

Logistics 25 2019

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

About Brand Finance.

Brand Finance is the world’s leading independent brand valuation and strategy consultancy.

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

We pride ourselves on four key strengths:

- + Independence

+ Technical Credibility
- + Transparency

+ Expertise

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

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



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Request Your Brand Value Report.

A Brand Value Report provides a complete breakdown of the assumptions, data sources, and calculations used to arrive at your brand's value.

Each report includes expert recommendations for growing brand value to drive business performance and offers a cost-effective way to gaining a better understanding of your position against competitors.

What is a Brand Value Report?

Brand Valuation Summary

- + Internal understanding of brand
- + Brand value tracking
- + Competitor benchmarking
- + Historical brand value

Brand Strength Index

- + Brand strength tracking
- + Brand strength analysis
- + Management KPIs
- + Competitor benchmarking

Royalty Rates

- + Transfer pricing
- + Licensing/franchising negotiation
- + International licensing
- + Competitor benchmarking

Cost of Capital

- + Independent view of cost of capital for internal valuations and project appraisal exercises

Customer Research

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

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

enquiries@brandfinance.com

What are the benefits of a Brand Value Report?



Insight



Strategy



Benchmarking



Education



Communication



Understanding

Brand Valuation Methodology.

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

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

The steps in this process are as follows:

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

Disclaimer

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



Brand Strength Index (BSI)

Brand strength expressed as a BSI score out of 100.



Brand Royalty Rate

BSI score applied to an appropriate sector royalty range.



Brand Revenues

Royalty rate applied to forecast revenues to derive brand value.



Brand Value

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

Foreword.



David Haigh
CEO, Brand Finance

What is the purpose of a strong brand: to attract customers, to build loyalty, to motivate staff? All true, but for a commercial brand at least, the first answer must always be 'to make money'.

Huge investments are made in the design, launch, and ongoing promotion of brands. Given their potential financial value, this makes sense. Unfortunately, most organisations fail to go beyond that, missing huge opportunities to effectively make use of what are often their most important assets. Monitoring of brand performance should be the next step, but is often sporadic. Where it does take place, it frequently lacks financial rigour and is heavily reliant on qualitative measures, poorly understood by non-marketers.

As a result, marketing teams struggle to communicate the value of their work and boards then underestimate the significance of their brands to the business. Sceptical finance teams, unconvinced by what they perceive as marketing mumbo jumbo, may fail to agree necessary investments. What marketing spend there is, can end up poorly directed as marketers are left to operate with insufficient financial guidance or accountability. The end result can be a slow but steady downward spiral of poor communication, wasted resources, and a negative impact on the bottom line.

Brand Finance bridges the gap between marketing and finance. Our teams have experience across a wide range of disciplines from market research and visual identity to tax and accounting. We understand the importance of design, advertising, and marketing, but we also believe that the ultimate and overriding purpose of brands is to make money. That is why we connect brands to the bottom line.

By valuing brands, we provide a mutually intelligible language for marketing and finance teams. Marketers then have the ability to communicate the significance of what they do, and boards can use the information to chart a course that maximises profits. Without knowing the precise, financial value of an asset, how can you know if you are maximising your returns? If you are intending to license a brand, how can you know you are getting a fair price? If you are intending to sell, how do you know what the right time is? How do you decide which brands to discontinue, whether to rebrand and how to arrange your brand architecture? Brand Finance has conducted thousands of brand and branded business valuations to help answer these questions.

Brand Finance's research revealed the compelling link between strong brands and stock market performance. It was found that investing in highly-branded companies would lead to a return almost double that of the average for the S&P 500 as a whole.

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

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

UPS posts record brand value in global market.

- + US giants UPS and FedEx defend first and second place in the global top 25 as brand values both surge 33%
- + Hong Kong's MTR remains the strongest brand with Brand Strength Index (BSI) score of 84.4 out of a 100 and AAA- rating
- + French brands La Poste (brand value up 49% to US\$5.5billion) and Bolloré (up 51% to US\$2.0 billion) achieve best brand value growth
- + Royal Mail (up 7% to US\$ 2.4 billion) shunted into 18th position by Hong Kong champion MTR, is one of only four brands to fall in the ranking
- + Esteemed US brand CSX (up 16% to US\$4.6 billion) moves up and joins global top ten
- + SF Express and XPO logistics are this year's surprise newcomers

Brand Value Analysis.



Best ever brand values for US giants UPS and FedEx

UPS strengthens and maintains its position as the world’s most valuable brand.

Brand value surges 33% to a record US\$29.3 billion following further investment in sustainability and ground-breaking technology. Improving its carbon footprint, UPS is currently trialling new electric delivery trucks in London, Paris and the US and has just launched a new logistics service to deliver medical samples via unmanned drones in North Carolina. The trucks are forecast to deliver on costs by the early 2020s.

FedEx, the other titan in the logistics sector, retains second place and mirrors UPS increase in brand value (up 33% to US\$24.2billion). A marketing campaign launched in 2018 which seeks an emotional connection with customers may have helped. It illustrates that FedEx is not just about packages, but also about what the deliveries mean for the people shipping and receiving them. The relief effort of supplies delivered with FedEx after Hurricane Michael delivered hope.

Amazon’s massive investment in shipping, Amazon Air, and trucks to control its own logistics costs, whilst impacting on returns for UPS and FedEx, is not, as yet, a cause for concern.

Outstanding performances from FedEx and UPS reinforce the US dominance in the logistics industry. With vast areas to supply, both at home and abroad, the US brands are adept in addressing and resolving complex situations for customers seeking swift delivery solutions. E-commerce, insurance ventures, adaptability and emotional intelligence are heightening brand values for other players in this growing sector.

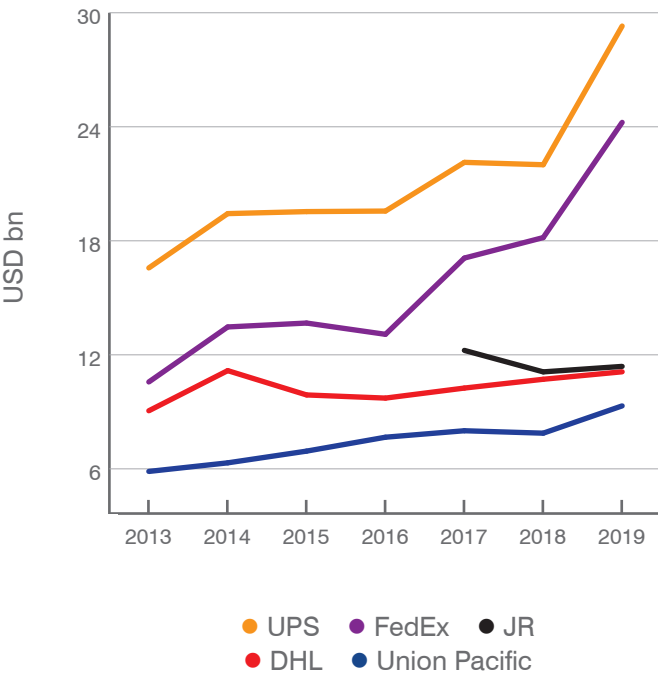
David Haigh
CEO, Brand Finance

French brands flourish

France’s Bolloré (brand value soars 51% to US\$2 billion) is the world’s fastest growing logistics brand. Its shift from 24th to 21st position is boosted by an ability to constantly adapt to the customers’ changing needs. Bolloré Logistics, previously known as SDV and rebranded as of January 1, 2016, is the transport and logistics business unit of Bolloré Transport & Logistics, a fully owned subsidiary of the Bolloré Group. The brand offers five types of services including multimodal transport, customs and regulatory compliance, logistics, global supply chain, and industrial projects. With its headquarters in Puteaux, on the western outskirts of Paris, France, the company runs a global network of 602 offices and employs 21,400 professionals worldwide in 105 countries.

La Poste jumps from 12th to 7th position (up 49% to US\$5.5billion) and is tackling the decline in its core mail business with lucrative new ventures. As well as last year’s merger with insurer CNP Assurances, La Poste’s use of Oracle Big Data Appliance has helped identify 70 new services it can provide using its existing infrastructure and labour pool.

Brand Value over Time



Top 10 Most Valuable Brands

	1	← 1		2019: \$29,300m 2018: \$22,003m	+33.2%
	2	← 2		2019: \$24,232m 2018: \$18,170m	+33.4%
	3	← 3		2019: \$11,391m 2018: \$11,103m	+2.6%
	4	← 4		2019: \$11,107m 2018: \$10,714m	+3.7%
	5	← 5		2019: \$9,319m 2018: \$7,877m	+18.3%
	6	← 6		2019: \$6,697m 2018: \$5,457m	+22.7%
	7	↑ 12		2019: \$5,522m 2018: \$3,716m	+48.6%
	8	↓ 7		2019: \$5,483m 2018: \$4,882m	+12.3%
	9	↑ 10		2019: \$5,224m 2018: \$4,253m	+22.8%
	10	↑ 11		2019: \$4,632m 2018: \$4,008m	+15.6%

Global mail revenue share is currently about 40%, but it is declining. The global volume ratio of letters to parcels originally 13:1 in 2005 is forecast to reach 1:1 parity by 2025. La Poste, and other postal services are right to take innovative action.

Parcel-led business at Royal Mail enhanced to offset revenue loss in letters

Royal Mail (up 7% to US\$2.35 billion) nudged down one place by Hong Kong’s logistic giant MTR has had a mixed year.

The brand’s performance in its core UK business has fallen due to a worse than expected decline in the number of letters sent by Britons, its struggle to squeeze more efficiency out of its vast networks, and difficulty hitting productivity and cost savings targets. The Brexit delay has had a detrimental impact too.

To offset letter revenue decline and capitalise on good growth in its parcel service, Royal Mail CEO Rico Back’s strategy is ‘to build a parcels-led, more balanced and more diversified international business’.

Brand Value by Country



New arrival in top ten

CSX’s jump from 11th to 10th position (up 16% to US\$4.6 billion) takes the total number of US brands in the top ten to six. Success is linked to its Network Planning Division which use simulation modelling technologies including AnyLogic to establish cost effective solutions to logistics problem.

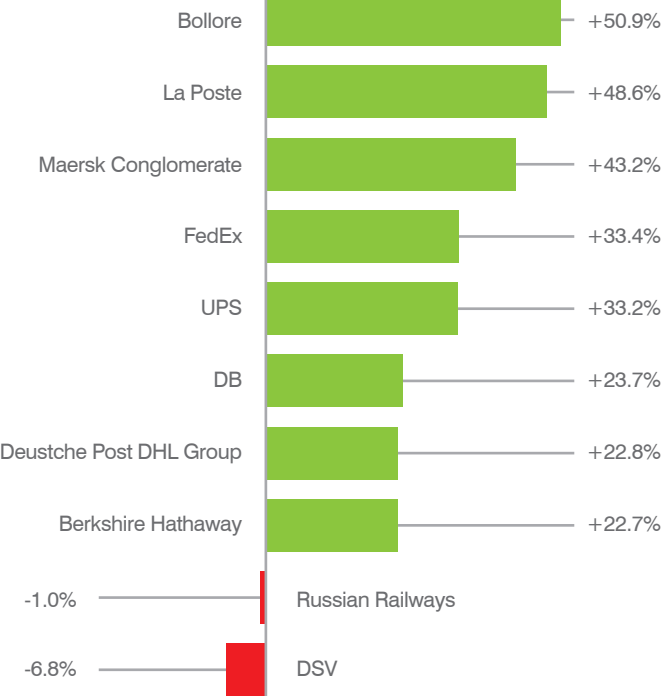
China and US brands join top 25

New entrants are China’s SF Express (brand value US\$3.6 billion) in 14th place and US XPO Logistics (brand value US\$1.9 billion) in 22nd position.

SF Express, one of three Chinese brands in this year’s top 25, is China’s second largest courier. The other two are MTR and CRSC (up 8% to US\$1.4 billion). As China sharpens its underdeveloped logistics network to support rising consumerism and the e-commerce explosion more brands are set to flourish by taking advantage of assets in outlying cities. Unless its trade war with the US escalates growth prospects in China remain strong with real GDP growth set to exceed 6% in 2019

Country	Brand Value (USD bn)	% of total
United States	87.1	56.7%
Germany	19.8	12.9%
Japan	11.4	7.4%
France	7.5	4.9%
Canada	6.8	4.4%
Denmark	6.0	3.9%
Other	15.0	9.8%
Total	153.6	100.0%

Brand Value Change 2018-2019 (%)



US brand XPO Logistics, a third-party provider in 32 countries, has acquired 17 companies in the last seven years. Successful use of synergies has facilitated explosive growth.





















MTR is world’s strongest

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

The strongest brand in the sector belongs to Hong Kong’s MTR with a Brand Strength Index (BSI) score of 84.40 out of 100 and a corresponding AAA- brand rating.

MTR (up 20% to US\$2.64 billion) a global operator of sustainable rail transport systems, which consistently maintains its passenger on-time journey at an outstanding level of 99.9%, is worthy of its strongest brand accolade. A big boost for business in 2018 was its opening of the first high-speed rail link between mainland China and Hong Kong.

Top 10 Strongest Brands

	1 ← 1		Hong Kong
	2019: 84.4 AAA- 2018: 82.2 AAA-	+2.2	
	2 ← 2		
	2019: 80.6 AAA- 2018: 80.0 AAA-	+0.6	
	3 ← 3		
	2019: 79.8 AAA- 2018: 79.6 AAA-	+0.2	
	4 ↑ 5		
	2019: 78.7 AA+ 2018: 79.1 AA+	-0.4	
	5 ↑ 6		
	2019: 78.7 AA+ 2018: 78.2 AA+	+0.5	
	6 ↓ 4		
	2019: 78.1 AA+ 2018: 79.6 AAA-	-1.5	
	7 ← 7		
	2019: 77.7 AA+ 2018: 77.5 AA+	+0.2	
	8 ← 8		
	2019: 77.6 AA+ 2018: 77.3 AA+	+0.3	
	9 ← 9		
	2019: 75.1 AA+ 2018: 74.2 AA	+0.9	
	10 – NEW		
	2019: 73.8 AA 2018: - -	-	

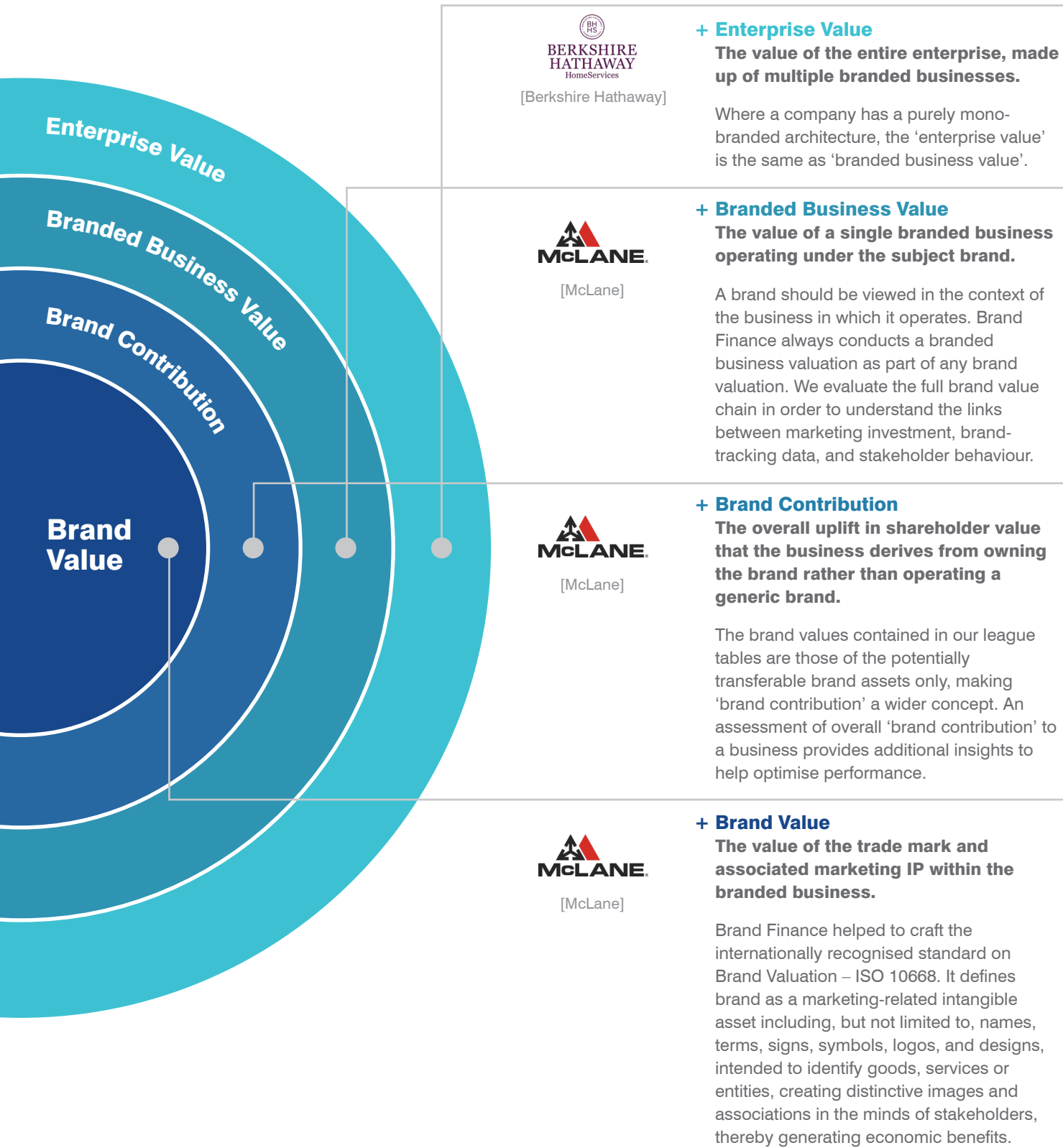
Brand Finance Logistics 25 (USD m).

Top 50 most valuable logistics brands 1-25

2019 Rank	2018 Rank	Brand	Country	2019 Brand Value	Brand Value Change	2018 Brand Value	2019 Brand Rating	2018 Brand Rating
1	1	← UPS	United States	\$29,300	+33.2%	\$22,003	AAA-	AAA-
2	2	← FedEx	United States	\$24,232	+33.4%	\$18,170	AA+	AA+
3	3	← JR	Japan	\$11,391	+2.6%	\$11,103	AA	AA
4	4	← DHL	Germany	\$11,107	+3.7%	\$10,714	AA	AA
5	5	← Union Pacific	United States	\$9,319	+18.3%	\$7,877	AA+	AA+
6	6	← BNSF	United States	\$6,697	+22.7%	\$5,457	A+	A+
7	12	↑ La Poste	France	\$5,522	+48.6%	\$3,716	AA-	AA-
8	7	↓ McLane	United States	\$5,483	+12.3%	\$4,882	A+	A+
9	10	↑ Deutsche Post	Germany	\$5,224	+22.8%	\$4,253	AA	AA
10	11	↑ CSX	United States	\$4,632	+15.6%	\$4,008	AA+	AAA-
11	9	↓ Canadian National Railway	Canada	🔒	🔒	🔒	🔒	🔒
12	13	↑ Maersk	Denmark	🔒	🔒	🔒	🔒	🔒
13	14	↑ Norfolk Southern	United States	🔒	🔒	🔒	🔒	🔒
14		New SF Express	China	🔒	🔒	🔒	🔒	🔒
15	15	← DB	Germany	🔒	🔒	🔒	🔒	🔒
16	16	← Russian Railways	Russia	🔒	🔒	🔒	🔒	🔒
17	18	↑ MTR	China (Hong Kong)	🔒	🔒	🔒	🔒	🔒
18	17	↓ Royal Mail	United Kingdom	🔒	🔒	🔒	🔒	🔒
19	19	← Kuehne + Nagel	Switzerland	🔒	🔒	🔒	🔒	🔒
20	20	← CP	Canada	🔒	🔒	🔒	🔒	🔒
21	24	↑ Bollore	France	🔒	🔒	🔒	🔒	🔒
22		New XPO Logistics	United States	🔒	🔒	🔒	🔒	🔒
23	23	← C.H. Robinson Worldwide	United States	🔒	🔒	🔒	🔒	🔒
24	21	↓ DSV	Denmark	🔒	🔒	🔒	🔒	🔒
25	25	← CRSC	China	🔒	🔒	🔒	🔒	🔒



Definitions.



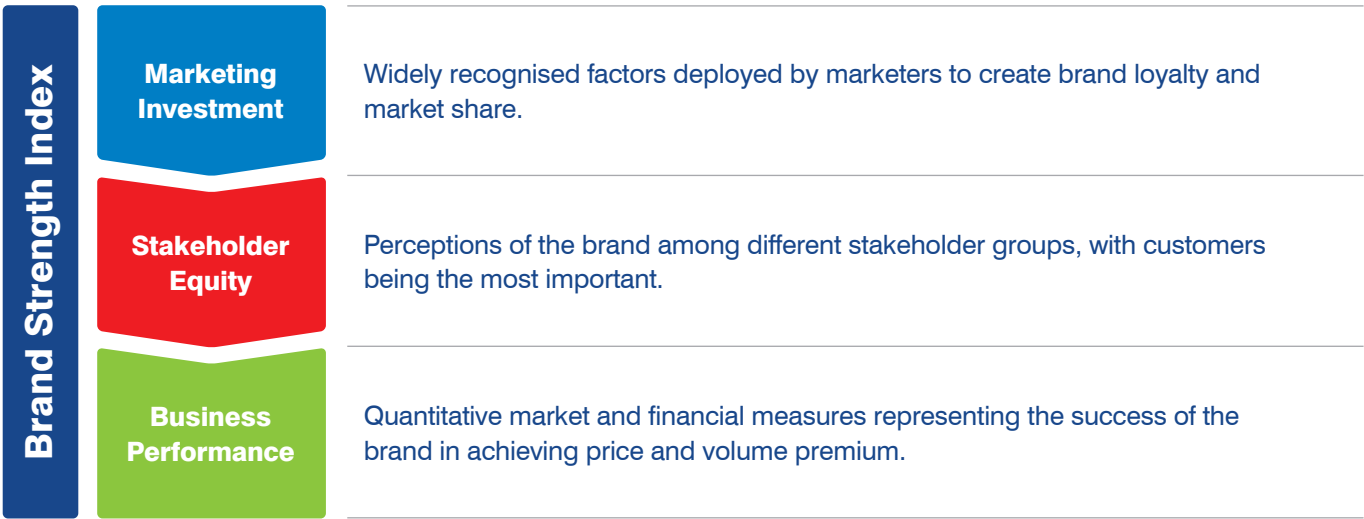
Brand Strength

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.



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

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

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

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

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

How can I improve return on marketing investment?

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

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

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

Communications Services.

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



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



**TOP 25
LOGISTICS
BRAND**



**MOST VALUABLE
LOGISTICS
BRAND**



**STRONGEST
LOGISTICS
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.

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- 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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