, customers still need to be convinced that traditional ICE brands can walk the talk and Tesla still leads the pack on many attributes that could be key to the transition.

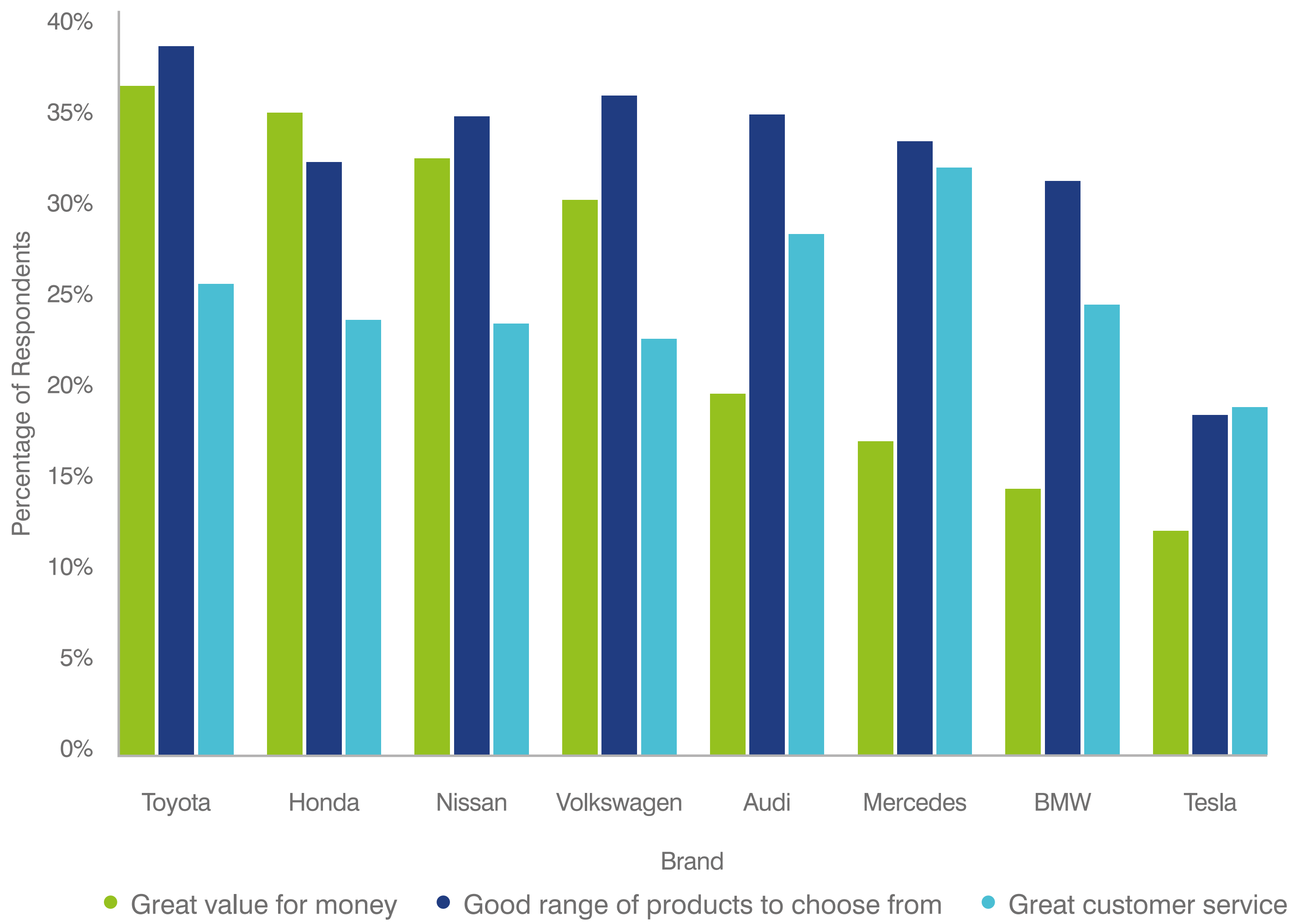
Looking at 8 of the most international brands, you can see that customers see it as more committed to sustainable practices and far ahead on "step ahead of the competition" with almost 15% more people saying it is ahead compared with Mercedes, the next highest.

It is even seen as more "cool" than any of the other 7 something that will be key in the premium segment and more than can be said of green-credentialed predecessors like the Toyota Prius, about which there was much more disagreement.

What is clear, however, is that Tesla is not dominant in everything and still has its issues.

Given the fact that electric cars are unlikely to reach cost parity with ICE cars until the mid 2020s, it is perhaps unsurprising that they are seen as the worst value for money of any of the selected 8 brands. They are also seen as having the worst range of products/models to choose from and their customer service is not one to look up to, with Mercedes taking the top spot on this important measure for another year.

Attributes Associated with Each Brand



Note: Average China, France, Italy, Germany, UK, USA

These measures are all important, and their importance should be analysed for each brand using positioning and drivers analysis in order to optimise the brand positioning and model response to Tesla and other electric car brands.

However, right now, the most important factor helping traditional brands is the fact they are far better known than Tesla – despite the hype.

Familiarity and mental salience is the first building block in driving demand. After that other attributes play a part but if you are not known, you are very rarely considered.

Tesla has an average level of familiarity of only just over 40% while Volkswagen has a familiarity of over 70%. Effectively 30% more of the population could be in the market for Volkswagen than could be for Tesla.

This shows a clear limiting factor that can only truly be countered with marketing spend – a tool which the traditional OEMs have the money to invest in and the skill to activate effectively.

Marketing spend taking a hit

This is why recent pressures on marketing investment are surprising.

According to our analysis, marketing and sales investment fell steadily between 2015 and 2019 steadily and although most 2020 annual reports are yet to be published, anecdotally and from investor presentations we are aware marketing budgets have been pushed down even further. The shift from 2015 to 2019 is an absolute reduction of 1.2% which is equivalent to more than a 20% total reduction (given rising revenues) in marketing and sales investment.

CAPEX has also been dropping but given the need to depreciate existing production infrastructure this might make sense (especially given the newly announced plans for capital investment) but for marketing it is a less clear-cut story.

There are obvious company specific reasons for these changes but the key strength of some of the existing players is their salience among customers driven by their ability to invest widely in marketing.

Cutting marketing investment can often be a fool's game particularly given the ferocious competition driven by powerful, albeit cheap, word-of-mouth marketing for brands like Tesla (which itself will have to think soon about more traditional marketing).

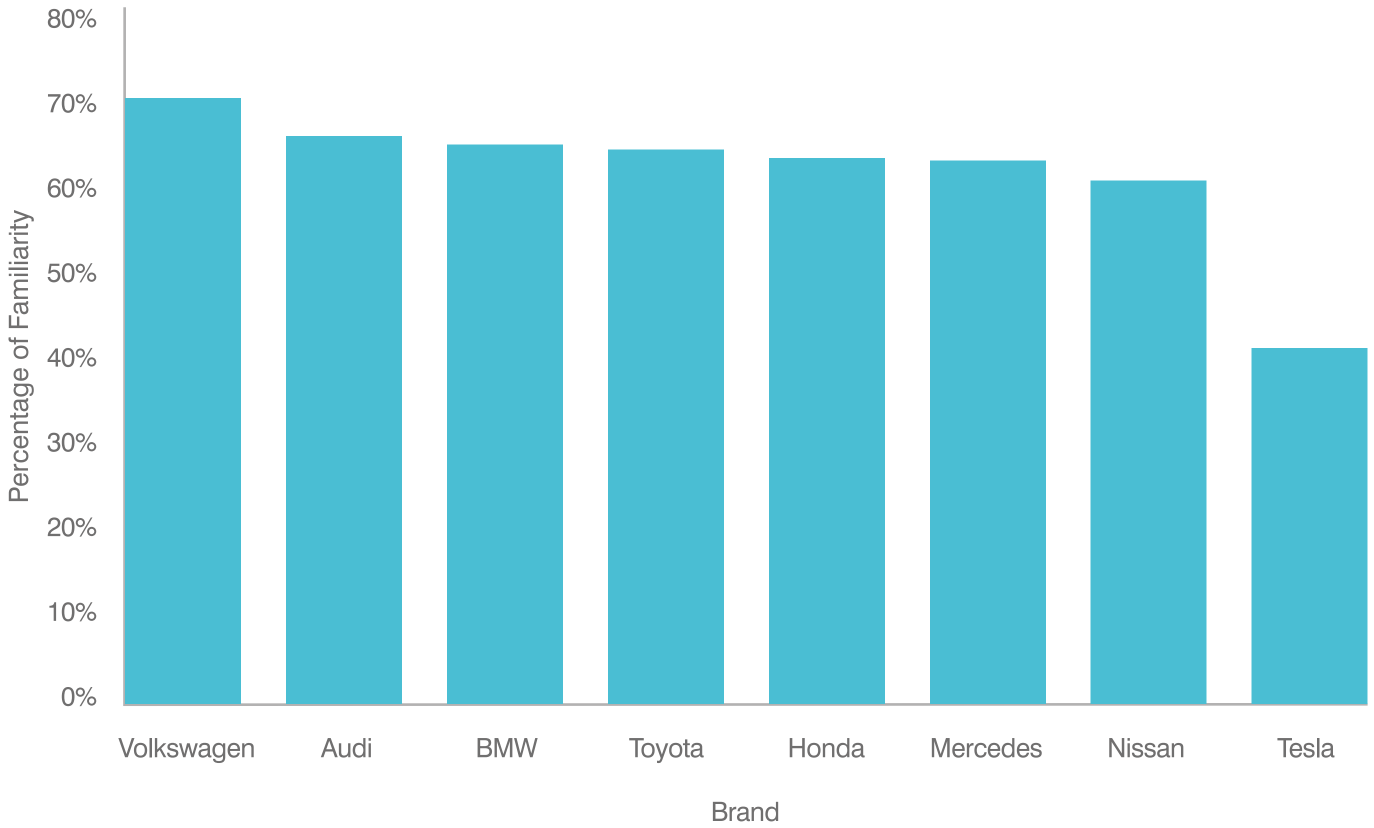
New approaches to dealerships and ownership

As of March 2021, as well as moving to fully electric, Volvo has announced that it will only sell its cars online by the end of the 2020s.

In a January 2021 study, Auto Trader identified that 41% of consumers would consider buying a car online.

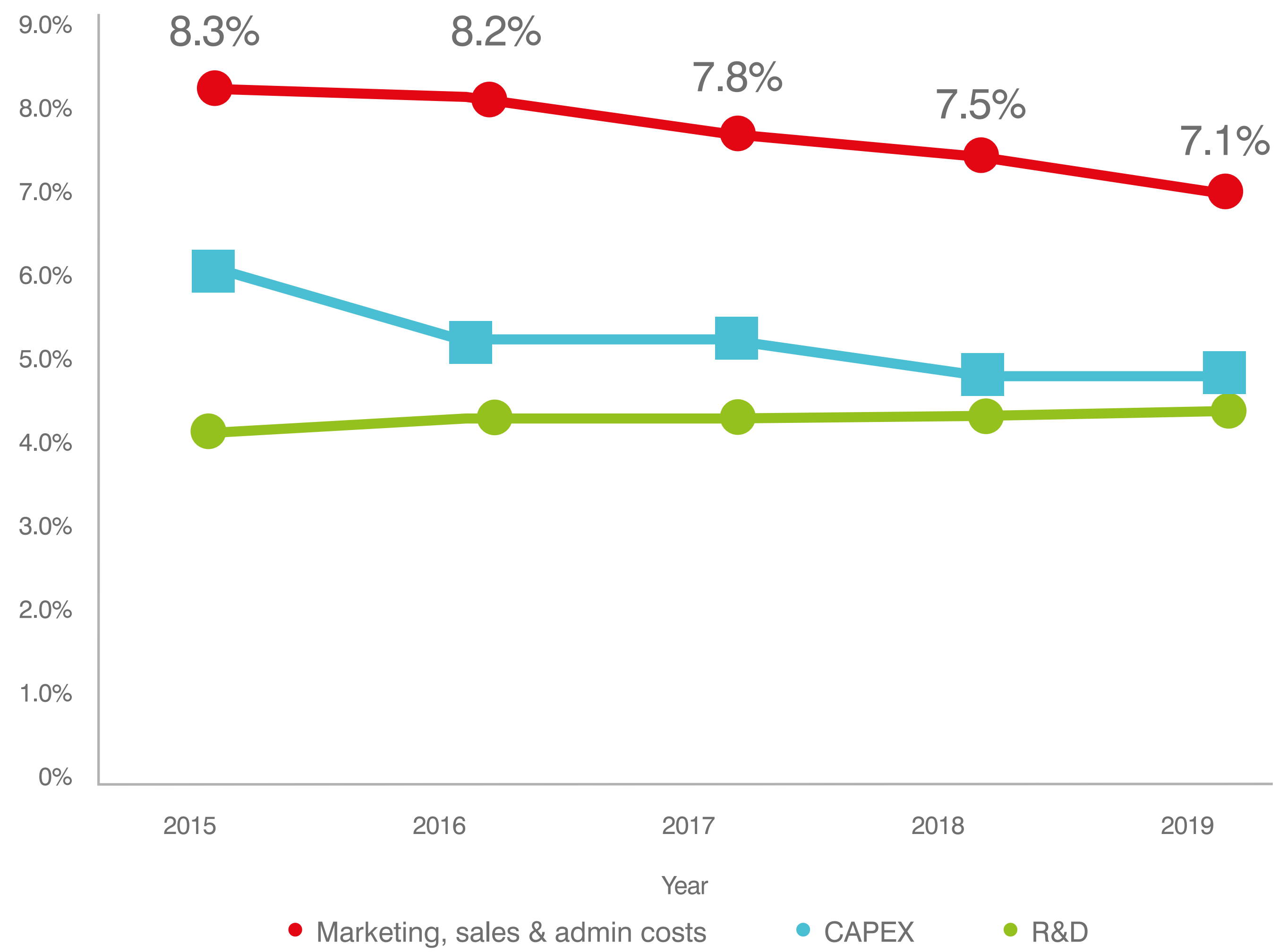
Despite differences by market and details to figure out (particularly around final inspection and test driving), it seems that trends, driven partly by the COVID pandemic, are pushing many brands to a more direct to consumer relationship.

Familiarity (% know a little or know well)



Note: Average China, France, Italy, Germany, UK, USA

Average Investment Relative to Revenue in the Auto Industry



Source: Company Annual Reports summarised by Bloomberg
Note: Average weighted by 2019 revenue

Brand Finance Automobiles Trends Report.

There are obvious benefits for OEMs to have this more direct relationship with data on buying patterns and the potential to capture margins from dealership being the most obvious.

However, there are clear risks. In the short-run, relationships with dealerships will suffer. Longer-term, online-only sales have not necessarily been kind on more commodity-style markets like insurance and utilities although the likelihood of this happening to the car industry is limited.

Dealerships also act as a useful out-of-home marketing media and purchase trigger. Losing them would therefore necessitate an increase in marketing spend to make up for this loss in exposure.

This move to online sales is also fuelling a new style of ownership, car subscription.

This type of ownership model is in fast growth phase. Pure play "car-as-a-service" brands are being created and are consolidating like crazy. Cazoo, one of the leading brands in this category, is a UK-based online car retailer that owns and reconditions cars before selling them (or letting customers subscribe to them) through its website with a full week's return policy.

After buying UK-based subscription service Drover, it has recently announced it is buying Cluno in Germany and is growing very rapidly albeit from a relatively small base having delivered only just over 20,000 cars in the UK since it launched last year.

These new brands are rubbing up against brands in the traditional Car Rental industry. For example, Hertz, Enterprise, Sixt and others are all moving in strongly.

This suggests that online sales could shake out as an online dealership model that adds efficiency for customers, produces price pressure at the lower end of the market, increases the role of brands in driving demand while potentially transferring some of the final elements of the customer experience to automobile brands. Much like the airline industry.

In some circumstances however, car brands can create this direct relationship. Porsche, for example, is offering Porsche Drive, a monthly car subscription model with insurance and roadside assistance included allowing customers to trial various Porsche models without buying them outright. That being said, the extent to which this can move outside of luxury is yet to be seen.

While subscription might not be the source of new business for the traditional brands, leasing and car finance certainly is. In fact, financing revenue now makes up an average of almost 10% of brand value for the top 10 most valuable automobile brands this year.

What does this all mean for brands?

Car brands still create or enforce an identity for customers. This needs to be refined and defined in light of the shift to EVs.

During the shift to electric vehicles there will be an overrepresentation of environmentally conscious, tech savvy, urban and wealthy customers interested in electric vehicles. OEMs will need to embrace this category while recognising that, as prices falls and infrastructure improves, the category will become the new normal and this category of customer will fall back into the original mix.

VW's dual approach of offering electric models of its existing models while also launching an electric only range recognises and exploits these different segments for example.

For some brands (Ferrari, Harley-Davidson, Mustang for example), engine performance and sound is central to positioning. These brands will need to identify the length of time they can trade off this positioning without fading slowly in to obscurity or how to transfer attributes that work across both types of powertrains – coolness, quality, service are all key across both for example.

Brands also still need to do convincing on the electric car category

Various surveys have found that many people are still reluctant to buy electric cars. The principal reasons being driving range, a lack of charging infrastructure and the cost premium involved.

The many new innovations that are being created to counter these problems need to be communicated more widely.

Brands need to develop and decide how they will respond to the move online

There is an undeniable move to at least some of the purchase process being online. Better online showrooms and generally more focus on the customer buying experience outside of the dealership will be necessary.

Alongside these upgrades, a realignment of market budgets to recognise a shift in distribution channels and brand exposure. We have already seen shift such as been big rises in sponsorship spend by OEMs and a shift to digital media channels – as with all big advertisers.

However, without an adequate analysis of the value and return on investment of these channels and the best way to activate them, their efficacy may fall short.

More forward-looking brand metrics

This need for better measurement extends beyond the need to analyse the effectiveness of channels. Given the fact the industry is changing fundamentally, brand measurement will need to combine a mixture of period-to-period brand tracking with forward looking measurement of where value is coming from in the future and how to make sure that value is maximised.

Analysing brand strength using a scorecard for example, looking at a mixture of investment attributes, brand equity and customer equity can look further by using leading indicators to predict what brand perceptions are likely to be in the future.

Connecting them to brand value analysis helps to identify how that brand strength will impact business performance and therefore where to direct investment.

Combining this with existing, shorter-term measurements and hypotheses or plans for the future will help all OEM brands to add clarity in an industry where change is its principal characteristic.

Brand Spotlights.

Volkswagen.

Rank	Brand Value	
3	2021: **$47,020m** 2020: **$44,897m**	+4.7%

Rank	Brand Strength	
19	2021: **81.3** 2020: **78.5**	+2.8

Interview with Klaus Zellmer on Volkswagen's Sustainability Drive

Klaus Zellmer
Board Member for Sales, Marketing and After Sales at Volkswagen Passenger Cars brand

What have been the most important effects of COVID-19 on the Volkswagen brand and its business and what actions are you most proud that Volkswagen has made in response?
Protecting our employees has always been our priority, and we succeeded in doing so. During the crisis we impressively demonstrated what we are capable of and the switch to working from home turned out particularly well. Remote working had been common in other industries for some time, but wasn't very common in ours. The increased flexibility improves employee satisfaction and makes us an even more attractive employer.

The organisation proved to be very flexible and responsive and our set-up also served us well: Purchasing, Logistics, Production and Sales did a great job – and still does. Our solidarity with the dealerships was exemplary. Despite COVID-19, we launched the new electric models ID.3 and ID.4 and trained thousands of dealership staff. The COVID-19 crisis will accelerate the reorganisation of the brand – especially towards digitalisation. Our digital channels have veritably exploded because our customers' usage pattern has changed dramatically worldwide. This is the reason we intend to invest €16 billion in the future trends of e-mobility and digitalisation over the next five years. E-mobility was just the beginning: the real disruption has yet to come. We are now picking up speed on our path into the digital future.

Volkswagen.

How important is Volkswagen's new purpose, investment and organisational change help it meet the other important global challenge, climate change?
Our vision of becoming the most attractive brand for sustainable mobility goes hand in hand with our goal of becoming net carbon neutral by 2050. In 2015, we kicked off the largest and most comprehensive electric offensive in the industry and plan to accelerate this further. By significantly exceeding our CO2 targets, we have shown that the brand is on the right track. We delivered more electric vehicles in 2020 than ever before – 212,000 units. At 134,000, the portion of fully electric vehicles tripled when compared to the previous year. In 2021, we will pick up the pace again with further new models and will focus even more on electrifying the brand. We as a brand aim to increase the share of our all-electric deliveries in Europe to over 70% in Europe by 2030. In the USA and China, we intend to exceed 50%. Rather than following the trend, Volkswagen is setting it! We continue to be a driving force in the transformation of our industry. Yet our decarbonisation programme goes far beyond the vehicles. We are examining every single process step, from the supply chain to the manufacturing, delivery and also operation of the vehicles with green electricity.

How do you see the VW brand's role changing to fit in within the group's new strategy?
In developing the Modular Electric Drive Toolkit (MEB), the brand has laid the groundwork for the group. The group's e-campaign got off to a successful start with the ID.3 and ID.4 – by 2022 the group will have built a total of 27 vehicles based on the MEB. Volkswagen will also take on lead functions for the group in the field of software. For example, the Volkswagen brand is spearheading the development of an efficient and fully networked ecosystem for the group. Going forward, we will regularly update our vehicle fleet throughout its life cycle "over the air". Customers will be able to add new functions on demand. The brand will also take the lead in the group by establishing a fully networked vehicle fleet with artificial intelligence as a neural network, in which vehicles can communicate with one another. This is the prerequisite for becoming the first manufacturer in the volume segment to make autonomous driving a tangible experience for millions of people before the end of this decade. Autonomous driving must not become the preserve of a select elite. Our brand has always aspired to democratise individual mobility and innovative technology. We aim to become a global market leader in e-mobility and make Volkswagen the most attractive brand for sustainable mobility.

What other trends, challenges or opportunities will the Volkswagen brand have to confront in the next few years?
In the future, Volkswagen will not only manufacture, but will also operate its own fleet of carbon-neutral, fully networked vehicles. In implementing "business model 2.0", we will attract new groups of customers and tap additional sources of income. Before the end of this year, customers who do not wish to purchase or lease their own vehicle will be able to take out a subscription or sign an online contract for vehicles. Starting mid-year, we will offer "over-the-air" updates every 12 weeks. This is something no other volume manufacturer can do. Updates will become the new normal – just like in cell phones and PCs. A big advantage for customers throughout the life cycle. Other approaches already exist, such as our WeShare car-sharing offering in Berlin, where 1,500 electric vehicles circulate, and which has successfully got off the ground in Hamburg, where 800 ID.3s will be on the roads. We plan to expand these offerings further.

Porsche.

Rank	Brand Value	
5	2021: **$34,326m** 2020: **$33,911m**	+1.2%

Rank	Brand Strength	
8	2021: **84.3** 2020: **82.7**	+1.7

Interview with Robert Ader on Porsche's Electric Transformation.

Robert Ader
CMO of Dr. Ing. h.c. F. Porsche AG

What have been the most important effects of COVID-19 on the Porsche brand and its business and what actions are you most proud that Porsche has made in response?
Despite COVID-19, we were able to deliver over 272,000 vehicles to our customers, which is only 3% below the previous year's figure. A great success for our team in a difficult environment and the result of systematic crisis management. At the same time, we stick with our target of investing €15 billion by 2025 in the development of our company. So even in the midst of COVID-19, we are staying on full throttle when it comes to future topics such as electric mobility and digitization.

However, these hard times have taught us even more how crucial it is to be customer-centric. Our customers are faced with a lot of uncertainty, in most regions worldwide they have to stay at home. It is important for us to show understanding and empathy and to do something to encourage them. This insight led to the #DreamsAreMadeAtHome campaign on our social media channels. We asked customers simply to take a photo of their dream car in a garage and send it to us. More than 30 brands including BMW, Volvo and, Mercedes-Benz came on board and encouraged their own community to get involved. Fun Fact: even Air Asia took part and showed their aeroplanes in the hangar.

The Taycan has just been launched and the partial purchase of Rimac shows direction of movement. How do you at Porsche see the brand and your models transforming as electric cars become more important?
The Taycan is the first fully electric sports car and a significant step in the further development of our brand. In 2025, around 50% of the cars we deliver will be powered electrically. By the end of the decade, it will be more than 80%. The majority of these being fully electric sports cars, the remainder sporty plug-in hybrids.

In 2020, we delivered a third of our cars electric in Europe, half of them fully electric – an increase of 60% compared to the previous year - our electrical strategy is on track. We have succeeded in transferring the typical Porsche sportiness to new electric models. We wanted to sell 20,000 Taycan in 2020 and we achieved this goal despite COVID-19. The feedback from customers and experts has been very positive.

SUVs have been a hugely important pillar of Porsche's brand value growth – the fastest growth of all luxury car brands in the last 5 years according to our study. Which model types do you think will drive growth in the next five years?
SUVs will continue to play an important role in our product portfolio in the future, as they are in high demand by customers. The fully electric Macan will therefore be the next major milestone in our electrification offensive. Overall, however, the number of units sold is not our highest priority. It is no secret that without COVID-19, we probably could have sold more than 300,000 cars in 2020. At the same time, we have set ourselves an upper market limit: Porsche always had a world market share of around 0.3% and we want to continue to orientate ourselves towards this threshold in the future. Regardless of the exact figure, Porsche stands for sports cars with two or four doors.

What other trends, challenges or opportunities will the Porsche brand have to confront in the next few years?
We think that it is crucial to develop our brand in all facets. That comprises the offer of more flexible ownership models such as Porsche Drive Subscription, a further investment in community building, and a continuous development of our customer touchpoints. In the last 12 months, we have not only trialled novel urban retail formats, such as Porsche Studios, but also ramped up online car sales across the globe. This continuous progress across all aspects of the brand is a decisive factor for the future success of our brand.

Ferrari.

Rank	Brand Value	
15	2021: **$9,243m** 2020: **$9,054m**	+2.1%

Rank	Brand Strength	
1	2021: **93.9** 2020: **94.1**	-0.2

Interview with Jane Reeve on Ferrari's Longstanding Position as the World's Strongest Auto Brand

Jane Reeve
Chief Communication Officer, Ferrari

Ferrari has been the strongest brand in our automobiles ranking for the last 7 years. What has been the secret to creating such an enduringly aspirational and desired brand?
Consistency and authenticity are two key factors which have continued to provide enduring strength for our brand. Within this framework our values, our unerring search for excellence, our sense of belonging with varied stakeholders at all levels, have remained vital elements of a brand able to be relevant and contemporary over time.

What have been the most important effects of COVID-19 on the Ferrari brand and its business and what actions are you most proud that Ferrari has made in response?
During Covid-19, Ferrari showed that even in the untrodden territory of a global pandemic, the brand's capacity to react, providing answers and solutions well beyond the average, remains a fundamental component of the brand's DNA. The early instigation and subsequent evolution of the Back on Track program providing a safe working environment for all of Ferrari's employees became an example to be followed in countries throughout the world. In addition, Ferrari's give back to the local community via client and direct funding confirmed its paramount and longstanding socially conscious role.

There is much speculation about Ferrari's new hybrid models and a movement by some luxury brands like Bentley to go fully electric. How do you see Ferrari positioning itself as demand increases for electric or semi-electric cars?
Ferrari intends most certainly to create its own unique and leading role within the evolving dynamics of the industry. Progress continues on electrification and the first hybrid (SF90 Stradale) is already part of the wider portfolio.

What other trends, challenges or opportunities will the Ferrari brand have to confront in the next few years?
Most certainly our carbon footprint is top of mind and will continue to be so over the coming years. The ever-increasing notion of personalisation is something which is already part of the close relationship we have with our clients and which is brought to reality through our Tailor Made programme. We see this as being an important ongoing trend.

Brand Research Analysis

Sector Reputation Analysis.

Benchmarking against the very best

Brand Finance's brand evaluations are designed to facilitate broader comparisons with brands across markets, and both within and across industries. This provides a more rounded assessment of brand strength, with benchmarking against the very best.

This perspective is particularly important as brand categories converge, with new technologies enabling disruption and brands seeking tactical entry into neighbouring categories. Brands with a strong reputation also have licensing opportunities in new sectors.

This year's global sector reputation rankings from our B2C research included a significantly larger number of product categories, with scores for over 2,500 brands.

Reputation on the up

Overall, reputation scores are slightly higher in 2021 across sectors covered both this year and last. In part, this reverses a small dip from 2020, but the impact of COVID-19 cannot be discounted. In a challenging year, consumers have relied upon and tested brands in different ways, and the best brands have stood up well to the challenge, keeping kitchens and wardrobes stocked, connections running, and essential services available.

Supermarkets, restaurants, and apparel shine

In many countries, being able to obtain basic groceries became a challenge for the first time in decades, as shopping was restricted and demand for online delivery slots surged. But by and large, supermarkets have responded well, and consumers have noted this. The average reputation score in the sector increased significantly year-on-year, and brands such as **Aldi**, **Lidl**, and **Migros** have improved already-strong reputations.

A similar dynamic has helped restaurants to a lesser degree, ensuring that brands in this sector maintain a positive reputation overall, despite reduced levels of in-store experiences. Apparel brands have also seemingly benefited from this dynamic, as the shift to online shopping accelerates.

Sectors Ranked by Reputation

1=	Cosmetics	7.6/10
1=	Food	7.6/10
3	Appliances	7.5/10
4=	Hotels	7.4/10
4=	Retail	7.4/10
6=	Apparel	7.3/10
6=	Beers	7.3/10
8=	Supermarkets	7.2/10
8=	Pharma	7.2/10
8=	Oil & Gas	7.2/10
8=	Restaurants	7.2/10
12=	Auto	7.1/10
12=	Logistics	7.1/10
12=	Tech	7.1/10
15	Real Estate	6.9/10
16	Airlines	6.8/10
17	Insurance	6.6/10
18	Utilities	6.5/10
19=	Telecoms	6.3/10
19=	Banking	6.3/10

FMCG brands have outstanding reputation

Major cosmetics and food brands have the highest reputations, on average, a reminder of the enduring value of a strong brand – some of the top performers are over a century old. The positive reputations of global giants such as **Johnson's**, **Dove**, **Danone**, and (in some markets) **Nestlé** have been nurtured and refreshed over long periods. Local favourites, such as **Bimbo** (Mexico) and **Amul** (India), show that they can match their global counterparts.

The slight cloud for the food sector is the more 'average' reputation that some of the big brands have in a number of developed markets, such as the UK. Here, supermarkets have perhaps squeezed the big food brands somewhat.

Tech admired, but not universally

The overall ranking of the tech sector fell slightly, and while the biggest brands such as **YouTube**, **Google**, and **Apple** continue to enjoy strong reputations, not all consumers are in love with these brands. **Amazon**, for example, ranks high in some markets (#1 in the sector in the USA, #3 in Spain), but polarises in some markets (e.g. Sweden, France). Similarly, the mixed reputation of brands such as **Facebook** shows no sign of significant improvement. Many consumers may support the increasing regulation of tech giants, and it might also be the case that there is room for an upstart challenger with the right innovation, a fresh approach and perhaps a clean slate.

Banks and telecoms struggle to improve their standing

Banking and telecoms brands rank lowest of all in many markets for reputation and trust, and last year saw little improvement, though banks did at least pull level with telecoms. As with other sectors, many brands have arguably served customers well in difficult times (with connectivity even more vital in the case of telecoms), but this has not helped erode distrust appreciably. Frustrated CMOs may feel that their brands continue to be taken for granted – unfortunately for them, 'business as usual' means treading water in terms of reputation. Across 2,500 brands, seven of the ten lowest-ranked for reputation are banks, the most prominent being **Deutsche Bank** in its home country.

Should Stellantis Retire the Fiat Brand in France?

Stellantis, the newly formed company following the merger of Groupe PSA and Fiat Chrysler Automobiles automakers, now has a portfolio of more than 14 brands to manage. Given the close positioning and nature of some of the brands in the portfolio we decided to use our data to take a hypothetical look at what might be the benefits of a portfolio rationalisation.

Our analysis for the scope of this piece focused on France and our research covered the following brands in Stellantis portfolio:

- Peugeot
- Citroen
- Opel
- Fiat
- Alfa Romeo
- Jeep

As a first step, we had a look at the level of familiarity and relevance (consideration among those familiar) which are high predictors of future sales and market share, as shown in our recent BrandBeta report. Naturally, the PSA brands with significant heritage in France perform much better than the FCA brands on both measures. At the same time, Fiat and Opel have similar levels of familiarity and relevance in the market, but Opel seems to have a slight edge.

As a second step, we looked at brand positioning in the market, another key driver behind relevance. If brands are positioned in a similar way in the minds of customers, there is likely to be significant overlap in terms of the customers interested in buying one or the other brand – reducing the efficiency of marketing and sales.

Opel and Fiat have Similar Level of Familiarity and Consideration

Once again, Fiat and Opel appear to be close peers with a very similar positioning, mainly concentrated around easiness and value for money.

Based on the above analysis we inferred that Opel and Fiat in France have:

+ Similar level of familiarity and relevance with Opel slightly beating Fiat
+ A very similar positioning in the market, so a high cross-over of potential customer segments

Improving familiarity and relevance amongst consumers is key to improving market share. Relevance is influenced by brand attributes to different degrees.

What we therefore decided to find was: what is driving relevance in the market? Analysing this, we found that one of the top dimensions in driving relevance in the mass market segment are what we could call “Customer Focus” attributes, those being:

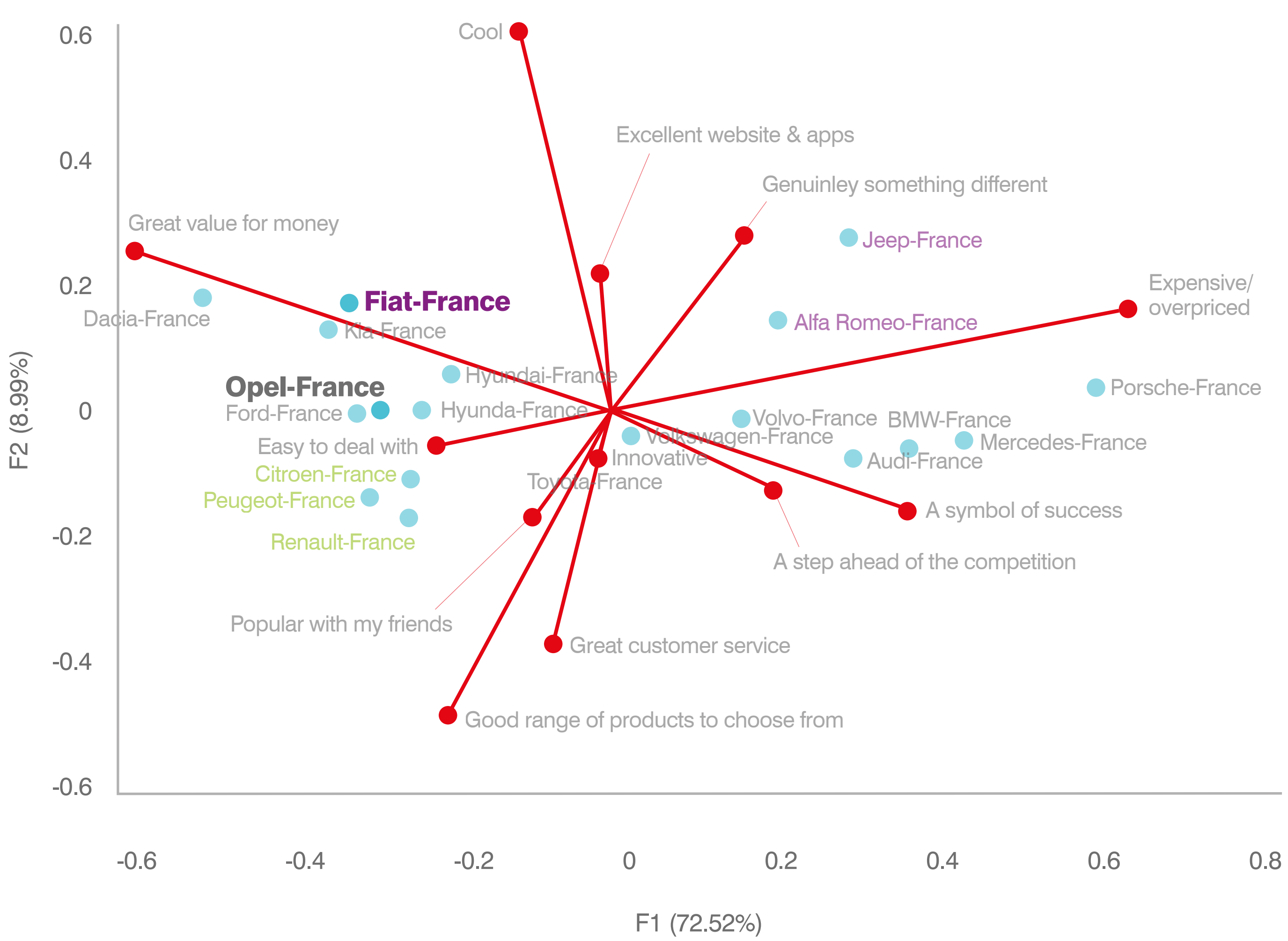
1. Great customer service

2. Good range of products

3. Popular with my friends

Big winners in this dimension are french origin brands such as Peugeot, Renault, and Citroen. Opel and Fiat are again closely positioned on this dimension,

Opel and Fiat also have similar positioning, strongly associated with Value for Money and easy to deal with



meaning people see those brands in a similar way on the same attributes shown.

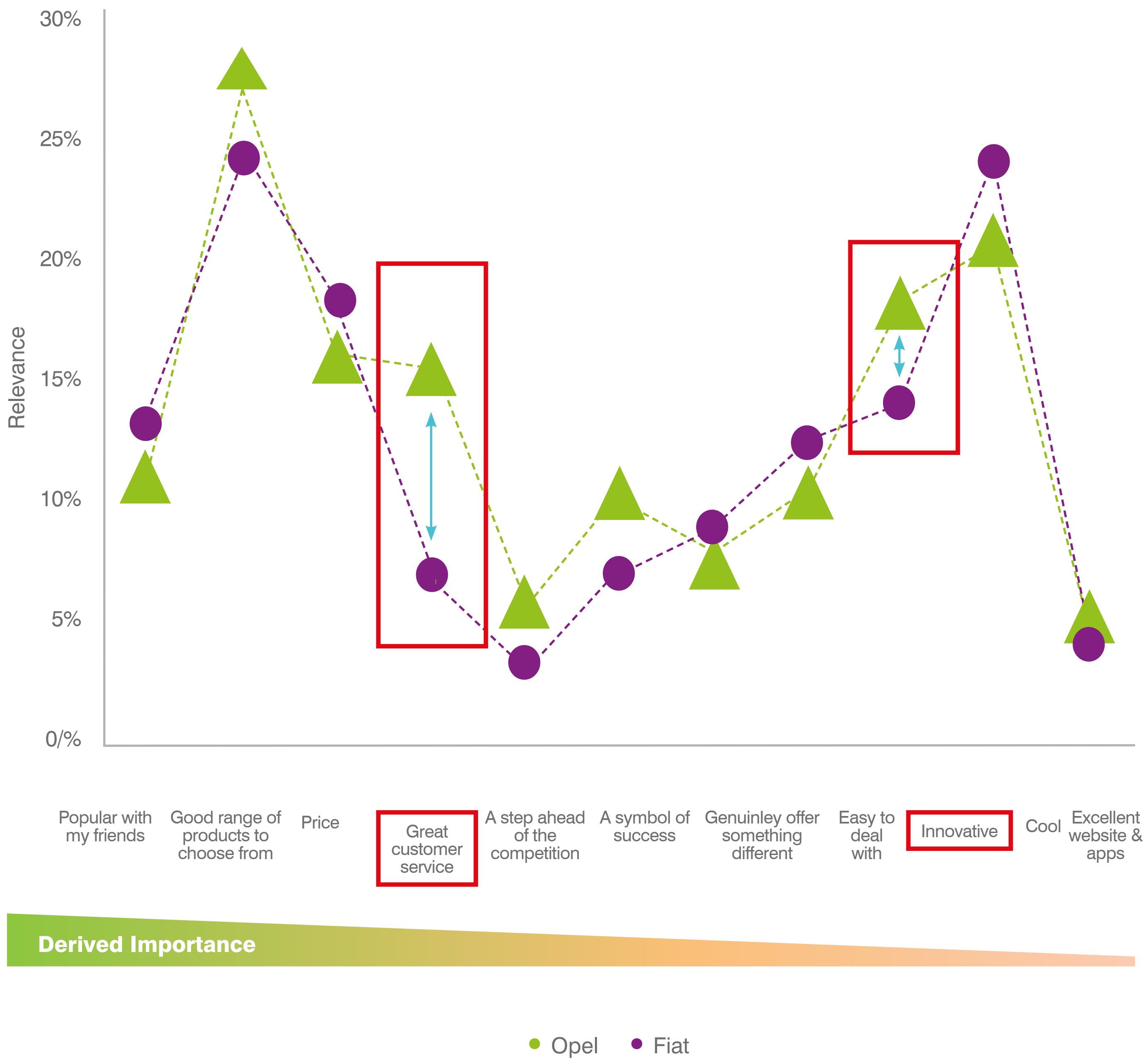
We had a look at how Opel and Fiat scored on each of the different image attributes researched to understand what the key strength and weaknesses for these brands in a 1 vs 1 situation were. While on most of the attributes the brands were aligned in consumer perceptions, on 2 metrics Opel scored better than Fiat: great customer service and perceived innovation. As showed in the graph above, great customer service was one of the key drivers of relevance.

Emotional drivers of choice in automotive and mobility are here to last. The rise of one-stop-shop mobility solutions, the shift from private to corporate car sales through multi-brands fleet management, the dealership consolidation or after-market challenges are questioning a 'masterbrand' vs a 'house of brand' portfolio strategy.

With the richness of its portfolio of brands targeted at passenger and professional, Stellantis can offer to its current and future customers, very distinctive emotional needs covering mainstream, premium, van, pick-up or luxury. While purchasing and manufacturing synergies will be delivered in the next 3 years, the depth of Stellantis portfolio is a strong asset to create an ecosystem balancing the american, italian, french german and english, cultures and lifestyle of automotive that each brands hold. Cost optimization, maximization of integration strategies will

Great Customer Service/Good Range of Products/Popular with my Friends

Fiat vs Opel - Image Attributes Comparison



be at the edge of performance if value-based brand management sticks to today's and tomorrow's local customer expectations.

In summary, while other strategic considerations would need to be taken into account in order to proceed with an investment or a portfolio rationalization, we believe there are compelling reasons exposed by our data to suggest there are benefits from a rationalisation.

This analytical approach to brand portfolio management and investment optimisation is of clear use for companies trying to reach a higher marketing efficiency and obtaining sensible synergies which ultimately, is what mergers are all about.

Brand Finance Auto 100 (USD m).

Top 100 most valuable auto brands 1-50

2021 Rank	2020 Rank		Brand	Country	2021 Brand Value	Brand Value Change	2020 Brand Value	2021 Brand Rating	2020 Brand Rating
1	2	↑	Toyota	Japan	$59,479	+2.4%	$58,076	AAA	AAA
2	1	↓	Mercedes-Benz	Germany	$58,225	-10.5%	$65,041	AAA-	AAA-
3	3	←	Volkswagen	Germany	$47,020	+4.7%	$44,897	AAA-	AA+
4	4	←	BMW	Germany	$40,447	-0.1%	$40,483	AAA-	AAA-
5	5	←	Porsche	Germany	$34,326	+1.2%	$33,911	AAA-	AAA-
6	12	↑	Tesla	United States	$31,986	+157.6%	$12,416	AA+	AA
7	6	↓	Honda	Japan	$31,366	-5.2%	$33,102	AAA	AAA-
8	7	↓	Ford	United States	$22,676	+22.5%	$18,515	AA+	AA+
9	10	↑	Volvo	Sweden	$17,750	+4.9%	$16,914	AA+	AA
10	9	↓	Audi	Germany	$17,187	+1.3%	$16,973	AAA-	AAA-
11	8	↓	Nissan	Japan	🔒	🔒	🔒	🔒	🔒
12	11	↓	Chevrolet	United States	🔒	🔒	🔒	🔒	🔒
13	13	←	Hyundai	South Korea	🔒	🔒	🔒	🔒	🔒
14	14	←	Renault	France	🔒	🔒	🔒	🔒	🔒
15	16	↑	Ferrari	Italy	🔒	🔒	🔒	🔒	🔒
16	15	↓	Lexus	Japan	🔒	🔒	🔒	🔒	🔒
17	17	←	Subaru	Japan	🔒	🔒	🔒	🔒	🔒
18	18	←	Land Rover	United Kingdom	🔒	🔒	🔒	🔒	🔒
19	24	↑	Jeep	United States	🔒	🔒	🔒	🔒	🔒
20	22	↑	Kia	South Korea	🔒	🔒	🔒	🔒	🔒
21	20	↓	Geely	China	🔒	🔒	🔒	🔒	🔒
22	21	↓	BUICK	United States	🔒	🔒	🔒	🔒	🔒
23	23	←	Cadillac	United States	🔒	🔒	🔒	🔒	🔒
24	26	↑	Mahindra	India	🔒	🔒	🔒	🔒	🔒
25	27	↑	Haval	China	🔒	🔒	🔒	🔒	🔒
26	19	↓	Suzuki	Japan	🔒	🔒	🔒	🔒	🔒
27	32	↑	Skoda	Czech Republic	🔒	🔒	🔒	🔒	🔒
28	25	↓	Peugeot	France	🔒	🔒	🔒	🔒	🔒
29	28	↓	Mazda	Japan	🔒	🔒	🔒	🔒	🔒
30	30	←	BYD	China	🔒	🔒	🔒	🔒	🔒
31	29	↓	Polaris	United States	🔒	🔒	🔒	🔒	🔒
32	34	↑	Maruti Suzuki	India	🔒	🔒	🔒	🔒	🔒
33	35	↑	Scania	Sweden	🔒	🔒	🔒	🔒	🔒
34	39	↑	GMC	United States	🔒	🔒	🔒	🔒	🔒
35	38	↑	Daihatsu	Japan	🔒	🔒	🔒	🔒	🔒
36	41	↑	MAN	Germany	🔒	🔒	🔒	🔒	🔒
37	31	↓	Isuzu	Japan	🔒	🔒	🔒	🔒	🔒
38	51	↑	RAM Trucks	United States	🔒	🔒	🔒	🔒	🔒
39	33	↓	MINI	United Kingdom	🔒	🔒	🔒	🔒	🔒
40	36	↓	Jaguar	United Kingdom	🔒	🔒	🔒	🔒	🔒
41	44	↑	McLaren	United Kingdom	🔒	🔒	🔒	🔒	🔒
42	42	←	Hino	Japan	🔒	🔒	🔒	🔒	🔒
43	43	←	Fiat	Italy	🔒	🔒	🔒	🔒	🔒
44	53	↑	Bentley	United Kingdom	🔒	🔒	🔒	🔒	🔒
45	46	↑	Lamborghini	Italy	🔒	🔒	🔒	🔒	🔒
46	52	↑	Citroën	France	🔒	🔒	🔒	🔒	🔒
47	47	←	Rolls- Royce	United Kingdom	🔒	🔒	🔒	🔒	🔒
48	66	↑	Lincoln	United States	🔒	🔒	🔒	🔒	🔒
49	50	↑	Bajaj Auto	India	🔒	🔒	🔒	🔒	🔒
50	61	↑	Acura	Japan	🔒	🔒	🔒	🔒	🔒

Top 100 most valuable auto brands 51-100

2021 Rank	2020 Rank		Brand	Country	2021 Brand Value	Brand Value Change	2020 Brand Value	2021 Brand Rating	2020 Brand Rating
51	49	↓	Harley-Davidson	United States	🔒	🔒	🔒	🔒	🔒
52	45	↓	Yamaha	Japan	🔒	🔒	🔒	🔒	🔒
53	56	↑	Hero	India	🔒	🔒	🔒	🔒	🔒
54	54	←	Iveco	Italy	🔒	🔒	🔒	🔒	🔒
55	48	↓	Opel	Germany	🔒	🔒	🔒	🔒	🔒
56	64	↑	NIO	China	🔒	🔒	🔒	🔒	🔒
57	59	↑	JAC Motors	China	🔒	🔒	🔒	🔒	🔒
58	63	↑	Seat	Spain	🔒	🔒	🔒	🔒	🔒
59	65	↑	Dodge	United States	🔒	🔒	🔒	🔒	🔒
60	55	↓	Aston Martin	United Kingdom	🔒	🔒	🔒	🔒	🔒
61	60	↓	Roewe	China	🔒	🔒	🔒	🔒	🔒
62	58	↓	Dacia	Romania	🔒	🔒	🔒	🔒	🔒
63	73	↑	Great Wall	China	🔒	🔒	🔒	🔒	🔒
64	62	↓	Foton	China	🔒	🔒	🔒	🔒	🔒
65	69	↑	Kenworth	United States	🔒	🔒	🔒	🔒	🔒
66	40	↓	Tata Motors	United Kingdom	🔒	🔒	🔒	🔒	🔒
67	57	↓	Maserati	Italy	🔒	🔒	🔒	🔒	🔒
68	71	↑	Sinotruk	China	🔒	🔒	🔒	🔒	🔒
69	74	↑	Baojun	China	🔒	🔒	🔒	🔒	🔒
70	72	↑	Changan	China	🔒	🔒	🔒	🔒	🔒
71	77	↑	Peterbilt	United States	🔒	🔒	🔒	🔒	🔒
72	68	↓	Song	China	🔒	🔒	🔒	🔒	🔒
73	67	↓	Dongfeng	China	🔒	🔒	🔒	🔒	🔒
74	85	↑	KTM	Austria	🔒	🔒	🔒	🔒	🔒
75	75	←	Yutong	China	🔒	🔒	🔒	🔒	🔒
76	84	↑	GAC	China	🔒	🔒	🔒	🔒	🔒
77	83	↑	Vauxhall	United Kingdom	🔒	🔒	🔒	🔒	🔒
78	79	↑	Oshkosh	United States	🔒	🔒	🔒	🔒	🔒
79	70	↓	Infiniti	Japan	🔒	🔒	🔒	🔒	🔒
80	81	↑	DAF	Netherlands	🔒	🔒	🔒	🔒	🔒
81	89	↑	MG	China	🔒	🔒	🔒	🔒	🔒
82	82	←	TVS	India	🔒	🔒	🔒	🔒	🔒
83	76	↓	Wuling	China	🔒	🔒	🔒	🔒	🔒
84	88	↑	Mack	United States	🔒	🔒	🔒	🔒	🔒
85	91	↑	Sokon	China	🔒	🔒	🔒	🔒	🔒
86	92	↑	Lada	Russia	🔒	🔒	🔒	🔒	🔒
87	87	←	Royal Enfield	India	🔒	🔒	🔒	🔒	🔒
88	96	↑	Paccar	United States	🔒	🔒	🔒	🔒	🔒
89	78	↓	Ashok Leyland	India	🔒	🔒	🔒	🔒	🔒
90	80	↓	Chrysler	United States	🔒	🔒	🔒	🔒	🔒
91	94	↑	Piaggio	Italy	🔒	🔒	🔒	🔒	🔒
92	93	↑	WEY	China	🔒	🔒	🔒	🔒	🔒
93	90	↓	Yulon	China	🔒	🔒	🔒	🔒	🔒
94	95	↑	UD Trucks	Japan	🔒	🔒	🔒	🔒	🔒
95	97	↑	FAW	China	🔒	🔒	🔒	🔒	🔒
96	100	↑	Smart	Germany	🔒	🔒	🔒	🔒	🔒
97	-	New	Beijing	China	🔒	🔒	🔒	🔒	🔒
98	99	↑	New Flyer	Canada	🔒	🔒	🔒	🔒	🔒
99	98	↓	Tofaş	Turkey	🔒	🔒	🔒	🔒	🔒
100	-	New	Tang	China	🔒	🔒	🔒	🔒	🔒

Auto Components, Tyres & Car Rental Services

Brand Finance Auto Components 20.

With car sales slowing as a result of lockdowns, it comes as no surprise that car manufacturers require fewer inputs, leading to an overall reduction in the sales of auto components. Thus, brand values have been damaged this year, with over half of the brands in the ranking losing value.

Denso has retained its spot as the sector's most valuable brand, despite a 9% fall in brand value to US$3.8 billion. The Japanese manufacturer took a pro-active approach to the pandemic, with a focus on local-level measures to contain the disease and protect the community, including through offering large scale donations of both financial aid and medical equipment, and partnering with Global Mobility Service to produce rapid response COVID-19 testing capabilities.

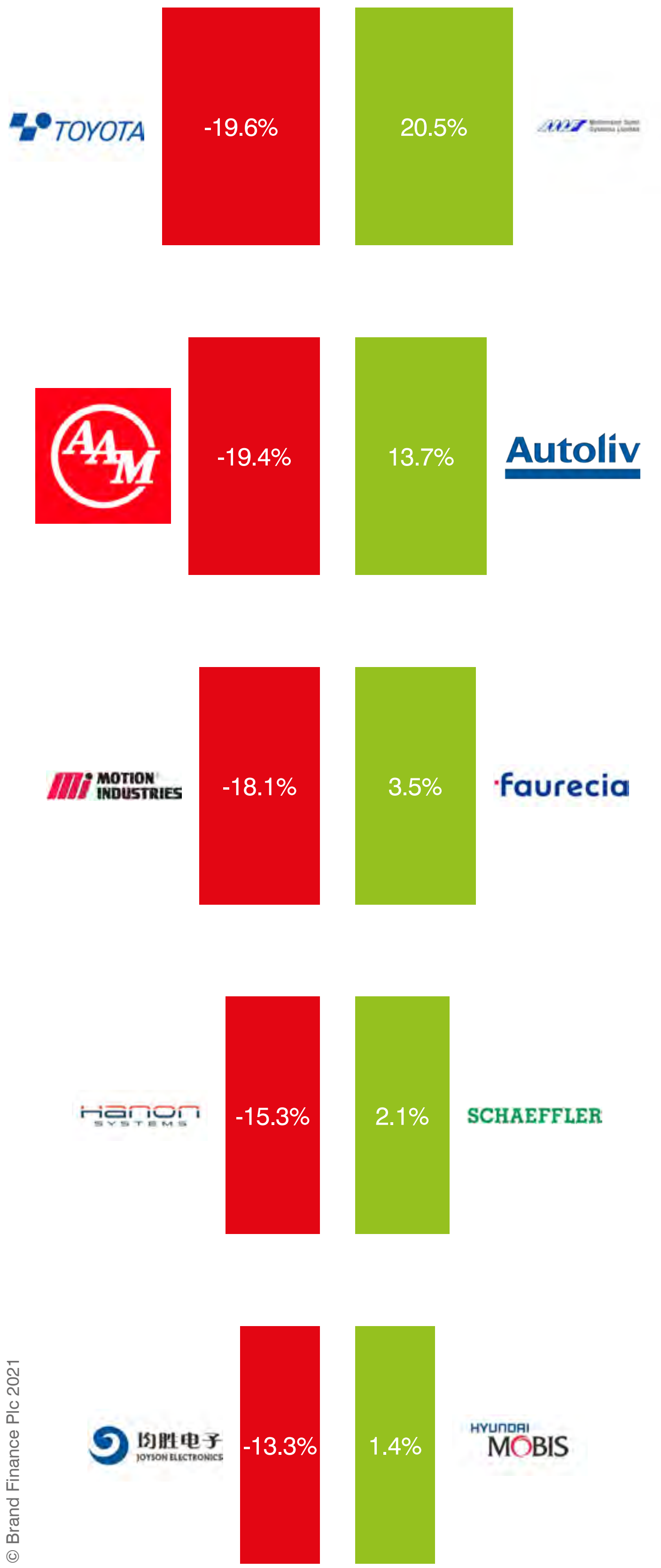
The highest-ranking new entrant is **Sumitomo Electric Industries**, claiming 4th place, with a brand value of US$2.3 billion. The brand has been reaping the rewards of its 2019 expansion of its cutting tool business into the aircraft field and has been widening its footprint across the sector through participating in aircraft consortiums and other aircraft R&D projects.

NAPA is the strongest auto components brand in the ranking, with a BSI score of 66.7 out of 100. The brand is approaching its centenary and has been a stalwart of the North American auto industry since its founding in 1925 and has continued its expansion into the European market, which began with its parent company GCP's acquisition of the Alliance Automotive Group in 2017.

Despite a decline in the sale of auto components and the consequent brand value losses across the industry, the damage wrought by COVID-19 is less severe than that faced by many other auto sectors. Of particular promise is the entry of newcomer Sumitomo Electric Industries, whose innovation and expansion has seen it join the ranking in 4th place despite the challenging external circumstances.

Alex Haigh
Valuation Director, Brand Finance

Brand Value Change 2020-2021 (%)



Top 10 Most Valuable Brands

Brand	Rank 2021	Rank 2020	2021	2020	Change
DENSO	1	1	$3,773m	$4,155m	-9.2%
HYUNDAI MOBIS	2	2	$3,296m	$3,249m	+1.4%
MAGNA	3	3	$2,426m	$2,639m	-8.1%
SUMITOMO ELECTRIC	4	–	$2,307m	–	NEW
Valeo	5	5	$2,050m	$2,056m	-0.2%
TOYOTA	6	4	$1,807m	$2,248m	-19.6%
faurecia	7	6	$1,391m	$1,343m	+3.5%
SCHAEFFLER	8	7	$1,264m	$1,238m	+2.1%
MARELLI	9	9	$1,095m	$1,090m	+0.5%
APTIV	10	8	$1,070m	$1,175m	-8.9%

© Brand Finance Plc 2021

Top 5 Strongest Brands

			2021	2020	
NAPA	1	← 2	66.7 AA-	64.3 A+	+2.4
Valeo	2	↑ 1	64.7 AA-	64.4 A+	+0.3
Magna	3	↑ 6	63.4 A+	62.4 A+	+1.0
Hyundai Mobis	4	← 4	63.3 A+	63.3 A+	0.0
Denso	5	← 5	62.7 A+	62.6 A+	+0.1

Brand Value by Country

	Country	Brand Value (USD bn)	% of total	Number of Brands
●	Japan	7.9	25.8%	3
●	South Korea	3.7	12.1%	2
●	France	3.4	11.3%	2
●	Canada	2.4	7.9%	1
●	Germany	1.8	6.0%	2
●	United States	1.7	5.7%	4
●	Other	4.5	14.8%	6
	Total	**25.6**	**100.0%**	**20**

Brand Finance Auto Components 20 (USD m).

Top 20 most valuable auto components brands

2021 Rank	2020 Rank		Brand	Country	2021 Brand Value	Brand Value Change	2020 Brand Value	2021 Brand Rating	2020 Brand Rating
1	1	←	Denso	Japan	$3,773	-9.2%	$4,155	A+	A+
2	2	←	HYUNDAI MOBIS	South Korea	$3,296	+1.4%	$3,249	A+	A+
3	3	←	Magna	Canada	$2,426	-8.1%	$2,639	A+	A+
4	-	New	Sumitomo Electric Industries	Japan	$2,307	-		A	-
5	5	←	Valeo	France	$2,050	-0.2%	$2,056	AA-	A+
6	4	↓	Toyota Industries	Japan	$1,807	-19.6%	$2,248	A	A
7	6	↓	Faurecia	France	$1,391	+3.5%	$1,343	A	A
8	7	↓	Schaeffler	Germany	$1,264	+2.1%	$1,238	A+	A
9	9	←	Marelli	Italy	$1,095	+0.5%	$1,090	A	A
10	8	↓	Aptiv	United Kingdom	$1,070	-8.9%	$1,175	A	A+
11	13	↑	Autoliv	Sweden	🔒	🔒	🔒	🔒	🔒
12	10	↓	Joyson Electronic	China	🔒	🔒	🔒	🔒	🔒
13	11	↓	NAPA	United States	🔒	🔒	🔒	🔒	🔒
14	14	←	Hella	Germany	🔒	🔒	🔒	🔒	🔒
15	12	↓	Gestamp	Spain	🔒	🔒	🔒	🔒	🔒
16	15	↓	Hanon Systems	South Korea	🔒	🔒	🔒	🔒	🔒
17	-	New	Motherson Sumi	India	🔒	🔒	🔒	🔒	🔒
18	16	↓	Motion Industries	United States	🔒	🔒	🔒	🔒	🔒
19	18	↓	Allison Transmission	United States	🔒	🔒	🔒	🔒	🔒
20	17	↓	American Axle & Mfg	United States	🔒	🔒	🔒	🔒	🔒

Brand Finance Tyres 10.

The tyres sector has taken a hit over the last year and all brands in the Brand Finance Tyres 10 ranking have lost brand value. Owing to the lack of travel due to lockdowns, car sales are declining, which means tyre brands are selling less units, resulting in a drop in market equity across the industry. Furthermore, since the economy has been riskier in general over the past year, investor risk has increased, triggering a rise in the cost of capital.

Despite the sector woes, **Michelin** has maintained the title of the world's most valuable and strongest tyres brand, with a brand value of US$6.8 billion and a BSI score of 84.8 out of 100.

While the sector may be struggling in the wake of the pandemic, Michelin still managed to push ahead with its innovation strategy, designing its first ever eco-tyre, the MICHELIN e.PRIMACY. Delivering high performance while reducing environmental impact, the MICHELIN e.PRIMACY is rated A for energy efficiency and B for wet grip. With fewer than 1% of tyres delivering a winning combination of A-rated rolling resistance and A or B-rated grip, this makes the MICHELIN e.PRIMACY one of the best tyres currently available on the market.

As with many industries globally, the tyre industry is not immune from the environmental spotlight and is a culprit within the climate crisis – from high levels of emissions in production to causing plastic pollution in the ocean. Michelin has committed to making its tyres 100% sustainable by 2050 as it continues to strive towards becoming the leader in sustainable mobility. The brand has entered strategic partnerships and collaborations to ensure this ambitious target is met and to realise its "All-Sustainable" vision. This drive is being mirrored by competitor Bridgestone establishing its Milestone 2030 last year, a new set of medium-term environmental targets.

In terms of brand value, **Bridgestone** is still only marginally behind Michelin, with a brand value of US$6.8 billion. Bridgestone posted a net loss last year for the first time in 69 years, with the pandemic denting sales in all its major markets.

Top 5 Strongest Brands

Rank	Brand	2020 rank	2021	2020	Change
1	Michelin	← 1	84.8 AAA	86.2 AAA	-1.4
2	Bridgestone	← 2	79.5 AA+	77.3 AA+	+2.2
3	Pirelli	← 3	75.9 AA+	76.8 AA+	-0.9
4	Goodyear	↑ 5	74.2 AA	74.7 AA+	-0.5
5	Continental	↓ 4	72.7 AA	74.8 AA+	-2.1

Bridgestone and Michelin are the world's two leading tyre manufacturers both with extensive experience on the track.

They have proven their merit on racetracks around the world, but it's their consumer car tyres that people are most curious about.

Michelin is an elite tyre maker with an emphasis on creativity and technology, and you can bet that its 'normal' tyres contain some of that racing experience.

Bridgestone places greater emphasis on the 'everyday' driver, so although its tyre line isn't especially extensive, Bridgestone obviously understands its customers and what they want from their automobile tyres.

Alex Haigh
Valuation Director, Brand Finance

Top 10 Most Valuable Brands

Rank	Brand	2020 rank	2021	2020	Change
1	Michelin	← 1	$6,848m	$7,161m	-4.4%
2	Bridgestone	← 2	$6,805m	$7,024m	-3.1%
3	Continental	← 3	$3,163m	$3,320m	-4.7%
4	Dunlop	← 4	$1,837m	$2,126m	-13.6%
5	Goodyear	← 5	$1,734m	$2,083m	-16.8%
6	Pirelli	← 6	$1,238m	$1,480m	-16.3%
7	Hankook	← 7	$1,103m	$1,319m	-16.4%
8	Yokohama	← 8	$757m	$873m	-13.3%
9	Sumitomo Rubber Industries	↑ 10	$743m	$757m	-1.8%
10	Linglong Tire	↓ 9	$703m	$760m	-7.6%

Brand Finance Car Rental Services 10.

Car rental brands have seen a steep decline in brand value, as less travel means fewer people require transport solutions. The sector has been acutely hit by COVID-19's impact on the travel industry, as well as the stay-at-home orders, and the move to remote working repressing the demand for vehicle hire to almost nothing. On average, the top 10 have lost 17% of their brand value this year.

Enterprise has retained its position as the most valuable and strongest car rentals brand. Despite recording a 9% brand value loss to US$6.7 billion, the brand has fared better than its competitors. The brand has benefitted from an uptick in longer-term rentals and from domestic holidaymakers, particularly in the US in the summer of 2020.

Second placed Hertz (down 25% to US$2.0 billion) has suffered a catastrophic year, filing for bankruptcy in May 2020, citing the loss of all business due to the pandemic as the reason. The 102-year-old car rental firm had spent years prior to the pandemic investing in upgrading its business and therefore simply did not have the financial cushion that its fellow competitors had when crisis hit.

The pandemic and its implications for domestic and international travel have undeniably had an enormous impact on the car rental industry. This is evident in the loss of brand value for every brand in the top 10, with Sixt faring the worst with a 35% drop. Alongside Hertz filing for bankruptcy last year following over 100 years in operation, it is evident that no brand is safe from the perils of the pandemic. Should Hertz survive – relying heavily on a pickup in global business travel – the operations of the brand could transform, and we may see the traditional brands rise up to the competition of ride-sharing rivals including Uber and Lyft.

Alex Haigh
Valuation Director, Brand Finance

Top 10 Most Valuable Brands

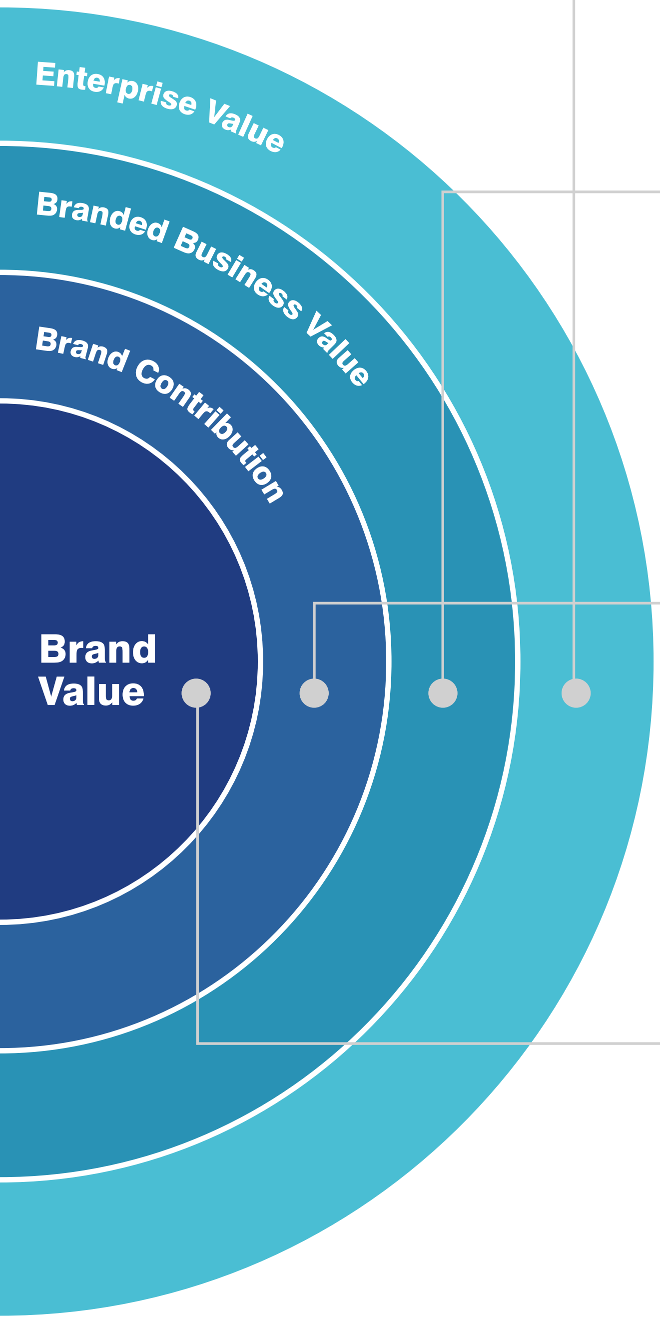
Brand	Rank	Previous rank	2021	2020	Change
Enterprise rent-a-car	1	← 1	$6,692m	$7,381m	-9.3%
Hertz	2	← 2	$1,959m	$2,608m	-24.9%
AVIS	3	← 3	$1,518m	$1,593m	-4.7%
Budget	4	↑ 5	$923m	$976m	-5.5%
Europcar	5	↓ 4	$791m	$1,003m	-21.2%
National	6	↑ 7	$758m	$812m	-6.7%
Alamo	7	↑ 9	$646m	$747m	-13.4%
Sixt	8	↓ 6	$625m	$958m	-34.8%
MOTUS Powering Progress	9	↓ 8	$575m	$798m	-28.0%
CAR 神州租车	10	← 10	$441m	$592m	-25.5%

Top 5 Strongest Brands

Brand	Rank	Previous rank	2021	2020	Change
Enterprise rent-a-car	1	← 1	77.2 AA+	78.1 AA+	-0.9
AVIS	2	↑ 4	67.0 AA-	68.0 AA-	-1.0
Hertz	3	↓ 2	66.9 AA-	69.7 AA	-2.8
Budget	4	↓ 3	65.1 AA-	68.5 AA-	-3.4
Alamo	5	↑ 6	60.2 A+	60.8 A+	-0.6

Methodology.

Definitions.



Brand Value

[Tata Motors]

+ 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'.

[Land Rover]

+ 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.

[Land Rover]

+ 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.

[Land Rover]

+ 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 Valuation Methodology.

Definition of Brand

Brand is defined 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 Value

Brand value refers to the present value of earnings specifically related to brand reputation. Organisations own and control these earnings by owning trademark rights.

All brand valuation methodologies are essentially trying to identify this, although the approach and assumptions differ. As a result published brand values can be different.

These differences are similar to the way equity analysts provide business valuations that are different to one another. The only way you find out the "real" value is by looking at what people really pay.

As a result, Brand Finance always incorporates a review of what users of brands actually pay for the use of brands in the form of brand royalty agreements, which are found in more or less every sector in the world.

This is sometimes known as the "Royalty Relief" methodology and is by far the most widely used approach for brand valuations since it is grounded in reality.

It is the basis for a public rankings but we always augment it with a real understanding of people's perceptions and their effects on demand – from our database of market research on over 3000 brands in over 30 markets.

Disclaimer

1 Brand Impact

We review what brands already pay in royalty agreements. This is augmented by an analysis of how brands impact profitability in the sector versus generic brands.

This results in a range of possible royalties that could be charged in the sector for brands (for example a range of 0% to 2% of revenue)

2 Brand Strength

We adjust the rate higher or lower for brands by analysing Brand Strength. We analyse brand strength by looking at three core pillars: "Inputs" which are activities supporting the future strength of the brand; "Equity" which are real current perceptions sourced from our market research and other data partners; "Output" which are brand-related performance measures such as market share.

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 Brand Rating up to AAA+ in a format similar to a credit rating.

3 Brand Impact × Brand Strength

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 Forecast Brand Value Calculation

We determine brand-specific revenues as a proportion of parent company revenues attributable to the brand in question and forecast those revenues by analysing historic revenues, equity analyst forecasts, and economic growth rates.

We then apply the royalty rate to the forecast revenues to derive brand revenues and apply the relevant valuation assumptions to arrive at a discounted, post-tax present value which equals the brand value.

Brand Strength.

Brand Strength

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

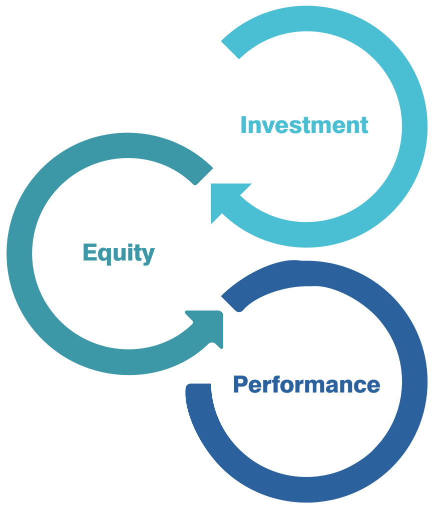
In order to determine the strength of a brand, we look at Marketing Investment, Stakeholder Equity, and the impact of those on Business Performance.

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 Equity Research Database.

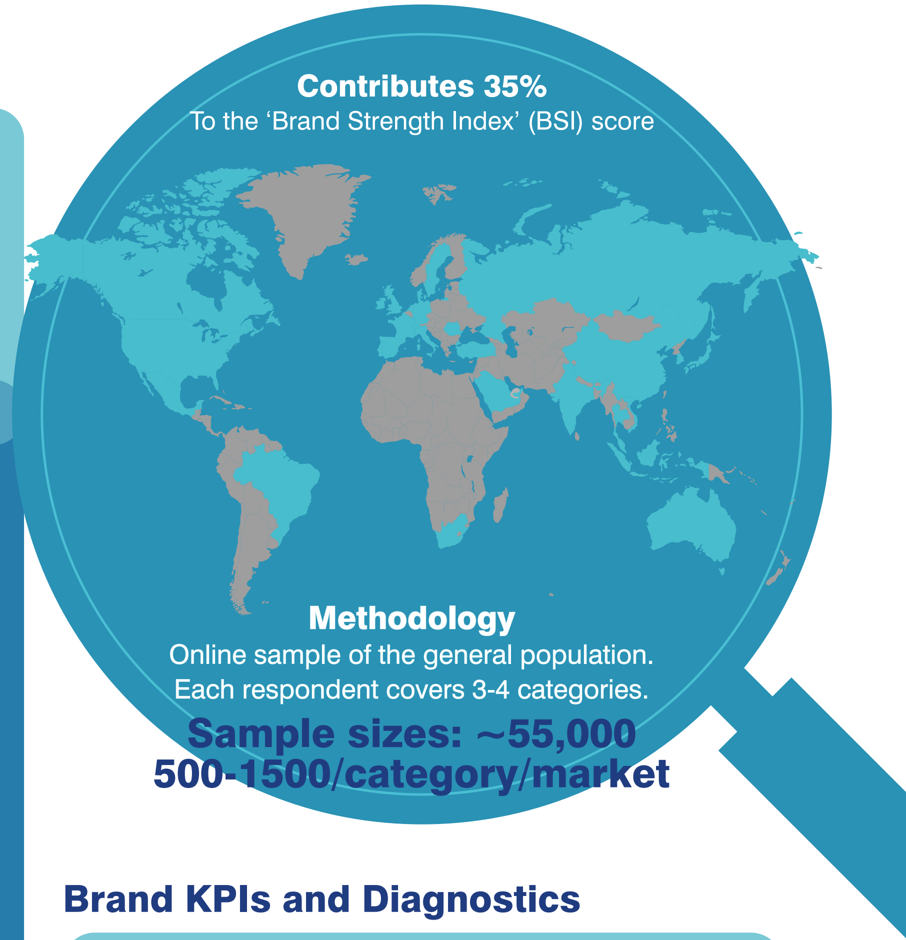
Original market research in 29 countries and across more than 20 sectors

Sector Coverage & Classification 2021

Tier 1 sectors cover all measures, Tier 2 KPIs only

Tier	Sector
Tier 1	Banking
Tier 1	Insurance
Tier 1	Telecoms
Tier 1	Utilities
T1&T2†	Automotive
Tier 2	Airlines
Tier 2	Apparel
Tier 2	Appliances
Tier 2	Beers
Tier 2	Cosmetics
Tier 2	Food
Tier 2	Hotels
Tier 2	Logistics
Tier 2	Luxury Automobiles
Tier 2	Media
Tier 2	Oil & Gas
Tier 2	Pharma
Tier 2	Real Estate
Tier 2	Restaurants
Tier 2	Retail
Tier 2	Spirits
Tier 2	Supermarkets
Tier 2	Tech

Not all categories are covered in every country
† Brand KPIs and diagnostics differ per sector depending on research tier allocation



Brand KPIs and Diagnostics

1. Brand Funnel

Awareness Have you heard of you

Familiarity Know something about you

Consideration Would consider buying/using you

2. Brand Usage*

3. Quality*

4. Reputation

5. Closeness*

6. Recommendation (NPS)*

7. Word of mouth

8. Brand Imagery*

*Tier 1 categories only

Our Services.

Consulting Services.

Make branding decisions using hard data

Brand Research
What gets measured

Brand evaluations are essential for understanding the strength of your brand against your competitors. Brand Strength is a key indicator of future brand value growth whether identifying the drivers of value or avoiding the areas of weakness, measuring your brand is the only way to manage it effectively.

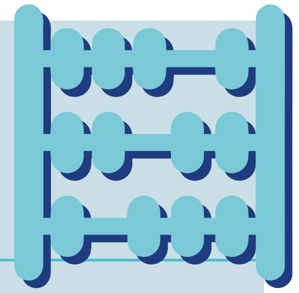
+ Brand Audits
+ Primary Research
+ Syndicated Studies
+ Brand Scorecards
+ Brand Drivers & Conjoint Analysis
+ Soft Power

+ Are we building our brands' strength effectively?
+ How do I track and develop my brand equity?
+ How strong are my competitors' brands?
+ Are there any holes in my existing brand tracker?
+ What do different stakeholders think of my brand?

Brand Valuation
Make your brand's business case

Brand valuations are used for a variety of purposes, including tax, finance, and marketing. Being the interpreter between the language of marketers and finance teams they provide structure for both to work together to maximise returns.

+ Brand Impact Analysis
+ Tax & Transfer Pricing
+ Litigation Support
+ M&A Due Diligence
+ Fair Value Exercises
+ Investor Reporting

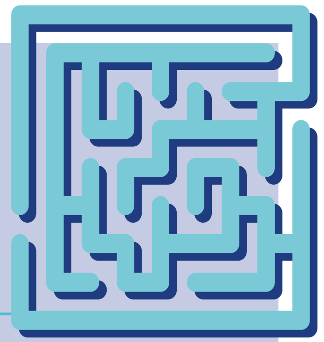


+ How much is my brand worth?
+ How much should I invest in marketing?
+ How much damage does brand misuse cause?
+ Am I tax compliant with the latest transfer pricing?
+ How do I unlock value in a brand acquisition?

Brand Strategy
Make branding decisions with your eyes wide open

Once you understand the value of your brand, you can use it as tool to understand the business impacts of strategic branding decisions in terms of real financial returns.

+ Brand Positioning
+ Brand Architecture
+ Franchising & Licensing
+ Brand Transition
+ Marketing Mix Modelling
+ Sponsorship Strategy



+ Which brand positioning do customers value most?
+ What are our best brand extension opportunities in other categories and markets?
+ Am I licensing my brand effectively?
+ Have I fully optimised my brand portfolio? Am I carrying dead weight?
+ Should I transfer my brand immediately?
+ Is a Masterbrand strategy the right choice for my business?

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.

2021 Brand Finance® Awards
TOP 100 AUTO BRAND

2021 Brand Finance® Awards
MOST VALUABLE AUTO BRAND

2021 Brand Finance® Awards
STRONGEST AUTO 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®

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, to deliver strategic campaigns and helping us to establish and sustain strong client relationships.

We also have a specific focus on geographic branding, including supporting nation brands and brands with a geographical indication (GI).

Brand Dialogue is a member of the Brand Finance plc group of companies

Research, Strategy & Measurement
- Brand & Communications Strategy
- Campaign Planning
- Communications Workshops
- Market Research & Insights
- Coverage Analysis
- Social Media Analytics

Public Relations & Communications
- Media Relations
- Press Trips & Events
- Strategic Partnerships
- Relationship Management
- Influencer Outreach
- Media Training
- Social Media Management

Marketing & Events
- Promotional Events
- Conference Management
- Sponsorship Management
- Native Advertising
- Print Advertising
- Shopper Marketing
- Trade Marketing

Content Creation
- Bespoke Publications
- Press Releases
- Blog Posts & Newsletters
- Marketing Collateral Design
- Photography & Videography
- Social Media Content

Strategic Communications
- Crisis Communications
- Brand Positioning & Reputation
- Geographic Branding
- Corporate Social Responsibility (CSR)

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

Brand Finance®
Institute

Brand Finance Institute

Learn how to build, protect and measure brand value

The Brand Finance Institute is the educational division of Brand Finance, offering expert training on brand evaluation, management and strategy.

Our in-house training and workshops, online learning offer and webinars will help you answer key strategic questions about your brand for different levels of seniority and development needs:

- How can I grow brand value?
- How can I build a business case to show the return on my marketing investment?
- How can I set up my marketing budget using brand research and analytics?

For more information, contact enquiries@brandfinance.com

Brand Finance Institute is a member of the Brand Finance plc group of companies

Brand Finance Network.

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

Market	Contact	Email	Telephone
Africa	Jeremy Sampson	j.sampson@brandfinance.com	+27 82 885 7300
Asia Pacific	Samir Dixit	s.dixit@brandfinance.com	+65 906 98 651
Australia	Mark Crowe	m.crowe@brandfinance.com	+61 280 765 791
Brazil	Eduardo Chaves	e.chaves@brandfinance.com	+55 16 9 9161 7075
Canada	Charles Scarlett-Smith	c.scarlett-smith@brandfinance.com	+1 514 991 5101
China	Scott Chen	s.chen@brandfinance.com	+86 186 0118 8821
East Africa	Walter Serem	w.serem@brandfinance.com	+254 733 444 869
France	Bertrand Chovet	b.chovet@brandfinance.com	+33 6 86 63 46 44
Germany	Ulf-Brün Drechsel	u.drechsel@brandfinance.com	+49 171 690 6828
India	Ajimon Francis	a.francis@brandfinance.com	+91 989 208 5951
Indonesia	Jimmy Halim	j.halim@brandfinance.com	+62 215 3678 064
Italy	Massimo Pizzo	m.pizzo@brandfinance.com	+39 02 303 125 105
Mexico & LatAm	Laurence Newell	l.newell@brandfinance.com	+52 55 9197 1925
Middle East	Andrew Campbell	a.campbell@brandfinance.com	+971 508 113 341
Nigeria	Tunde Odumeru	t.odumeru@brandfinance.com	+234 012 911 988
Romania	Mihai Bogdan	m.bogdan@brandfinance.com	+40 728 702 705
Spain	Teresa de Lemus	t.delemus@brandfinance.com	+34 654 481 043
Sri Lanka	Ruchi Gunewardene	r.gunewardene@brandfinance.com	+94 11 770 9991
Turkey	Muhterem Ilgüner	m.ilguner@brandfinance.com	+90 216 352 67 29
UK	Richard Haigh	rd.haigh@brandfinance.com	+44 207 389 9400
USA	Laurence Newell	l.newell@brandfinance.com	+1 214 803 3424
Vietnam	Lai Tien Manh	m.lai@brandfinance.com	+84 90 259 82 28

Contact us.

The World's Leading Brand Valuation Consultancy
T: +44 (0)20 7389 9400
E: enquiries@brandfinance.com
www.brandfinance.com