



Exchanges 10 2020

The annual report on the most valuable and strongest exchange brands
March 2020

About Brand Finance.

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

We bridge the gap between marketing and finance

Brand Finance was set up in 1996 with the aim of 'bridging the gap between marketing and finance'. For more than 20 years, we have helped companies and organisations of all types to connect their brands to the bottom line.

We quantify the financial value of brands

We put 5,000 of the world's biggest brands to the test every year. Ranking brands across all sectors and countries, we publish nearly 100 reports annually.

We offer a unique combination of expertise

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

We pride ourselves on technical credibility

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

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



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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 and offers a cost-effective way to gaining a better understanding of your position against competitors.



Brand Valuation Summary



Brand Strength Tracking



Royalty Rates



Cost of Capital Analysis



Customer Research Findings



Competitor Benchmarking



Education



Benchmarking



Strategy



Insight

What's in a Brand Value Report?



Communication



Understanding

Benefits of a Brand Value Report

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 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.

BRAND EXCHANGE®
WHERE BRANDS MEET FINANCE

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

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.

Brand Finance®

Customer insight drives our valuations

Our brand valuations are underpinned by extensive market research across a wide range of sectors, countries and brands.

Our research integrates all key brand measures, linking them to commercial outcomes.

Available for purchase separately or as part of a Brand Value Report.

- Over **1,500 brands** researched each year
- 29 countries** and **10 sectors** covered
- More than **50,000 respondents** surveyed annually
- Key metrics** across all industries and brands
- B2B** and **B2C** results
- We are now **in our 4th consecutive year** conducting the study



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.

CME is World's Most Valuable Exchange Brand for Seventh Year Running.

- + **CME** continues to dominate as world's most valuable exchange brand, with brand value of US\$2.1 billion
- + US exchanges account for five of top ten in ranking
- + Germany's **Eurex** drops in brand value, but remains in top 10
- + **NYSE** is sector's strongest brand, scoring 75.0 out of 100

Executive Summary.



CME remains the most valuable brand among the world’s leading exchanges, improving its brand value by 16% to US\$2.1 billion.

This substantial increase in brand value is the result of CME’s focus on new areas of opportunity, innovation and diversification including: the renewed popularity of futures contracts; new opportunities embraced in the market, most notably the trading of Bitcoin futures; and their acquisition of Britain’s **NEX Group** (formerly ICAP) for US\$5.5 billion.

HKEX disrupts US dominance

US exchanges account for 50% of the ranking, with the exception being **HKEX**, which is ranked second with a brand value of US\$1.5 billion, rising 6%. After leader CME, HKEX is the second fastest-growing exchange brand this year, with **NYSE** remaining slightly behind in third rank. HKEX’s growth can be attributed to high forecast growth rates, with several Chinese brands looking to float.

HKEX is the owner of the Hong Kong Stock Exchange, the leading market for IPOs. The introduction of electronic IPOs, resulting in the removal of paper transactions, underlines the exchange’s continued reform programme. This initiative has enabled the exchange to reclaim its position as the leading IPO platform as it has increased the focus on technology and biotech companies. HKEX has also eyed the possibility of acquiring blockchain companies.

As the markets fluctuate in a direct response to ongoing COVID-19 threats, the industry will need to be braced to future proof the business models of exchanges. With cutting edge technology creating new and exciting avenues of opportunity, we are likely to see this trend accelerate between this year and next.

David Haigh
CEO, Brand Finance

Eurex & LSE slide down

The only brand among the top 10 to see its brand value decline significantly was Germany’s **Eurex**, (down 14% to US\$382 million) despite its bid to expand its offering with a broader partnership programme that includes repo and OTC foreign exchange segments.

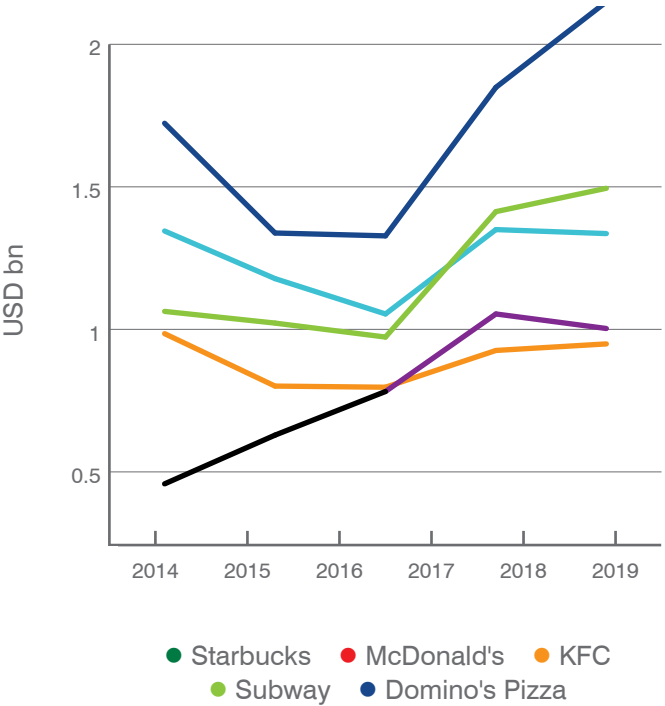
Meanwhile **London Stock Exchange**, (down 6% to US\$ 345million) remains within the top 10 but has slipped from 9th to 10th rank.

NYSE secures strongest brand rating




















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

NYSE (down 1% to US\$1.3 billion) has secured the highest Brand Strength Index (BSI) score of 75.8 out of 100 and is the only exchanges brand to receive a AA+ rating.

Brand Value over Time



Top 10 Most Valuable Brands

 CME Group <small>A CME/Chicago Board of Trade Company</small>	1	← 1		2020: \$2,149m 2019: \$1,850m	+16.2%
 HKEX <small>香港交易所</small>	2	← 2		2020: \$1,495m 2019: \$1,413m	+5.8%
 NYSE	3	← 3		2020: \$1,336m 2019: \$1,351m	-1.1%
 ICE	4	← 4		2020: \$1,003m 2019: \$1,054m	-4.8%
 Nasdaq	5	← 5		2020: \$949m 2019: \$926m	+2.4%
 SIX <small>Swiss Exchange</small>	6	← 6		2020: \$561m 2019: \$593m	-5.3%
 Cboe	7	↑ 8		2020: \$402m 2019: \$407m	-1.2%
 Eurex	8	↓ 7		2020: \$382m 2019: \$442m	-13.5%
 SGX	9	↑ 10		2020: \$368m 2019: \$350m	+5.1%
 London Stock Exchange	10	↓ 9		2020: \$345m 2019: \$369m	-6.5%

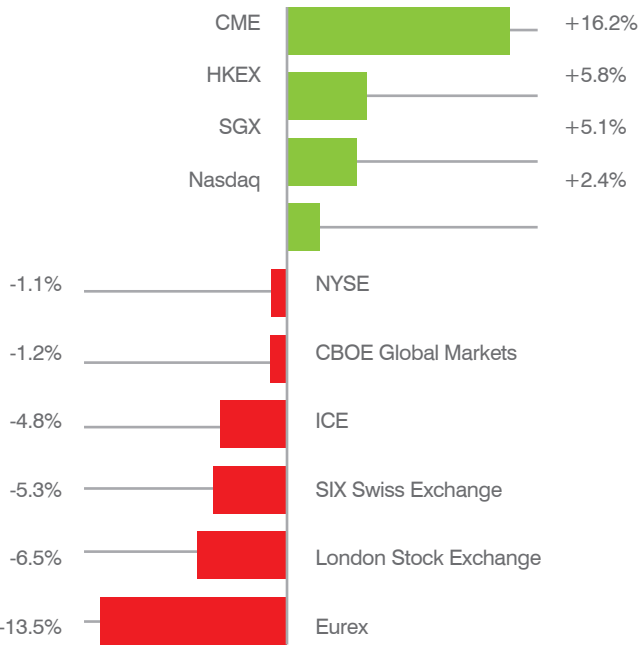


Brand Value by Country



Country	Brand Value (USD bn)	% of total
United States	5.8	65.0%
China (Hong Kong)	1.5	16.6%
Switzerland	0.6	6.2%
Germany	0.4	4.2%
Singapore	0.4	4.1%
United Kingdom	0.3	3.8%
Total	9.0	100.0%

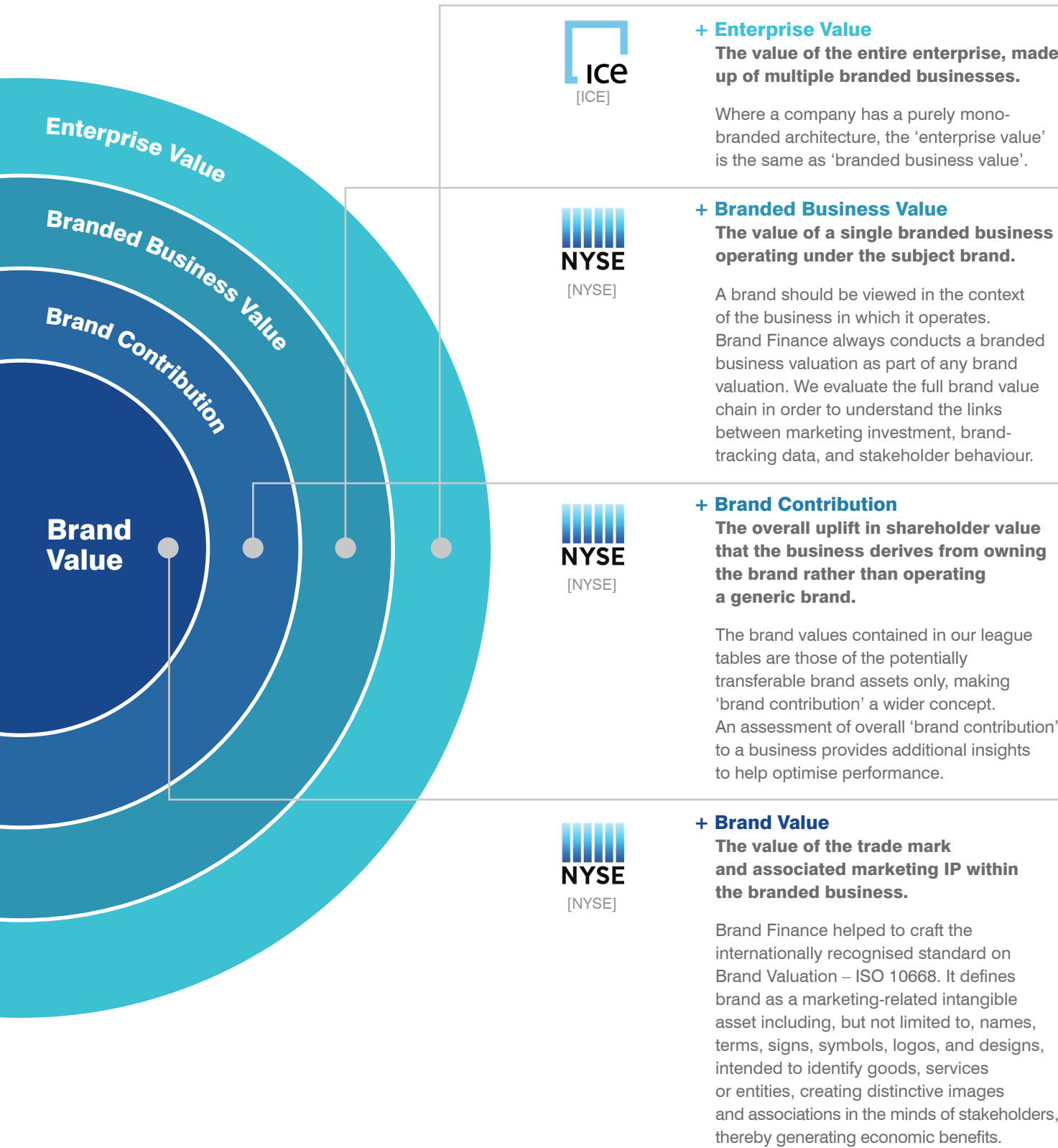
Brand Value Change 2019-2020 (%)



Top 10 Strongest Brands

	1	← 1		2020: 75.9 2019: 78.6	AA+ AA+	-2.7
	2	← 2		2020: 74.2 2019: 75.4	AA AA+	-1.2
	3	↑ 5		2020: 72.8 2019: 71.4	AA AA	+1.5
	4	↓ 3		2020: 72.2 2019: 73.2	AA AA	-1.0
	5	↓ 4		2020: 72.2 2019: 72.0	AA AA	+0.2
	6	← 6		2020: 70.5 2019: 70.9	AA AA	-0.4
	7	← 7		2020: 70.3 2019: 70.0	AA AA	+0.3
	8	← 8		2020: 67.0 2019: 68.1	AA- AA-	-1.1
	9	← 9		2020: 66.0 2019: 65.3	AA- AA-	+0.7
	10	← 10		2020: 58.2 2019: 55.1	A A	+3.1

Definitions.



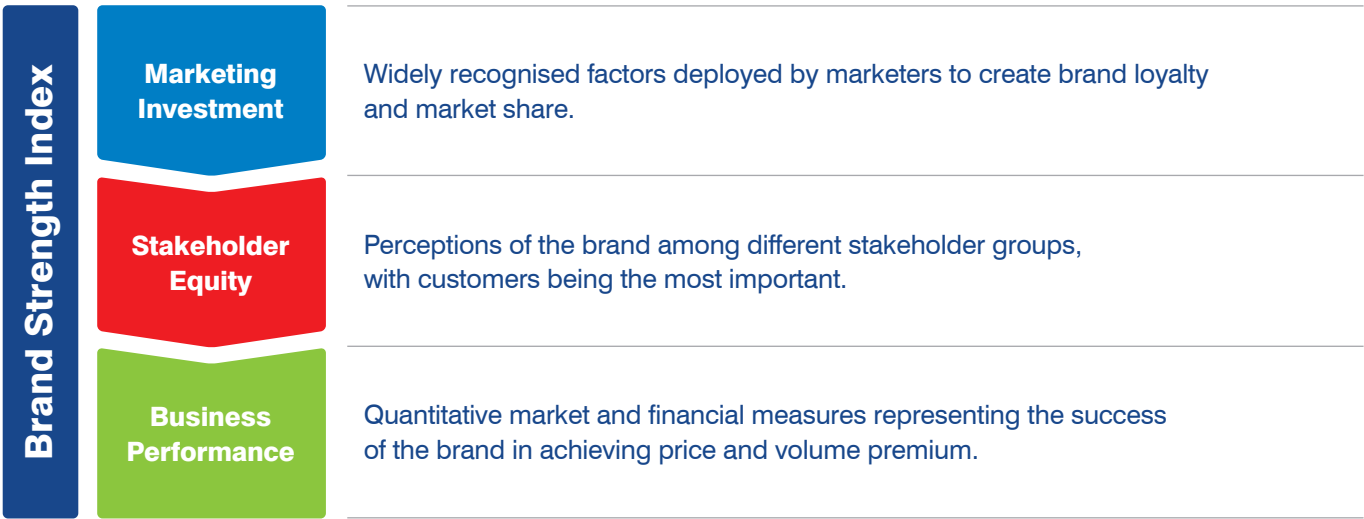
Brand Strength

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 Valuation Methodology.

Brand Finance calculates the values of the brands in its league tables using the **Royalty Relief approach** – a brand valuation method compliant with the industry standards set in **ISO 10668**.

This involves estimating the likely future revenues that are attributable to a brand by calculating a royalty rate that would be charged for its use, to arrive at a ‘brand value’ understood as a net economic benefit that a licensor would achieve by licensing the brand in the open market.

The steps in this process are as follows:

- 1 Calculate brand strength using a balanced scorecard of metrics assessing Marketing Investment, Stakeholder Equity, and Business Performance. Brand strength is expressed as a Brand Strength Index (BSI) score on a scale of 0 to 100.
- 2 Determine royalty range for each industry, reflecting the importance of brand to purchasing decisions. In luxury, the maximum percentage is high, in extractive industry, where goods are often commoditised, it is lower. This is done by reviewing comparable licensing agreements sourced from Brand Finance’s extensive database.
- 3 Calculate royalty rate. The BSI score is applied to the royalty range to arrive at a royalty rate. For example, if the royalty range in a sector is 0-5% and a brand has a BSI score of 80 out of 100, then an appropriate royalty rate for the use of this brand in the given sector will be 4%.
- 4 Determine brand-specific revenues by estimating a proportion of parent company revenues attributable to a brand.
- 5 Determine forecast revenues using a function of historic revenues, equity analyst forecasts, and economic growth rates.
- 6 Apply the royalty rate to the forecast revenues to derive brand revenues.
- 7 Brand revenues are discounted post-tax to a net present value which equals the brand value.

Disclaimer

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



Market Research Methodology.

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



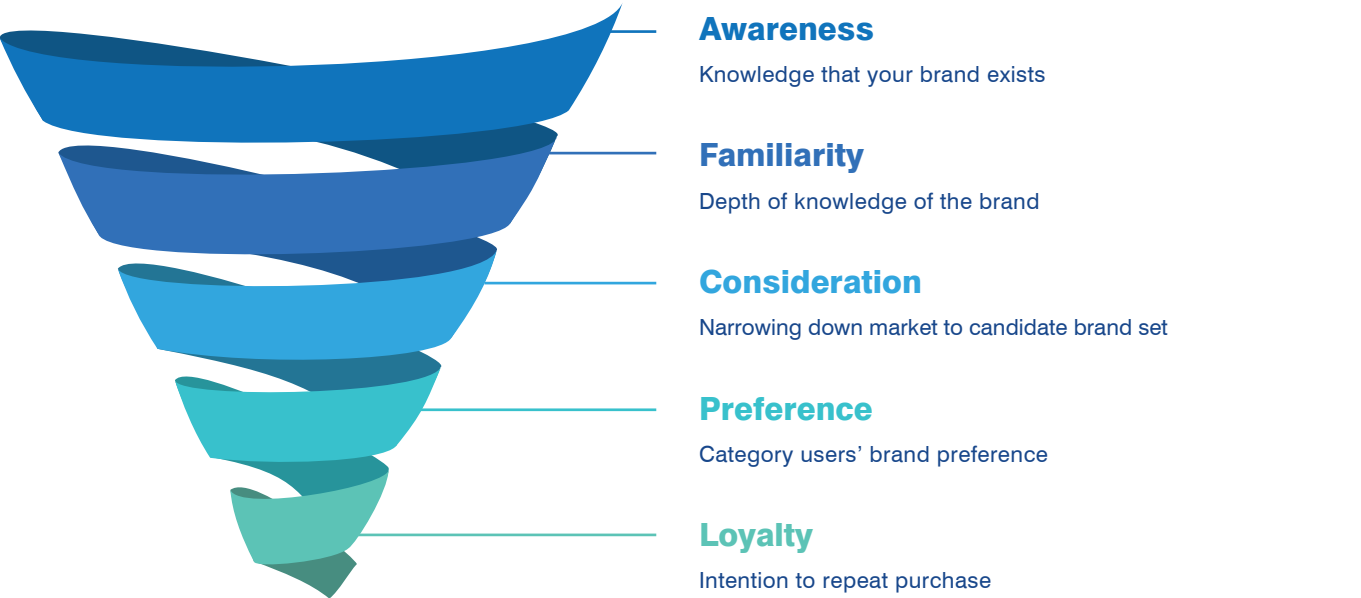
Stakeholder Equity Measures.

Key Metrics

- + Reputation
- + Innovation
- + Trust
- + Emotional Fit
- + Recommendation
- + Quality etc.

Brand converison funnel

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



Consulting Services.



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

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

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

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

Brand Evaluation Services.



How are brands perceived in my category?

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

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

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

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

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

How can I improve return on marketing investment?

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

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

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

Communications Services.

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



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



**TOP 10
EXCHANGE
BRAND**



**MOST VALUABLE
EXCHANGE
BRAND**



**STRONGEST
EXCHANGE
BRAND**



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



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



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



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



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



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

Brand Dialogue®



Value-Based Communications

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

SERVICES

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

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

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WHERE BRANDS MEET FINANCE

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A CONTEMPORARY AND EXCLUSIVE
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IN THE HEART OF THE CITY OF LONDON

CHARACTERFUL SPACE for MEETINGS & PRIVATE EVENTS	MEMBERS' EVENTS with FOCUS ON MARKETING & BRANDING	DISCOUNTED ROOM HIRE for MEMBERS
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