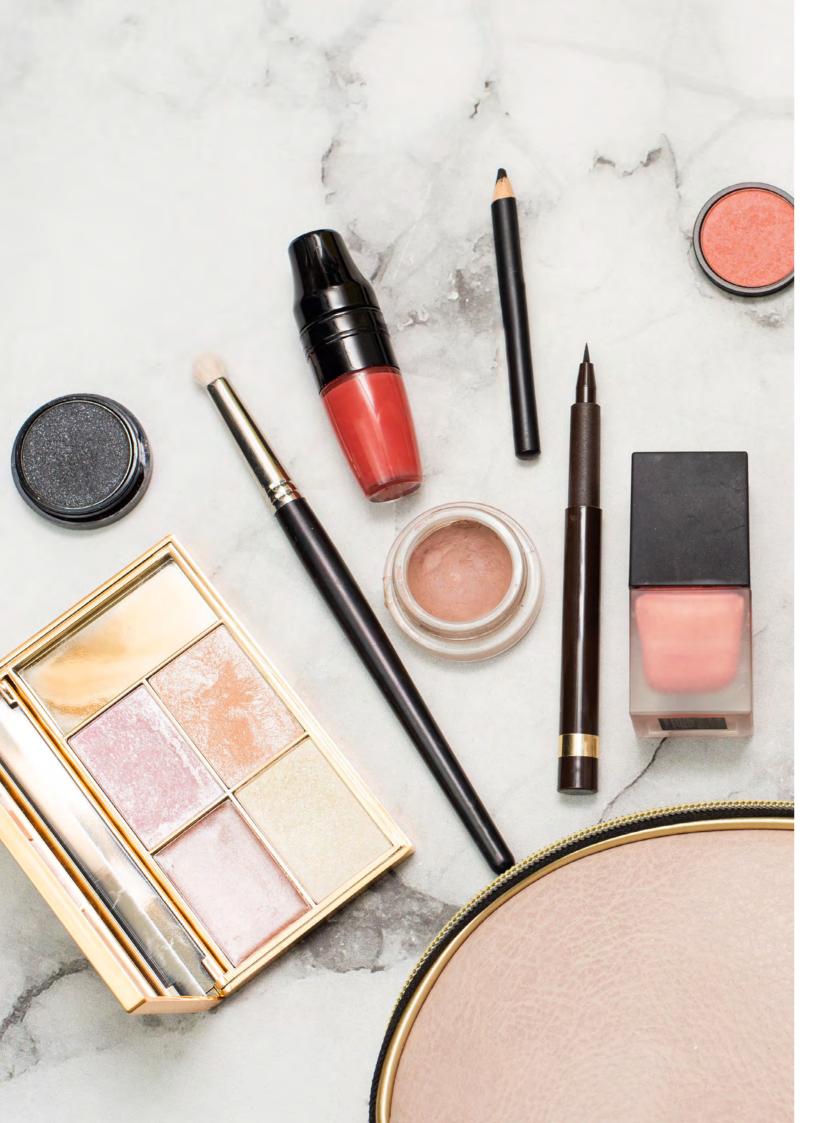
## **Brand Finance**®





# Cosmetics 50 2021

The annual report on the most valuable and strongest cosmetics brands May 2021



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## **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.











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## 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 gaining a better understanding of your position against competitors.

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













Communication



Understandir















# **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 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 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.

#### **VI36**

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.





# Global Brand Equity Monitor

Original market research on 2,500 brands

29 countries and 23 sectors covered

More than **50,000 respondents** surveyed annually

We are now **in our 5<sup>th</sup> consecutive year** conducting the study

Visit brandirectory.com/consumer-research or email enquiries@brandfinance.com



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## Foreword.



**David Haigh**CEO. Brand Finance

25 years ago, on 1<sup>st</sup> April 1996, I launched Brand Finance to 'Bridge the Gap Between Marketing and Finance'. I thought that the gap between the silos would progressively disappear as finance people learned the importance of marketing for driving growth and marketing people learned the need for financial accountability.

Progress has been made but the gap is still there and we are now working hard through our publications, rankings, forums and the Brand Finance Institute training programmes to narrow the gap.

Over the last 25 years we have lived through four major recessions: 2001, when the dotcom bubble burst; 2009, when the Great Financial Crash washed over us; 2013, when the Euro caused a meltdown in Europe and in 2020, when the Covid Pandemic brought the world to a halt.

Brand Finance has been through many ups and downs but we have survived because we have always tried to lead our growing niche market. We claim to be the Worlds Leading Brand Valuation Firm. Over the last 25 years we have innovated continuously in our market place and we have transparently shared our innovations, knowledge and techniques to help grow the market, most obviously via ISO global standards on Brand Valuation and Brand Evaluation.

Throughout the last 25 years we have always invested heavily in training and professionalising our staff, in research to bring greater insight to our work and in high profile marketing and communications. We practice what we preach to clients.

There has never been greater recognition of brands as assets and the need to manage them for value. We are poised for significant growth as CEOs and Boards wake up to the need to manage brands better.

I started Brand Finance in the spare bedroom in Teddington. We now operate from the Brand Exchange building in the heart of the City of London and in 25 cities worldwide

Over the last 25 years, many famous brands have disappeared or declined. Many new brands have emerged. Sectors have risen and fallen. Oil and gas brands are in decline while data- and technology-driven brands are booming. America and Europe are losing out to China and Asia.

But while there may be volatility, brands have never been more important for Nations, Companies, Products and Services. With a nudge from Brand Finance even Football teams and the Monarchy now recognise that they have valuable brands.

I hope the next 25 years will be as interesting and fun as the last. I would like to thank all the clients, staff and partners who have helped Brand Finance over the last 25 years.

# World's Top 50 Cosmetics Brands Lose Over \$12 Billion Worth of Brand Value.

- + Total value of world's top 50 most valuable cosmetics brands has declined by 9% as sector negotiates fallout from COVID-19 pandemic
- + L'Oréal retains title of world's most valuable cosmetics brand, brand value US\$10.2 billion
- + Yves Rocher is sector's fastest growing brand, up impressive 71%
- + Fresh and The Body Shop are new entrants, claiming 36<sup>th</sup> and 49<sup>th</sup> spot, respectively
- + Natura is sector's strongest brand with AAA brand strength rating

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# **Executive Summary.**

# **Brand Value & Brand Strength Analysis.**



The total value of the world's top 50 most valuable cosmetic brands has declined by 9%, decreasing from US\$137.5 billion in 2020 to US\$124.8 billion in 2021.

As a large and diverse sector, there have been mixed fortunes for cosmetics brands, with colour cosmetics the most negatively impacted segment, recording an average brand value decline of 15%. Multi-level marketing brands – including **Avon** (down 24% to US\$772 million) and **Oriflame** (down 1% to US\$802 million) - have faced a 12% drop in brand value on average. The sector's largest brands in hair care, razors, and fragrance have also been hard hit with an average brand value drop of 10%.

That being said, according to Brand Finance's Global Brand Equity Monitor, the cosmetics sector has the highest reputation of all sectors globally – only matched by the food sector. A strong reputation, and thus a strong brand, will stand cosmetics brands in good stead to recover at pace in the coming year.

#### L'Oréal strikes again

L'Oréal has retained the title of the world's most valuable cosmetics brands for the 2<sup>nd</sup> consecutive year, despite recording a 13% brand value loss to US\$10.2 billion. The drop in brand value is largely a result of the brand's financial outlook dipping, a consequence of the pandemic.

For the first time, Brand Finance has conducted global market research, as part of the Global Brand Equity Monitor, for L'Oréal and L'Oréal Paris brands. The research demonstrates that the brand's reputation among The pandemic has undoubtedly forced change upon the cosmetics sector, from stifling demand - a result of lifestyle changes and financial uncertainty - to the rapid rise of digitalisation and e-commerce. **Brands that have shown** savviness and the ability to adapt will bounce back from the turmoil of the last year, unlike those that have failed to adapt quickly enough.

**Annie Brown** Associate. Brand Finance consumers is significantly lower outside of Europe and North America, particularly in markets such as India, China, and Japan. At the end of last year, the brand undertook some strategic reshuffling of L'Oréal's geographic zones - with APAC being separated into North and South - a potential indicator of future growth plans post-pandemic.

The beauty behemoth's position in the market still remains a cut above the rest and it boasts an incredibly strong heritage in the sector. It has been 50 years since L'Oréal first used the slogan "because you're worth it" and the phrase still bears meaning to consumers today, with the brand successfully remaining relevant through product innovations and continued fresh marketing.

#### **Yves Rocher up impressive 71%**

Yves Rocher (brand value US\$2.4 billion) is the fastest growing brand in this year's ranking, following an impressive 71% brand value increase and simultaneously jumping eight spots from 28th to 20th.

Yves Rocher is bouncing back following a sharp decline in brand value is recent years due to the decision to pull out of the UK amid Brexit. The brand does, however, continue to perform well in mainland Europe. During the peak of the Coronavirus pandemic, Yves Rocher's factories were repurposed to create alcohol gels, producing nearly 45,000 bottles a week.

#### **Brand Value Change 2020-2021 (%)**



#### **Top 10 Most Valuable Brands**

ĽORÉAL



2021: **\$10,222m** 2020: **\$11,747m** 

**Gillette** 

2021: **\$7,550m** 

2020: **\$8,479m** 

2020: \$7,391m

3 + 3

2021: **\$6,192m** 

GUFRIAIN

2021: **\$5,691m** 2020: **\$5,688m** 

ESTĒE LAUDER

2021: \$5,687m

2020: **\$6,291m** 

**PANTENE** 

6 1 7

2021: \$5.189m

2020: **\$5,576m** 

2021: \$5,094m

2020: **\$4,977m** 

**CLINIQUE** 

**GARNIER** 

2021: \$5,005m 2020: \$6.216m

2021: **\$4,094m** 

2020: \$4,664m

2021: **\$4,013m** 2020: **\$4,297m** 

-12.2%

**Brand Value & Brand Strength Analysis. Brand Value & Brand Strength Analysis.** 



#### **Top 5 Strongest Brands**



Rejoice.

2021: **85.5** AAA 2020: **86.5** AAA

ESTĒE LAUDER

**1**3 2021: **85.2** AAA 2020: **85.7** AAA

#### **Fresh and The Body Shop storm** into ranking

New entrants Fresh (brand value US\$1.1 billion), and The Body Shop (brand value US\$725 million) are the second and third fastest growing brands, up 53% and 22%, respectively.

Entering the ranking in 36th position, Fresh - which was purchased by LVMH in 2000 – benefits from the combination of LVMH capital behind it, paired with the founders remaining in control.

The UK's The Body Shop has claimed 49th position. The brand has undertaken a complete product and branding overhaul in recent years since it was bought by Brazil's Natura & Co from L'Oréal, now positioning itself as an activist brand at the core, that will be 'forever against animal testing'. Sales for the brand were solid on its e-commerce platform, which more than compensated for sales lost in stores, which number at 3,000 in more than 70 countries.

#### **Natura is sector's strongest**

In addition to measuring overall brand value, Brand Finance also evaluates the relative strength of brands, based on factors such as marketing investment, customer familiarity, staff satisfaction, and corporate reputation. Alongside revenue forecasts, brand strength is a crucial driver of brand value. According to these criteria, Natura (up 19% to US\$1.7 billion) is the world's strongest cosmetics brand, with a Brand Strength Index (BSI) score of 86.7 out of 100 and a corresponding AAA brand strength rating.

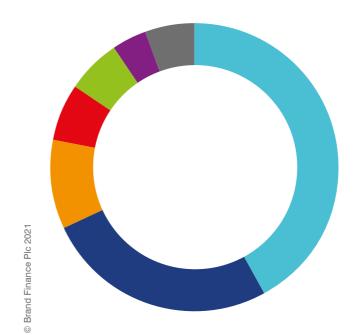
According to Brand Finance's Global Brand Equity Monitor research, Natura is perceived to be an extremely strong brand across Brazil and South America and although the brand is lesser known outside the region, its proposition remains favoured internationally thanks to the rise in popularity of natural brands.

The brand was largely able to shelter itself from the negative impact of the pandemic due to the diversified risk of its business operations, which covers a wide variety of products from bath, fragrance, body, and make up.

Furthermore, the brand is bolstered by the success of its parent company Natura &Co – which owns Aesop, The Body Shop and Avon – which scores well across corporate brand measures including governance, sustainability, and employee appeal.



#### **Brand Value by Country**



	Country	Brand Value (USD bn)	% of total	Number of Brands
•	United States	52.4	42.0%	18
•	France	35.7	28.7%	9
•	United Kingdom	9.2	7.4%	7
•	Germany	8.1	6.5%	2
•	Japan	7.5	6.0%	6
•	China	5.0	4.0%	3
•	Other	6.7	5.4%	5
	Total	124.8	100.0%	50



**4 5** 

2021: **85.6** AAA +0.7 2020: **84.9** AAA

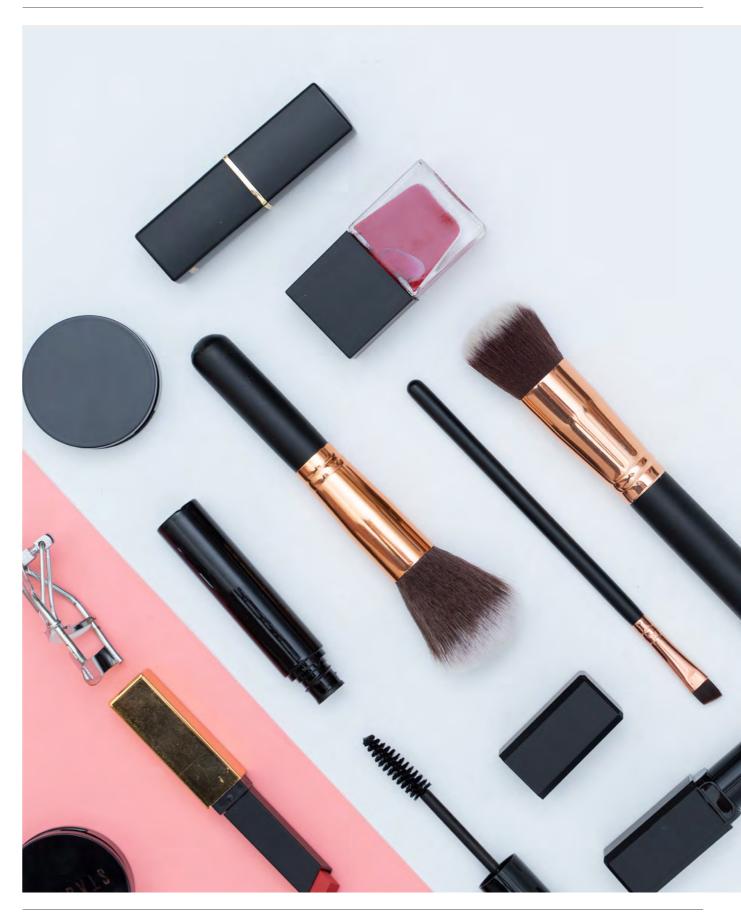
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-0.5

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# **Brand Finance Cosmetics 50 (USD m).**

2021 Rank	2020 Rank		Brand	Country	2021 Brand Value	Brand Value Change	2020 Brand Value	2021 Brand Rating	2020 Brand Rating
1	1	+	L'Oréal	France	\$10,222	-13.0%	\$11,747	AAA-	AAA
2	2	+	Gillette	United States	\$7,550	-10.9%	\$8,479	AAA	AAA
3	3	+	Nivea	Germany	\$6,192	-16.2%	\$7,391	AAA-	AAA-
4	6	1	Guerlain	France	\$5,691	+0.1%	\$5,688	AAA-	AAA-
5	4	+	Estée Lauder	United States	\$5,687	-9.6%	\$6,291	AAA	AAA
6	7	1	Pantene	United States	\$5,189	-6.9%	\$5,576	AAA	AAA
7	8	1	Dove	United Kingdom	\$5,094	+2.4%	\$4,977	AAA	AAA
8	5	+	Clinique	United States	\$5,005	-19.5%	\$6,216	AAA	AAA
9	9	+	Garnier	France	\$4,094	-12.2%	\$4,664	AAA-	AAA
10	11	1	Head & Shoulders	United States	\$4,013	-6.6%	\$4,297	AAA-	AAA
11	13	1	Lancôme	France	<u> </u>				
12	10	+	M.A.C	United States	<u> </u>				
13	12	+	Maybelline	United States					
14	15	1	Johnson's	United States	₽		₽		
15	18	1	PECHOIN	China					
16	14	+	Clarins	France					
17	20	1	SK-II	Japan					
18	17	+	Procter & Gamble	United States					
19	19	+	Olay	United States					
20	28	1	Yves Rocher	France					
21	21	<b>+</b>	Rexona	Australia					
22	16	+	BeneFit	United States					
23	22	+	Axe/Lynx/Ego	France					
24	23	1	Schwarzkopf	Germany					
25	29	1	Natura	Brazil	<u> </u>				
26	26	<b>←</b>	L'Occitane	France					
27	25	+	Neutrogena	United States					
28	31	1	Lux	United Kingdom	<b>a</b>				
29	27	+	Old Spice	United States	<b>a</b>				
30	36	1	Sulwhasoo	South Korea	<u> </u>				
31	24	+	Elsève/Elvive	France	₽				
32	32	+	Sunsilk	United Kingdom	<b>a</b>				
33	30	+	Shiseido	Japan	₽				
34	35	1	Palmolive	United States	₽	₽	₽		
35	33	+	Biore	Japan					
36	-	New	Fresh	United States				₽	
37	37	<b>←</b>	Rejoice	China					
38	39	1	Clear	France				₽	₽
39	34	+	Kosé	Japan					
40	40	+	Innisfree	South Korea	<u> </u>	<u> </u>	<u></u>	<u></u>	<u></u>
41	49	1	La Roche-Posay	France					
42	42	+	Bobbi Brown	United States	<u> </u>	<u> </u>	<u></u>		<u></u>
43	43	+	CHANDO	China		<u> </u>			
44	41	+	Pola	Japan	<u></u>	<u> </u>	<u></u>		<u></u>
45	48	1	Oriflame	Sweden	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
46	38	+	Avon	United States	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
47	46	•	TRESemmé	United Kingdom	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
48	-	New	Herbal Essences	United States	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
49	-	New	The Body Shop	United Kingdom	<u> </u>				
50	45	+	Sofina	Japan					



# **Cosmetics Industry Expert Insights.**

This year, Brand Finance has partnered with Cosmetics Business - the leading online platform for the professional beauty, personal care, and toiletries industry - to conduct a research study to better understand what their readers believe the future holds for the beauty and cosmetics industry.

We conducted an online survey among 179 industry professionals, who were asked 22 questions on the cosmetics industry outlooks and key market players.

#### What drives consumer choice today?

Respondents were first asked what influences consumers when they purchase a product and were requested to score 12 factors out of 5, ranging from online visibility and transparency, to price and the social values of brands.

Coming out on top was brands' online visibility and e-commerce availability, with a score of 4.24 out of 5. The role of digital has been propelled to the forefront of consumers' interactions with products across all sectors, as people have been forced to turn online to purchase as pandemic-induced lockdowns are imposed globally. Sitting in fourth is the importance of peer recommendation on social media (4.02). With the new strict advertising regulations in place across social media channels – influencers now must state when anything is a paid promotion, gift, or advert – the

ambiguity for consumers has gone, and thus it would seem trust has gone up.

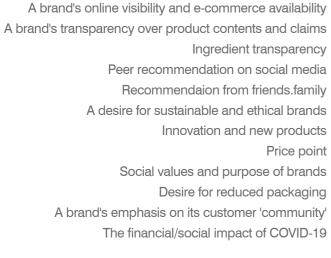
But digital isn't the only important factor – a brand's stance on sustainability, its purpose, and its ethics are also key when driving consumer choice. A brand's transparency over product contents and claims scores only slightly behind online visibility, with a score of 4.10 out of 5. Over the previous few years, we have witnessed more and more challenger brands ride on the sustainability and 'clean' wave in order to differentiate themselves in the market and compete with the traditional powerhouses, in response to the ever-increasing pressures from Gen Z to 'do better' for the environment and future proofing the planet.

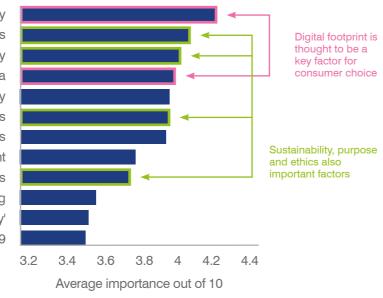
Coming out as the least important factor according to Cosmetic Business's readers is the financial/social impact of COVID-19, with a score of 3.55 out of 4.

Factors sitting in the middle are: recommendation from friends/ family (4.00); innovation & new products (3.98); price point (3.82); desire for reduced packaging (3.61); and a brand's emphasis on its customer 'community' (3.57).

Perhaps the most surprising response was the price point, scoring quite low compared to other factors. With many experiencing financial difficulties and purchasing power taking a hit over the last year, one might have expected this to have scored higher.

#### Most important factors driving consumer choice today





#### The year ahead

We then asked the same question, but this time asked what factor would have the largest impact on consumer choice in the coming year. There were some considerable movements in the answers. The desire for sustainable and ethical brands jumped 5 spots, coming out on top as the most important factor to consumers. The price point has jumped 5 spots to become the third most important factor. Similarly, the financial/social impact of COVID-19 has jumped 3 places. These shifts

are reflective of the delay in the impact of the pandemic on the consumer, which they have been largely protected from thus far.

In contrast, recommendation from friends/ family, slipped the furthest down the ranking, down 5 spots to 10<sup>th</sup>. This may be a result of reduced interaction in general, due to stay at home orders – consumers simply don't have the opportunity to seek cosmetics advice and recommendations as easily, and in person, as they used to.

#### What will have a bigger or smaller impact in the year ahead?

Factors Influencing Customer Choice & Rank in Importance	Year Ahead Rank	Today Rank	Change
A desire for sustainable and ethical brands	1	6	+5
A brand's online visibility and e-commerce availability	2	1	-1
Price point	3	8	+5
Innovation & new products	4	7	+3
A brand's transparency over product contents and claims	5	2	-3
Peer recommendation on social media	6	4	-2
Ingredient transparency	7	3	-4
Social values and purpose of brands	8	9	+1
The financial/social impact of COVID-19	9	12	+3
Desire for reduced packaging	10	10	0
Recommendation from friends/ family	11	5	-5
A brand's emphasis on its customer 'community'	12	11	-1

Cosmetics Industry Expert Insights.

When asked about their outlook on the industry as a whole - as well as their organisation specifically - in general, survey respondents had a bullish, optimistic view. However, a few respondents expected the economic consequences and supply chain disruptions due to the pandemic to have a major impact on demand.

Historically, the cosmetics industry has been resilient during financial crises, but the lockdowns and lifestyle shifts caused by the pandemic have meant that some categories, mainly colour cosmetics, have lost out. While some of the industry sales have shifted to online, the growth in online sales does not offset the decline in in-store sales witnessed last year. As evidence from the Chinese market suggests, despite store reopening's and "revenge spending", sales have not fully bounced back. We expect, therefore, the return to pre-pandemic sales levels will take time, and we will see fundamental shifts in the composition of the industry between now and then.

#### **Thoughts on outlook**



#### How much will issues negatively impact the cosmetics industry?



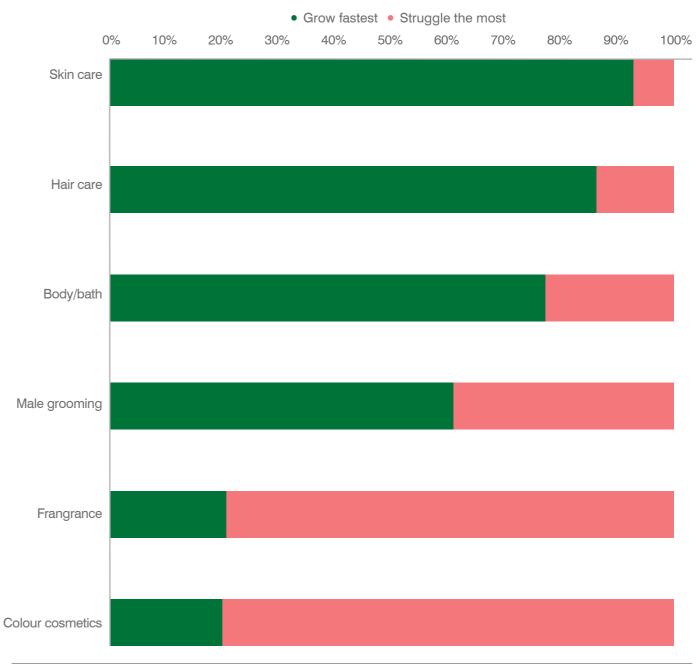
#### **Product outlook**

As well as looking at the sector as a whole, respondents were asked about specific products and how they would fare in the coming year following global lockdowns. Skin care and hair care were evident leaders, with respondents believing that they will grow 93% and 86%, respectively. At the other end of the spectrum, fragrances and colour cosmetics are perceived to

be the slowest growing products across the sector in the coming year. With the forced rise in home spa treatments, these results are perhaps unsurprising.

61% of respondents believe that male grooming would grow the fastest among the subcategories. The exponential rise in video calling this year, forcing men in white collar jobs to look at themselves a lot more frequently, could have caused this result.

#### Outlook by segment varies significantly due to lockdowns



Cosmetics Industry Expert Insights.

#### **Unilever leads pack**

Cosmetics Business readers were then asked about which of the FMCG giants they admired most out of Estée Lauder, Procter & Gamble, L'Oréal, LVMH Moët, and Unilever based on six criteria: reputation in the industry; brand portfolio; financial strength; innovation; environmental sustainability; and employment appeal.

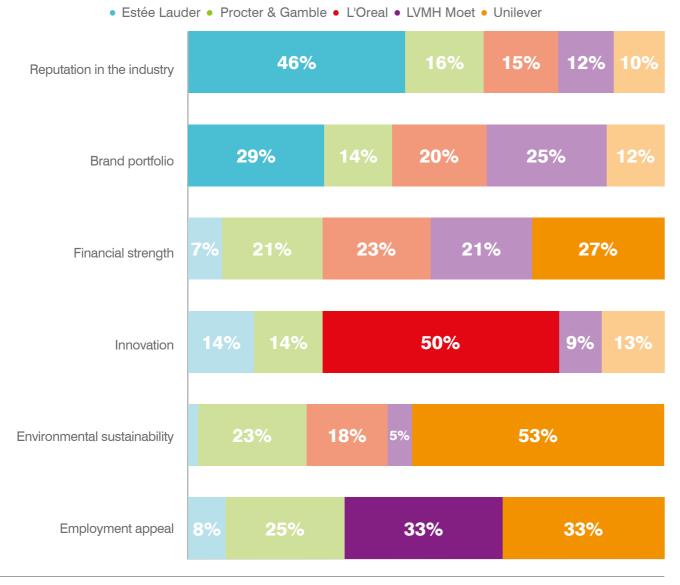
Unilever performs strongest across the board, scoring highest across three of the criteria. The brand also comes out on top by a considerable margin – with 53% of respondents agreeing – for being the most admired for its environmental sustainability. This is an

important win, given this was identified as one of the most important factors influencing consumer choice today and increasingly in the year ahead. Therefore, if Unilever can effectively convey this message to end consumers, its brands are likely to benefit.

Other metrics that Unilever performed top on were employment appeal (33%) and financial strength (27%). At the other end, the brand performed worst for its reputation in the industry with only 10% of respondents agreeing that it was admired for this.

Estée Lauder sits just behind Unilever topping the two metrics on reputation in the industry (46%) and brand portfolio (29%).

#### Most admired cosmetics companies



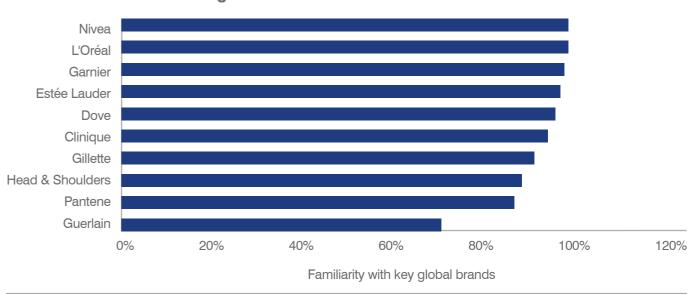
#### **Top of mind brands**

The next question was a deeper dive into specific products in the industry, looking at how well they were known and how well they were admired.

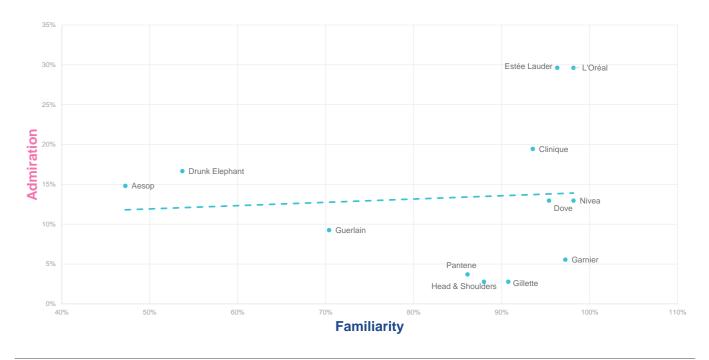
With the iconic blue packaging - which the brand says represents trust, closeness, and care - Nivea has

come out on top, with 98% of respondents saying they are familiar with the brand. The entire Nivea range is centred on Nivea Blue, giving the brand extremely high recognition value as demonstrated in the results. Similarly, L'Oréal scores 98% for familiarity. The sheer size and diversity of the portfolio means that the name and products are hard to avoid and therefore known the world over.

#### Most famous brands among readers



#### Share of sample familiar with vs. admiring the brands



Cosmetics Industry Expert Insights.

Of the brands asked about, Aesop and Drunk Elephant scored lowest for familiarity at 47% and 54%, respectively. However, when correlating familiarity with admiration it was these newer "cooler" brands that outperformed their peers – with higher levels of admiration. More established brands – Pantene, Gillette, Head & Shoulders, and Garnier – under deliver in the survey, scoring high on familiarity, but low on admiration. Leaders L'Oréal and

Estée Lauder have high shares of admiration, partially driven by their high familiarity scores.

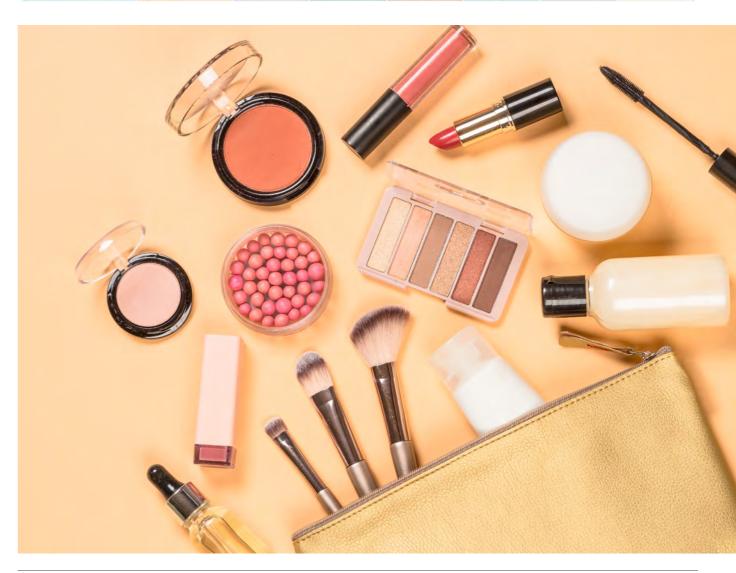
When asked about which brands they believed were going to be 'hot' in the upcoming year, challenger brands came out on top over traditional industry leaders, with Gen Z favourites flagged including Huda Beauty, Fenty, Natura, and The Ordinary.

#### Associations among those familiar with the brands

	Innovative	Cool & fashionable	Great at marketing and advertising	Leading in sustainability	Up & coming
Aesop	14%	39%	22%	25%	16%
Clinique	24%	18%	44%	8%	3%
Dove	8%	9%	50%	10%	4%
Drunk Elephant	24%	50%	19%	19%	40%
Estée Lauder	21%	22%	44%	9%	5%
Garnier	12%	9%	40%	15%	5%
Gillette	10%	6%	37%	3%	11%
Guerlain	9%	30%	17%	7%	4%
Head & Shoulders	6%	5%	47%	4%	6%
L'Oréal	29%	14%	47%	15%	7%
Nivea	10%	11%	42%	9%	5%
Pantene	5%	9%	49%	4%	8%

#### Brands that readers expect to be hot in the next 12 months

			Henkel	Curlsmith	Glow recipe	Dr Dennis Gross	Sunday Riley
Huda Beauty		CeraVe	Alpha H	Briogeo	Charlotte Tilbury	Nu Skin	Glossier
	Natura	-					
			Elemis	Paula's choice	Maybelline	Rituals	YTP
Fenty	Kylier	The Ordinary	Biossance	Gallinée	Neutrogena	Tatcha	Zeşi



# **Sector Reputation Analysis.**

#### Benchmarking against the very best Sectors Ranked by Reputation

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.



Cosmetics

7.6/10



1= Food

7.6/10



**Appliances** 

7.5/10



4= **Hotels** 

7.4/10



4= Retail

7.4/10



6= Apparel

7.3/10



6= **Beers** 

7.3/10



Supermarkets 7.2/10



Pharma

7.2/10



Oil & Gas

**Restaurants** 

**12**= **Auto** 



12= **Logistics** 



**Tech** 



15 **Real Estate** 

6.9/10



16 **Airlines** 



6.6/10



18 **Utilities** 

6.5/10



**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.

### **7.1**/10 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.

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# **Definitions.**

# Johnson Johnson Enterprise Value [Johnson & Johnson] Branded Business Value Brand Contribution **Brand** Value

#### **Brand Value**

#### + Enterprise Value

(Johnson's

[Johnson's]

(Johnson's

[Johnson's]

Johnsons

[Johnson's]

The value of the entire enterprise, made up of multiple branded businesses.

Where a company has a purely monobranded architecture, the 'enterprise value' is the same as 'branded business value'

#### + Branded Business Value

The value of a single branded business operating under the subject brand.

A brand should be viewed in the context of the business in which it operates. Brand Finance always conducts a branded business valuation as part of any brand valuation. We evaluate the full brand value chain in order to understand the links between marketing investment, brandtracking data, and stakeholder behaviour.

#### + Brand Contribution

The overall uplift in shareholder value that the business derives from owning the brand rather than operating a generic brand.

The brand values contained in our league tables are those of the potentially transferable brand assets only, making 'brand contribution' a wider concept. An assessment of overall 'brand contribution' to a business provides additional insights to help optimise performance.

#### + Brand Value

The value of the trade mark and associated marketing IP within the branded business.

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

# **Brand 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**

Brand Finance has produced this study with an independent and unbiased analysis. The values derived and opinions produced in this study are based only on publicly available information and certain assumptions that Brand Finance used where such data was deficient or unclear. Brand Finance accepts no responsibility and will not be liable in the event that the publicly available information relied upon is subsequently found to be inaccurate. The opinions and financial analysis expressed in the report are not to be construed as providing investment or business advice. Brand Finance does not intend the report to be relied upon for anv reason and excludes all liability to any body, government or organisation

#### **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)

#### **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.

#### **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%.

#### **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, posttax present value which equals the brand value.



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# **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.

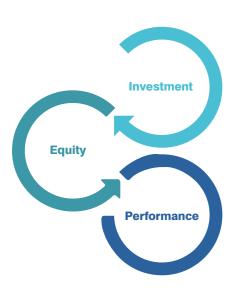
Stakeholder **Equity** 

**Business** 

**Performance** 

Perceptions of the brand among different stakeholder groups, with customers being the most important.

Quantitative market and financial measures representing the success of the brand in achieving price and volume premium.



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#### **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.

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• 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

**Banking** 

**Insurance** 

**Telecoms** 

**Utilities** 

**Automotive** 

**Airlines** 

**Apparel** 

**Appliances** 

**Beers** 

**Cosmetics** 

Food

**Hotels** 

Logistics

**Luxury Automobiles** 

Media

Oil & Gas

**Pharma** 

**Real Estate** 

**Restaurants** 

Retail

**Spirits** 

**Supermarkets** 

Tech



Not all categories are covered in every country



Contributes 35%

To the 'Brand Strength Index' (BSI) score

#### **Brand KPIs and Diagnostics**



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# **Consulting Services.**

#### Make branding decisions using hard data

#### **Brand Research** What gets measured

**Brand Valuation** 

case

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.

# Make your brand's business

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 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 Audits

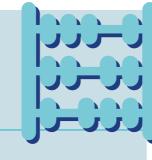
- + Primary Research
- + Syndicated Studies
- + Brand Scorecards
- + Brand Drivers & Conjoint Analysis
- + Soft Power



- + 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 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 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.

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## **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.







**MOST VALUABLE** COSMETICS BRAND



**STRONGEST** COSMETICS **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®

# Respect Distance

With strategic planning and creative thinking, we develop communications plans to create dialogue with stakeholders that drives brand value.

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 &

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



Sponsorship Management Native Advertising

Print Advertising

Marketing

& Events

Promotional Events

Conference

Management

**Shopper Marketing** Trade Marketing



#### Content Creation

Bespoke Publications Press Releases

Blog Posts &

Marketing Collateral Desian

Photography & Videography

Social Media Content



#### Strategic

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

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#### **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





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