Brand Finance®

Oil & Gas 50 2023

The annual report on the most valuable and strongest Oil & Gas brands

March 2023

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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 more than 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 thousands of the world's biggest brands to the test every year. Ranking brands across all sectors and countries, we publish over 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®

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

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Brand Finance Group.

Brand Finance® Institute

Brand Finance Institute

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

Brand Dialogue®

Brand Dialogue

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

Vi360

VI360

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

Brand Finance®

Global Brand
Equity Monitor

- Original market research on over **5,000 brands**
- **38 countries** and **31 sectors** covered
- More than **150,000 respondents** surveyed annually
- We are now **in our 7th consecutive year** conducting the study

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Foreword.

David Haigh
Chairman & CEO,
Brand Finance

Brand valuation helps companies understand the value of their brand and how it contributes to the overall value of the company. This important understanding can inform decision-making related to marketing and branding efforts, as well as provide a benchmark for future performance. It can also be used to help attract investors and secure financing, as a strong brand can be a valuable asset.

Additionally, brand valuation can be useful in the event of a merger or acquisition, as it can help determine the value of the brand being acquired. Overall, brand valuation helps organisations understand the worth of their brand and how it fits into their overall business strategy.

A strong brand can lead to improved business returns in several ways. First, a strong brand can help a company differentiate itself from its competitors and establish a unique identity in the market, which can lead to increased customer loyalty and retention. This, in turn, can lead to higher sales and revenue. A strong brand can also help a company command a higher price for its products or services, as consumers are willing to pay more for a brand they perceive as high-quality and trustworthy. In addition, a strong brand can help a company attract top talent, as employees may be more attracted to work for a well-known and reputable brand. Finally, a strong brand can provide a company with a competitive advantage and help it weather economic downturns or industry disruptions.

This year, Brand Finance has invested more in researching and understanding customer perception of brands across the world than ever before, with original research taking place in dozens of jurisdictions globally. The report you are reading is based on this extensive original research, with the findings representing a catalyst for further conversations.

If you want to help build a stronger brand, or if you want to better understand the value of your brand, please contact the Brand Finance team and I anytime. I look forward to the conversation and helping to build a more profitable future for your brand.

Shell continues to power progress as most valuable Oil & Gas brand, but Aramco is closing the gap.

- **Shell** remains world’s most valuable Oil & Gas brand, despite 3% brand value reduction
- **PETRONAS** is again the strongest Oil & Gas brand, earning AAA rating
- **Aramco** is the second most valuable Oil & Gas brand, gaining quickly on **Shell**
- **TotalEnergies** and Chevron on the rise, overtaking BP
- **Qatargas** is the fastest growing Oil & Gas brand, up 147%
- Russian brands in decline after catastrophic impact of the invasion of Ukraine and resultant sanctions
- **Aramco** has highest Sustainability Perceptions Value, US$4.5 billion

Ranking Analysis.

Ranking Analysis.

Shell remains world's most valuable Oil & Gas brand, despite 3% brand value reduction

Shell remains the world's most valuable Oil & Gas brand despite experiencing a 3% brand value reduction, taking its brand value to US$48.2 billion. This is the ninth consecutive year that the British multinational Oil & Gas brand has held the top spot, however, Saudi Arabian Oil and Gas giant, **Aramco** (brand value up 4% to US$45.2 billion) has reduced the gap at the top.

After solid brand value growth of 18% in 2022, Shell's brand value reduction for 2023 suggest that going forward, the brand should be clear on its strategy towards the energy transition and its related communication. This could include collaborative cross sector solutions to reduce Scope 3 emissions (mostly end-product combustion, which account for approximately 90% of Shell's emissions) formed in tandem with evolving global demand patterns.

On the other hand, Shell has taken a global leadership role in helping customers divest from Russia in the wake of Russia's invasion of Ukraine and helped provide some degree of energy security to Europe.

Shell has benefited from increased prices for hydrocarbons, following a year of high prices after disrupted gas supplies and the demand for oil increased as global economies headed towards normality after the Covid-19 pandemic.

Furthermore, the appointment of a new CEO, Wael Sawan, in January 2023, and a subsequent renewed strategy geared towards catering to increased Oil & Gas demand has provided a more positive outlook for investor returns.

This may see Shell return to brand value growth in 2024, however, is likely to also damage brand perceptions amongst the public in relation to sustainability and rising energy prices, while big Oil & Gas companies invariably continue to grow profits.

Top 10 Strongest Oil & Gas Brands

© Brand Finance Plc 2023

1 ← 1	PETRONAS	89.4	+1.7	AAA
2 ↑ 4	ptt	87.4	+0.7	AAA
3 ↑ 11	ecopetrol	86.7	+5.7	AAA
4 ↓ 3	PETROBRAS	84.9	-2.3	AAA
5 ↑ 6	PERTAMINA	83.9	-1.7	AAA-
6 ↓ 2	LUKOIL	83.5	-3.9	AAA-
7 ↓ 5	GAZPROM	82.6	-3.3	AAA-
8 ← 8	equinor	80.6	-2.3	AAA-
9 ↓ 7	इंडियनऑयल IndianOil	80.6	-3.6	AAA-
10 ↓ 9	Reliance	80.0	-1.8	AAA-

PETRONAS is again the strongest Oil & Gas brand, earning AAA rating

In addition to calculating 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.

Compliant with ISO 20671, Brand Finance's assessment of stakeholder equity incorporates original market research data from over 150,000 respondents in 38 countries and across 31 sectors.

Malaysian brand, **PETRONAS** (brand value down 7% to US$12.7 billion), is again the strongest Oil & Gas brand, a title it has held since 2020. In 2023 its Brand Strength Index (BSI) score went up two points to 89 out of 100, earning a corresponding AAA rating.

PETRONAS' high BSI score comes partly as a result of its commitment to the industry wide energy transition, as it looks to diversify its range of energy options and significantly improve its company-wide sustainability. PETRONAS has committed to allocating 20% of its overall capital expenditure for decarbonisation projects and cleaner energy solutions from 2023 to 2026.

In 2022, PETRONAS launched Gentari, a wholly owned clean energy solutions provider, which will look to boost renewable energy in Asia Pacific. While being supported by PETRONAS in its growth phase, Gentari will eventually operate as an independently managed entity. It will focus primarily on renewable energy, hydrogen, and green mobility solutions for all customers. The brand is particularly looking to grow its sustainable operations in Australia and India in the near term. The positive coverage surrounding the launch of Gentari has helped contribute to PETRONAS' increase in BSI score and places PETRONAS in a strong position to further increase its brand strength going forward.

Top 10 Most Valuable Oil & Gas Brands

© Brand Finance Plc 2023

1	← 1		US$48.2 bn	-3%
2	← 2	aramco	US$45.2 bn	+4%
3	← 3	PetroChina	US$29.6 bn	+0%
4	← 4	Sinopec	US$27.1 bn	+8%
5	↑ 6	TotalEnergies	US$20.7 bn	+37%
6	↑ 7	Chevron	US$17.4 bn	+19%
7	↓ 5	bp	US$16.7 bn	-12%
8	↑ 9	ADNOC	US$14.2 bn	+11%
9	↑ 12	equinor	US$13.1 bn	+40%
10	↓ 8	PETRONAS	US$12.7 bn	-7%

Aramco is the second most valuable Oil & Gas brand, gaining quickly on Shell

Aramco has benefited from a surge in prices and demand for Oil and Gas this year as well as taking market share away from sanctioned Russian Oil & Gas companies. Its brand value has gone up 4% to US$45.2 billion. It remains as the second most valuable Oil & Gas brand and has partially closed the gap behind Shell with Aramco's strategy of improved brand positioning and awareness.

Aramco has looked to expand its operations in the past year, further increasing its global presence and reach. For example, it launched Aramco Trading Americas, based out of Houston, Texas. This is an expansion of its commodities trading operation and aims to increase trading in North and South America. A collaboration with Chinese Shandong Energy Group is also in the pipeline, exploring potential integrated refining and petrochemical opportunities in China. The scope of this collaboration extends across technologies related to hydrogen, renewables and carbon capture and storage.

Additionally, Aramco has increased its Brand Strength Index (BSI) score to 75.4 out of 100, with a corresponding AA+ rating.

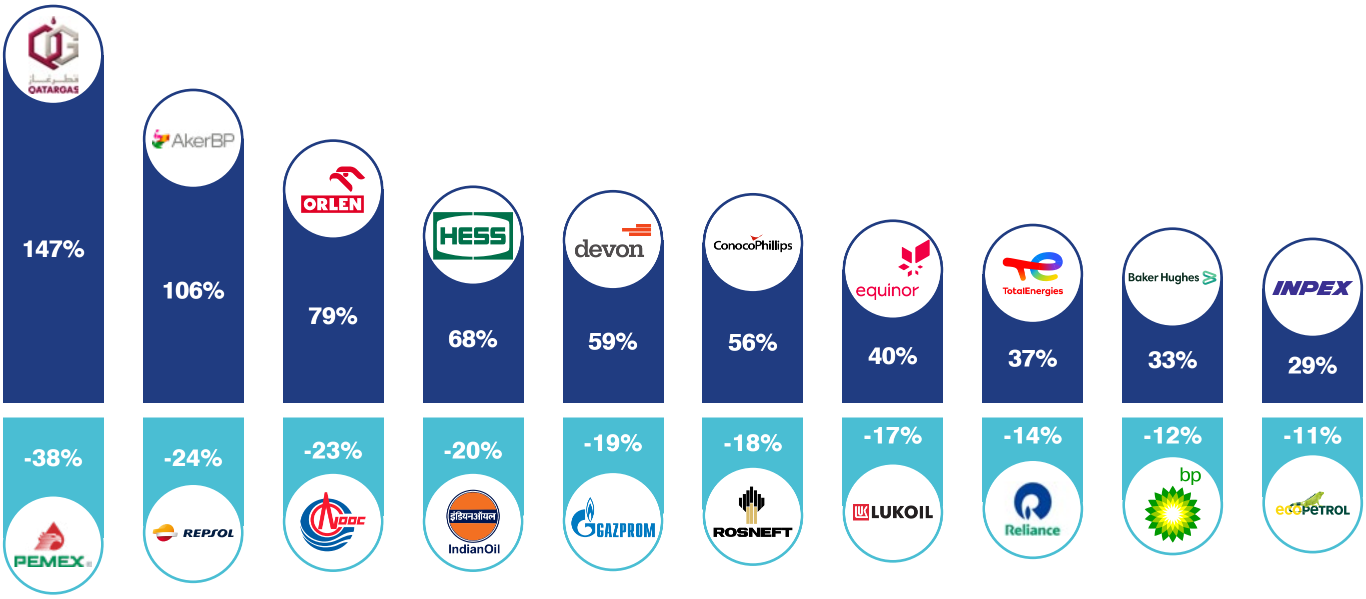
TotalEnergies and Chevron on the rise, overtaking BP

French brand, **TotalEnergies** (brand value up 37% to US$20.7 billion) has risen one place and entered the top five of the ranking. The brand has also benefited from a favourable environment within the industry, while also increasing its hydrocarbon production and LNG sales. Its exploration and production arms also saw success, making new discoveries in Cyprus, Namibia, Suriname, and Brazil in 2022, helping bolster cash-flow. The brand has also looked to diversity, growing its petrochemicals operations with the launch of the Amiral project, an integrated complex in Saudi Arabia.

Similarly, **Chevron** (brand value up 19% to US$17.4 billion) has seen healthy growth, also rising one place to sixth position in the ranking. The brand delivered record earnings and cash-flows in 2022, continuing to invest effectively and pay down debt. It is also investing to grow both traditional and new energy supplies to meet increasing demand for affordable, reliable, and ever-cleaner energy.

Both brands have now overtaken BP, which has dropped two places in the ranking after a 12% brand value reduction to US$16.7 billion. The brand had initially planned to move investments away from exploration and production of Oil and Gas and towards renewable sources. However, following a change in the global geo-political environment and increased demand and price of oil, BP has retreated on its 2020 climate commitments. Its Brand Strength Index score has subsequently dropped 6 points to 64 out of 100. This is a significant drop and reflects the dissatisfaction of some stakeholders in BP's recent strategic decisions.

Brand Value Change 2022-2023 (%)



Qatargas is the fastest growing Oil & Gas brand, up 147%

Qatargas (brand value up 147% to US$3.1 billion) is the world's fastest growing Oil & Gas brand, as well as the fastest growing brand across all sectors in the Middle East in 2023. It is one of the world's leading gas producing brands and is owned by QatarEnergy. This year, it has seen significant growth due to the increase in global demand for its product following the embargo of Russian gas by many countries. This has effectively constrained supply for many gas users and improved sales for Qatargas. The contested geo-strategic situation allowed business-to-business brands such as Qatargas to be an increasingly trusted energy supplier to the world.

Qatargas aims to reach a production capacity of 110 million tonnes per year by 2025, a significant increase from its previous annual production capacity of 77 million tonnes per year. This increased capacity is enabling the company to capitalise on the hike in gas prices and the increasing demand for Qatari LNG.

Russian brands in decline after catastrophic impact of the invasion of Ukraine and resultant sanctions

All Russian Oil & Gas brands included in the ranking have seen significant brand value reductions due to Russia's invasion of Ukraine and global sanctions placed on Russia. **Gazprom** (brand value down 19% to US$5.5 billion), **Lukoil** (brand value down 17% to US$5.1 billion), and **Rosneft** (brand value down 18% to US$2.8 billion) are all in decline due to pessimistic financial forecasts. Russian Oil & Gas brands have lost a large amount of European business, as European countries, and brands, rally support around Ukraine. Reduced demand for Russian Oil & Gas has also caused a boost in trusted suppliers stationed outside of Russia, such as in the Middle East. The decline in Russia's Oil & Gas brands has been slightly mitigated by the development of increased Asian demand, however, Russian brands face an up-hill battle in re-gaining global business while the conflict in Ukraine is ongoing.

Largest Sustainability Perceptions Value

1	aramco	US$4.5 bn	5.23
2		US$3.5 bn	3.84
3	中国石化 Sinopec	US$2.5 bn	4.79
4	PetroChina	US$2.3 bn	4.12
5	TotalEnergies	US$1.6 bn	4.14
6	Chevron	US$1.2 bn	3.73
7	equinor	US$1.1 bn	4.53
8	PETRONAS	US$1.1 bn	4.59
9	bp	US$1.1 bn	3.40
10	ExxonMobil	US$0.8 bn	3.60

Aramco has highest Sustainability Perceptions Value, US$4.5 billion

As part of its analysis, Brand Finance assesses the role that specific brand attributes play in driving overall brand value. One such attribute, growing rapidly in its significance, is sustainability. Brand Finance assesses how sustainable specific brands are perceived to be, represented by a 'Sustainability Perceptions Score'. The value that is linked to sustainability perceptions, the 'Sustainability Perceptions Value', is then calculated for each brand.

Brand Finance's research identified **Aramco** as having the highest Sustainability Perceptions Value of any Oil & Gas brand in the ranking - US$4.5 billion. The brand's position at the top of the Sustainability Perceptions Value table is not an assessment of its overall sustainability performance, but rather indicates how much brand value the brand has tied up in sustainability perceptions. Aramco therefore has the most value at risk in relation to sustainability.

Aramco also had a strong Sustainability Perceptions Score of 5.2 out of 10, which it is taking positive steps to protect. Sustainability has been at the forefront of Aramco's communications with stakeholders this year as the brand looks to leverage its claim that it can provide the 'lowest carbon' oil in the industry. In 2022 it released its first sustainability report, pledging to reach net-zero status by 2060 through carbon capture technology, and investment in renewable energy. Aramco's involvement in all phases of the hydrocarbon supply chain will also increasingly become an advantage as emissions-reporting demands from regulators and customers increase. The brand claims it can monitor its emissions to a very high level of accuracy to reduce and offset this.

Middle East Oil & Gas Brands.

Top 10 Most Valuable Middle Eastern Oil & Gas Brands

1	aramco	US$45.2 bn	+3.6%
2	ADNOC	US$14.2 bn	+11.4%
3	Kuwait Petroleum Corporation	US$4.1 bn	+4.9%
4	QATARGAS	US$3.1 bn	+146.5%
5	Kuwait Oil Company	US$2 bn	+5.8%
6	QatarEnergy	US$1.7 bn	-
7	enoc	US$1.6 bn	+9.6%
8		US$0.8 bn	+4.8%
9	satorp	US$0.6 bn	+2.6%
10	WOQOD	US$0.3 bn	-0.8%

Middle Eastern State-owned Oil & Gas groups have benefitted from unstable geopolitical conditions and an increase in demand for their products over the last 12 months. The continued return to normality from the COVID-19 pandemic increased global demand for oil, while Russia's invasion of Ukraine negatively impacted global supply chains. These conditions have combined to drive prices up, and look set to remain in the medium term. This has resulted in widespread growth for Middle Eastern brands in the sector.

Aramco is the most valuable Middle Eastern Oil & Gas brand, with a brand value of US$45.2 billion. Throughout 2022 Aramco looked to diversify its product offering and leverage its role in the region's energy transition.

ADNOC (brand value up 11% to US$14.2 billion) is the second most valuable Middle Eastern Oil & Gas brand, and the 8th most valuable brand in the sector globally. While not as valuable as Aramco, ADNOC has a stronger brand, with a BSI score of 79.4 out of 100, and corresponding AA+ rating.

The brand is seen as a role model in the Middle East for attracting global capital and has grown significantly because of its partnerships in the sector. The company has continued to expand its operations in 2023, primarily through successful acquisitions and collaborations.

These include acquiring a 25% stake in Borealis (petrochemicals), an IPO of Borouge (chemicals), and 24% and 43% stakes in Masdar's renewable business and green hydrogen operations respectively.

ADNOC is also actively embracing the energy transition, committing US$15 billion to low-carbon solutions, new energies and decarbonization technologies in support of their Net Zero by 2050 ambition. This is reflected through the acceleration of its investment in renewable energy and pioneering work in developing potential opportunities in Hydrogen. In 2022, ADNOC sent its first low-carbon Ammonia shipment to Germany, highlighting its strategic energy partnerships across the hydrogen value chain. ADNOC's work in this area is highly important as hydrogen is likely to become a vital energy source in a more sustainable future and energy industry.

Kuwaiti brand, **KPC** (brand value up 5% to US$4.1 billion), is the third most valuable Oil & Gas brand in the Middle East. The nation's flagship petroleum company has achieved modest brand value growth in part due to its stature as a reliable supplier of petroleum products in the context of unstable global geopolitical conditions.

KPC, like many other oil companies, is responding to the challenges posed by the global transition to low-carbon energy solutions. To address these challenges, KPC has taken several steps to improve sustainability. The Clean Fuels Project has been commissioned to produce low-sulphur fuels that meet Euro-5 standards and reduce carbon emissions.

The first shipment of ultra-low-sulphur diesel has arrived at the terminal in Napoli and is available for purchase at Q8 service stations in Italy. In addition, **KPC** is piloting a project to capture and inject CO2 from its operations into reservoirs, which both removes carbon from the atmosphere and frees up natural gas for other uses.

While the pilot project has demonstrated the feasibility of the technology, KPC faces significant costs to upgrade facilities, with significant technological advances needed to lower the cost of deployment. KPC as a group is similar in size to **ADNOC**, however, its brand value significantly lags as a result of its fragmented brand architecture and weaker brand strength (66/100, AA-). KPC's current brand architecture is similar to ADNOC pre-2017, in that it has 10 different independently operating companies. Brand Finance estimates the portfolio brand value of its companies at US$7.6 billion.

ADNOC's successful transition from a similar brand architecture into a Masterbrand indicates significant brand value potential to be unlocked by KPC as well as likely boosting its brand strength. **Qatargas** is the 4th most valuable Middle Eastern brand in the sector, and also the fastest growing Oil & Gas brand globally – up 147% in 2023.

The brand has benefited from the global geo-political environment as well as the FIFA Football World Cup which took place in Qatar. Qatargas was an Official Sponsor of the event, increasing its brand awareness outside of its home market and helping boost its BSI score 5 points to 71 out of 100, with a corresponding AA rating.

Brand Value by Country

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	Country	Brand Value (USD m)	% of total	Number of Brands
●	United States	94,586	21%	17
●	United Kingdom	64,863	17%	2
●	China	62,208	15%	3
●	Saudi Arabia	45,227	11%	1
●	France	20,723	4%	1
●	Norway	15,933	2%	2
●	Other	123,383	29%	24
	Total	**426,923**	**100.0%**	**50**

Brand Value Ranking (USDm).

Top 50 most valuable Oil & Gas brands 1-50

2023 Rank	2022 Rank		Brand	Country	2023 Brand Value	Brand Value Change	2022 Brand Value	2023 Brand Rating	2022 Brand Rating
1	1	←	Shell	United Kingdom	48,209	-3%	49,925	AA+	AAA-
2	2	←	Aramco	Saudi Arabia	45,227	+4%	43,637	AA+	AA
3	3	←	PetroChina	China	29,647	+0%	29,656	AA	AA
4	4	←	Sinopec	China	27,145	+8%	25,165	AA+	AA+
5	6	↑	TotalEnergies	France	20,723	+37%	15,086	AA	AA+
6	7	↑	Chevron	United States	17,427	+19%	14,588	A+	AA-
7	5	↓	BP	United Kingdom	16,654	-12%	19,001	A+	AA
8	9	↑	ADNOC	UAE	14,209	+11%	12,760	AA+	AA+
9	12	↑	Equinor	Norway	13,099	+40%	9,342	AAA-	AAA-
10	8	↓	PETRONAS	Malaysia	12,712	-7%	13,596	AAA	AAA
11	10	↓	ExxonMobil	United States	🔒	🔒	🔒	🔒	🔒
12	11	↓	eni	Italy	🔒	🔒	🔒	🔒	🔒
13	17	↑	ConocoPhillips	United States	🔒	🔒	🔒	🔒	🔒
14	19	↑	PTT	Thailand	🔒	🔒	🔒	🔒	🔒
15	18	↑	CNRL	Canada	🔒	🔒	🔒	🔒	🔒
16	14	↓	Gazprom	Russia	🔒	🔒	🔒	🔒	🔒
17	13	↓	CNOOC	China	🔒	🔒	🔒	🔒	🔒
18	15	↓	Lukoil	Russia	🔒	🔒	🔒	🔒	🔒
19	30	↑	SLB	United States	🔒	🔒	🔒	🔒	🔒
20	23	↑	Valero	United States	🔒	🔒	🔒	🔒	🔒
21	26	↑	Phillips 66	United States	🔒	🔒	🔒	🔒	🔒
22	16	↓	Repsol	Spain	🔒	🔒	🔒	🔒	🔒
23	-	New	ENEOS	Japan	🔒	🔒	🔒	🔒	🔒
24	32	↑	Marathon Petroleum	United States	🔒	🔒	🔒	🔒	🔒
25	27	↑	Energy Transfer	United States	🔒	🔒	🔒	🔒	🔒
26	25	↓	Enbridge	Canada	🔒	🔒	🔒	🔒	🔒
27	21	↓	Reliance	India	🔒	🔒	🔒	🔒	🔒
28	35	↑	Oxy	United States	🔒	🔒	🔒	🔒	🔒
29	29	←	Mobil	United States	🔒	🔒	🔒	🔒	🔒
30	24	↓	Esso	United States	🔒	🔒	🔒	🔒	🔒
31	31	←	KPC	Kuwait	🔒	🔒	🔒	🔒	🔒
32	22	↓	Indian Oil	India	🔒	🔒	🔒	🔒	🔒
33	33	←	Petrobras	Brazil	🔒	🔒	🔒	🔒	🔒
34	-	New	PKN Orlen	Poland	🔒	🔒	🔒	🔒	🔒
35	49	↑	Devon	United States	🔒	🔒	🔒	🔒	🔒
36	37	↑	SK Innovation	South Korea	🔒	🔒	🔒	🔒	🔒
37	40	↑	Pertamina	Indonesia	🔒	🔒	🔒	🔒	🔒
38	28	↓	Ecopetrol	Colombia	🔒	🔒	🔒	🔒	🔒
39	43	↑	Baker Hughes	United States	🔒	🔒	🔒	🔒	🔒
40	38	↓	Pioneer Natural	United States	🔒	🔒	🔒	🔒	🔒
41	42	↑	Halliburton	United States	🔒	🔒	🔒	🔒	🔒
42	20	↓	Pemex	Mexico	🔒	🔒	🔒	🔒	🔒
43	-	New	Qatargas	Qatar	🔒	🔒	🔒	🔒	🔒
44	44	←	Suncor Energy	Canada	🔒	🔒	🔒	🔒	🔒
45	-	New	Hess	United States	🔒	🔒	🔒	🔒	🔒
46	46	←	Neste	Finland	🔒	🔒	🔒	🔒	🔒
47	50	↑	Inpex	Japan	🔒	🔒	🔒	🔒	🔒
48	-	New	AkerBP	Norway	🔒	🔒	🔒	🔒	🔒
49	39	↓	Exxon	United States	🔒	🔒	🔒	🔒	🔒
50	34	↓	Rosneft	Russia	🔒	🔒	🔒	🔒	🔒

Brand Spotlights.

ADNOC.

أدنوك
ADNOC

Rank

8 ↑

Brand Value

US$14.2 bn
+11%

Rank

11 ↑

Brand Strength

79.4
+0.4

Interview with His Excellency Dr. Sultan Ahmed Al Jaber.

His Excellency Dr. Sultan Ahmed Al Jaber
UAE Minister of Industry and Advanced Technology and ADNOC Group CEO

What are the successes and initiatives you can attribute to your continued brand growth?

The continued growth in ADNOC's brand value is testament to the wise guidance of the UAE Leadership, the support of the ADNOC Board of Directors and the hard work of the entire ADNOC family. Our commitment to make today's energy cleaner, while investing in the clean energies of tomorrow, continues to strengthen our position as a reliable and responsible global energy provider while enhancing the strength and value of our brand.

What role does ESG and sustainability play in the long term management of ADNOC's brand?

ADNOC is one of the least carbon intensive oil and gas producers in the world and we continue to take steps to enable and accelerate our Net Zero by 2050 ambition. We are committed to progressive climate action and now, more than ever, the world needs a practical and responsible approach that is both pro-growth and pro-climate. ADNOC has made tangible progress on both fronts.

We are the first major oil and gas company in the world to source 100% of our onshore grid power from zero carbon nuclear and solar power. We are electrifying our offshore operations to cut their carbon footprint in half and we are allocating $15 billion to fast-track investments in clean energy, low-carbon and decarbonization projects. The UAE's Founding Father, His Highness Sheikh Zayed bin Sultan Al Nahyan, embedded sustainability and responsible production into ADNOC's business practices and we are determined to continue building on this proud legacy to enable a lower-carbon future.

How do brands ensure that sustainability communication is trusted by customers and other stakeholders?

I think transparency is important in ensuring the credibility of our communications, and this is something that ADNOC takes very seriously. This has allowed us to attract world-class partners that are helping to maximise value from our assets and resources, including some of the world's most notable investors. Moving forward, we will continue to champion a more open and transparent approach to our communications to drive deeper connections with our audiences and stakeholders.

Firstly, we need to put things into perspective. Our world is on its way to being home to 9.5 billion people. To meet their needs, we will have to produce 30% more energy than today. If the basic energy needs of billions of people across the world are not met, economies will slow down significantly, impacting the resources which need to be made available for the energy transition and climate action.

While meeting the energy demand the world currently relies on, we must focus on driving down emissions and accelerating investment in new clean-energy systems. For this, the world needs all the solutions it can get. It is not hydrocarbons or solar, not wind or nuclear or hydrogen. It is all the above, plus the clean energies yet to be discovered, commercialised and deployed. The world needs maximum energy with minimum emissions. This is the approach we are taking at ADNOC.

We were the first hydrocarbon producer in the region to adopt carbon capture and storage on an industrial scale and the first to use nuclear and solar energy to supply 100% of our electricity needs. We are building on our position as a reliable and responsible supplier of some of the least carbon-intensive oil and gas in the world while expanding into renewables and laying the foundations of the global hydrogen market.

The energy transition will not happen at the flip of a switch, but it is attainable if we are pragmatic, practical and commercially focused.

Collaborating with other companies is key in this changing world. Are there any collaborations you are excited about?

Partnership and collaboration are integral to ADNOC's strategy. Since we started our transformation in 2016, we have expanded our partnership and investment base and opened opportunities across our value chain to new categories of partners from around the world.

This approach is enabling us to unlock and maximise value and invest in growth. It is also helping us to improve integration across our value chain and optimise our operational and financial performance. We will continue to develop and explore additional investment and partnership opportunities across our value chain that deliver sustainable value.

As we work towards our Net Zero by 2050 ambition, we extend an open invitation to industry and technology players to come and join us as we forge cleaner energy solutions that are practical and deliver progress for the climate and for the economy.

Dr Sultan wears many hats apart from being the CEO of ADNOC, the United Arab Emirates' Minister of Industry and Advanced Technology, Chairman of Masdar, and the UAE's special envoy for climate change. What role can ADNOC and the UAE play in building a consensus around the goals for COP28?

The UAE approaches its role as hosts of COP 28 with great humility and with a great sense of responsibility. This will be a milestone COP with the first ever Global Stocktake, which will allow the international community to assess progress, raise ambition and scale up action to meet the commitments the world has made.

This will be an important outcome for the meeting. The UAE will focus on accelerating progress on all fronts, including adaptation, and loss and damage. We will also advocate for serious progress on climate finance for developing countries.

It is imperative that all countries are able to access the resources needed to transition to clean energy, adapt to climate impacts and accelerate sustainable economic development. The UAE is ideally placed to build bridges to get the world where we need to be.

We have always been a trading nation at the crossroads of the world and we do not want any country to be left behind. We will bring together people from government, academia, civil society and every sector of industry in a concerted drive for greater climate progress.

We are also deeply committed to making COP 28 a positive platform for women, youth and indigenous peoples, and will strive for solutions to address the needs of the most vulnerable.

In addition, we aim to promote pragmatic, realistic and practical solutions to the energy transition. This includes pivoting towards clean and renewable sources, while at the same time decarbonizing existing sources and investing in innovation.

PETRONAS.

PETRONAS

Rank	Brand Value
10 ⬇	US$12.7 bn -7%

Rank	Brand Strength
1 ⬅	89.4 +1.7

Interview with Charlotte Wolff-Bye.

Charlotte Wolff-Bye
Vice President & Chief Sustainability Officer, PETRONAS

Ramping Up Efforts Towards a Lower Carbon Future.

Climate change is one of the greatest challenges facing society. This represents an existential risk and the imperative for all actors in society, from government, business to community groups to balance competing obligations of the present and work towards a common objective of sustainable low carbon growth.

Economies across the world need to accelerate the shift from fossil-based energy systems to low-carbon solutions for climate ambitions to be met. Addressing climate change needs to be at the centre of both policy and investment decisions. The onus is on the energy industry to rapidly transition by scaling up decarbonisation efforts and investing in clean energy solutions.

PETRONAS recognises the importance of the energy transition and the opportunities that it presents. Its purpose is to be a progressive energy and solutions partner that enriches lives for a sustainable future. True to this purpose, PETRONAS announced its net zero carbon emissions by 2050 (NZCE 2050) pathway in 2022, the first oil and gas company in Southeast Asia to do so.

Since 2010, PETRONAS has contributed a total of RM83 million towards the conservation of Imbak Canyon. This includes setting up of the Imbak Canyon Studies Centre and introduction of environment research grants to spur research in biodiversity, carbon sinks in relation to reforestation and carbon sequestration, as well as renewables including ethno-forestry and applicable new energy solutions for the community.

Lens 1 **Continued Value Creation**

Drive long-term business value creation through responsible investments.

Lens 2 **Safeguard the Environment**

Collaboratively reduce environmental impact by transitioning to lower-carbon energy solutions and deploying innovative operations and technologies.

Lens 3 **Positive Social Impact**

Create positive alliances with the communities in which we operate by protecting and adding value to the well-being of employees, partners and society.

Lens 4 **Responsible Governance**

Safeguard the organisation's commitment through strong governance mechanisms and ethical business practices.

PETRONAS strives to explore new opportunities and drive growth for the business, guided by its four sustainability lenses, and seven prioritised United Nations' Sustainable Development Goals (SDGs).

What does a low carbon future mean to PETRONAS?

As Malaysia's leading company and custodian of the country's hydrocarbon resources with an extensive international reach, we acknowledge the important role we have in promoting sustainable development in all locations where we are present, with a specific emphasis on driving a low-carbon energy future. The future needs to be low carbon and that means a transformation across society in how we produce and consume energy.

The required energy transition will be shaped by a common vision across value chains, including our employees, partners, suppliers, customers and other stakeholders, of what a low carbon economy will entail. We firmly believe that real positive change can only occur through collective action, a more assertive approach and strong commitment towards sustainability.

The energy transition is a once in a generation opportunity to create more opportunities and prospects of wellbeing for more people and future generations. Together with our stakeholders, we are collectively trying to make the shift as orderly as possible, keeping responsible and equitable growth top of mind. Scientific consensus on climate change is clear, manmade carbon emissions need to peak before 2025, drop drastically as soon as possible and reach "net zero" by 2050.

PETRONAS is responding in two ways. First, we have set our sights to achieve net zero carbon emissions by year 2050, and to peak our emissions across our Malaysian operations, to 49.5 million tonnes of carbon dioxide equivalent by 2024, and to reduce absolute emissions by 25% by 2030 based on a 2019 baseline. Secondly, we see opportunity in the energy transition in serving our customers with relevant renewable and clean energy solutions.

We have bold ambitions for the future, including a near term target of increasing renewable energy capacity to 3 Gigawatt by 2024, rising to 30-40 Gigawatt by 2030.

In addition, we are pursuing several other low carbon solutions, including carbon capture and storage (CCS), green hydrogen, biofuels and electric vehicle infrastructure.

To make sure we can achieve our near- and long-term ambitions PETRONAS staff are enrolled in programmes to advance their skills, with digital competency and sustainability awareness core tenets of any training. Through our scholarship schemes we help shape and develop the next generation of business leaders, benefitting hundreds of young people every year.

We are also cognisant of the role nature and biodiversity plays in addressing and adapting to climate change and broader societal wellbeing.

PETRONAS Position on Nature and Biodiversity sets out our commitments to help reverse and halt nature and biodiversity loss. To this aim, we are building our capacity and capability in nature-based climate solutions and biodiversity conservation.

What are PETRONAS' efforts to achieve net zero carbon emissions by 2050?

Over the past decade we have removed around 17.5 million tonnes of carbon dioxide equivalent emissions from our operations, which is comparable to taking around 3.8 million cars off the roads. We are now doubling down on this effort. During 2021 alone, we reduced emission by an additional 6.4% from our global operations.

Several hundreds of emission reduction projects are underway. The key focus is on reducing our operational emissions by addressing flaring and venting of gas, energy efficiency measures, electrification and by introducing carbon capture and storage.

Notably we are aligning our activities to support Malaysia's national carbon reduction commitments and the pledge to reduce methane emissions by 30% before the end of this decade. We have also signed up to the World Bank's initiative on Zero Routine Flaring by 2030.

Over the next five years, we are allocating approximately 20 per cent of our capital to achieve our ambitious emission reduction goals and in developing our clean energy solutions business. In 2021, close to RM1.0 billion of capital was spent on stepping out beyond our core business of oil and gas, mainly on renewables.

On top of that, we are strengthening our disclosures to demonstrate our commitment, report on our performance and be accountable in a transparent way. We have commenced reporting towards the Stakeholder Capitalism Metrics and aim to adopt the recommendations of the Taskforce on Climate related Financial Disclosure (TCFD) from 2023 onwards.

How is PETRONAS' participating in the new energy space?

The energy transition requires us to develop new technology, create new value chains and build the demand for sustainable energy solutions. This can only be done through partnerships across sectors both domestically and internationally.

We are in the midst of realising a multitude of collaboration agreements involving partners, technology providers, customers and the entrepreneurship community in Malaysia and internationally, with the most prominent efforts focusing on sustainable fuels, developing carbon capture and storage and green hydrogen value chains.

Throughout 2022, we aim to spend about 10 per cent of PETRONAS' total RM60 billion capital expenditure on non-traditional businesses such as specialty chemicals and solar energy. For now, investments are concentrated on the Asia-Pacific region with a mix of organic and inorganic growth.

In September 2022, we launched Gentari, PETRONAS' clean energy solutions business. The aim of this major new business is to accelerate and scale up our global customer solutions by delivering a suite of renewable energy, hydrogen and green mobility solutions.

What are the hurdles in achieving NZCE 2050 for an oil and gas company and how is PETRONAS doing it?

Today, the global economy, is to a large extent based on fossil fuels. To unravel 150 years of dependence on the current energy system, is a monumental task, however, it is not unattainable.

For PETRONAS this means decarbonising our oil and gas production, providing low carbon customer solutions and engaging in the broader economic ecosystem in Malaysia to embrace the fastmoving energy transition. It also presents an opportunity for Malaysia's manufacturing sector to serve the world in its decarbonisation efforts. The change is as much about mindsets, as it is about skills, technology and capital.

To this aim, we work closely with the Malaysian government to support policy development and further drive the nation's sustainability efforts.

For example, we have supported the development of the recently launched National Energy Policy and we are directly involved in private sector working groups that promote the delivery of the Sustainable Development Goals and the development of voluntary carbon markets for nature-based carbon solutions.

Our President and Group CEO is a member of the CEO Action Network (CAN), Malaysia's first sustainability-focused coalition of leading CEOs and senior decision-makers. CAN focuses on changing the nation's market landscape through sustainability advocacy, capacity building, action, and performance.

Internationally, we are active participants in the World Economic Forum and the World Business Council for Sustainable Development (WBCSD). These platforms offer direct engagement with forward-thinking multinational companies, opinion leaders and other prominent stakeholders, and help us shape and gain insights and collaboratively develop solutions to address pressing sustainability challenges.

Moving forward, what can we expect from PETRONAS in its journey towards a lower carbon future?

PETRONAS understands clearly that it is essential to remain relevant in a low carbon future with net zero carbon emissions as our ultimate aim. It requires a major shift in how we develop our business and engage in existing value chains and how we develop new ones.

We are committed to expedite emission reductions and developing relevant customer solutions. These are not just pledges but tangible actions. Now we must double down on our deliveries. Effectively, we are in a race to net zero.

Our strong emission reduction performance and the launch of our standalone Gentari business are some of the activities demonstrating how we back our aspirations with real action.

Reference:
PETRONAS: Decarbonising fossil fuel the way to go | The Edge Markets

Insights.

Why Should I Value My Brand?

Alex Haigh
Valuation Director,
Brand Finance

It's one of the most frequently asked brand strategy questions: when, why and how should I value a brand?

We love to answer this question, because it gets to the heart of why brand valuation is important and the difference that brand value can make to your business.

There is a multitude of reasons to value a brand, ranging from technical to applied, from marketing to finance, and everywhere in between. Regardless of the discipline, it is crucial to centre the conversation and base any strategic branding decisions on hard data.

Your brand exists to differentiate and elevate your business. Measuring and valuing its performance should be done with the intention of understanding how you can leverage one of your most important assets to further your business goals, in the short and long term. In this article, we are going to explore six of the most common brand valuation applications for brand strategy.

1. Brand Tracking

It is essential for any brand manager to identify the period-to-period performance of their brands. The identification of changes in brand equity and brand value allows for quick action that can correct or improve performance.

Most companies will track the performance of their brands in one way or another. One of the most commonly tracked metrics is 'Net Promoter Score' (NPS). On top of this, brand managers will often be monitoring a whole host of other brand equity measures (awareness, familiarity, consideration, recommendation etc...), and bottom-line performance.

To effectively track all of a brand's attributes requires expert ability in market research, communications, finance, HR, insights and analytics. Brand Valuation combines data on all of these areas, prioritises them, and provides financial numbers which are intelligible across the business. Indeed, this principle is how we arrived at our strapline "Bridging the Gap between Marketing and Finance".

> **Many senior managers have noticed a paradox in how firms perceive marketing. On the one hand, every chief executive and mission statement puts marketing at the very top of the agenda … At the same time, marketing professionals, marketing departments and marketing education are not highly regarded … The paradox will never be resolved until marketing professionals justify marketing strategies in relevant financial terms.**
>
> **Peter Doyle**
> Former Professor of Marketing at Warwick University

Period-to-period tracking helps to expose the brand attributes that are under or overperforming. Using brand valuation, you can start to expose the real financial impact of changes to key brand attributes.

For example, between tracking periods, a company may invest in an advertising campaign to address shortcomings in brand awareness. When the brand is assessed and valued again, awareness has improved, and brand value has also improved. By measuring the brand value difference we are able to put a dollar figure on the return on marketing investment from the awareness campaign.

Brand trackers then become a strong tool for communicating the development of the brand and its attributes to other internal stakeholders - especially in marketing efficacy and budget discussions.

Over 100 businesses use our in-depth reports to identify how brand value and strength is changing and the underlying reasons for those changes and over 300 report our valuations in their annual reports. Even more, businesses use other providers so the use of brand valuation is endemic among marketing and brand departments worldwide and growing in importance.

2. Marketing Budget Allocation and Return on Marketing Investment (ROMI)

When you are able to demonstrate how much value you are generating through your current branding initiatives, you can determine if you are either over or under-allocating investment in the brand.

Valuations can be used to identify what value of an investment is likely to be necessary to keep value topped-up. After analysing the importance of brands versus other assets (by comparing their relative values), management teams can allocate the appropriate proportion of investment to brand building activities.

Brands are built not only through promotion but also through product development, availability, price, customer service and many other factors.

Therefore a strong brand valuation approach is one which identifies the relative importance of these activities, allowing for appropriate segmentation of spend; between these different levers as well as the various marketing channels available for promotion.

Brand Valuations are the natural extension to the more short-term Marketing Mix Models and can (read: should) be used concurrently, if data allows it.

Conducting scenario analysis on the assumptions in a valuation can be used as a dynamic tool to identify the return on investment of specific activities such as improving the customer journey experience, updating visual identity or improving brand management processes.

3. Brand Architecture and Brand Transition Strategy

Brand Valuation also helps identify and inform whether you should increase or decrease the number of brands you use, often referred to as a brand portfolio.

When valuing a brand portfolio you are testing each available brand through the impact of their strength on business performance. This enables you to review and track the impact of individual brands on the wider portfolio.

As well as the effects of brand equity, the analysis allows you to understand what brand-building activities are driving awareness to and brand perceptions of the overall group.

When working with Vodafone throughout the mid-2000s, as it forged its place as the preeminent global telecoms brand, we developed a structured approach for each stage of the brand architecture strategy process and have continued to develop the process up to today.

This process identified how strong the benefit of rebranding to Vodafone could be for the local brands, which enabled a prioritisation process to take place over which local brands to transition first.

Following this came the brand transition planning. Brand transition strategy and brand architecture strategy are close cousins. Indeed, more often than not, one follows the other. For example, there may be a push from upper management to follow a 'Masterbrand' strategy, which entails that any dud or acquired brands will need to be transferred.

With any brand transition strategy, you will need to weigh up the brand tactics, marketing tools, investment, and time planning that will create the biggest uplift in value. A successful brand transition strategy is one that ensures the transfer of the existing brand equity to the new brand while minimising the risk of customer value loss.

A brand valuation lens can help you model the financial impact of the various transition strategies.

The cost of a slow transition for the benefit of maintaining customer value is a consideration that is often misunderstood or overlooked in favour of quick action. And indeed, the opposite is also true, sometimes a quick transition will improve business performance.

So do you proceed with an overnight transition? Do you adopt interim brand endorsements? How much additional investment will be required to effectively transfer brand equity? A brand valuation framework enables teams to weigh up cost, time and activities (such as endorsements) to complete the most successful transition possible.

4. Sponsorship Analysis

Sponsorship evaluation is one activity that is specifically suited to this type of analysis. Typically an area that has focussed on size of coverage rather than effect, there has been a general misunderstanding about how its benefit should be identified.

The key question to ask when evaluating sponsorship is not "How much would it cost as advertising?" but rather "What is its benefit to our bottom line?" The answer to the first question is effectively useless for determining the ROI of the activity, while the second gets straight to the point.

A valuation-based approach to sponsorship evaluation provides a practical, logical and commercially driven basis for assessment.

By following an approach that establishes links between changes in brand equity, stakeholder behaviour and ultimately business and brand value, we gain a solid platform of insight to decide whether to enter into - or continue with - sponsorship activities, and how much to spend to activate them.

The ultimate benefit of this understanding is that it provides true firepower at the negotiation table with existing and potential sponsors, leading to better results for less investment.

5. Brand Positioning Decisions

Faced with a decision on a change in positioning, many businesses consider the effects only through management hypotheses or market research.

Management hypotheses on the effects of a change in positioning are high level and untested, but due to hierarchies of power and experience, most brand managers accept these hypotheses at face value.

A brand valuation framework enables teams to weigh up marketing cost, time and activities, and model the returns in real financial terms.

Market research is useful but can be risky if you stop there. Strong market research programs will often include “Demand Drivers Analysis”. Demand Drivers Analysis allows you to identify what aspects, or “attributes”, a brand needs in order to drive brand preference in a category.

The idea goes that the brand positioning which maximises performance on the most important attributes should be the option selected. Demand Drivers Analysis is a fantastic start, but it is an exercise that needs to be performed at a segment level.

If you take a large multi-service bank, for example, the factors that drive individual consumers to buy a credit card will not be the same as those for a mortgage nor will they be the same for a corporate customer trying to find the provider for a new loan.

So if the positioning changes perceptions in different ways in different segments, how do you decide which segment to prioritise? Ultimately, this must be done by weighing up the overall financial implication to the business.

Most importantly, and fundamental to the discipline, brand valuation enables you to identify what you should be willing to spend on the change, knowing that you should never spend more than you predict to gain in value.

6. Franchising & Licensing Strategy

Brands are frequently licenced both internally and to other companies through franchise or brand licencing agreements.

In the late 1990s, we were approached by the United States Internal Revenue Service to provide a new approach to setting brand royalties that was grounded in the identified commercial effects of brands, rather than simply what had been paid for them in the past.

Using research analysis techniques, we identify the uplift in yearly revenue and profitability caused by brand equity. The outputs of this analysis are always compelling, and provide a strong defense in negotiations.

Establishing the commercial reality of a brand’s impact on a business rather than relying on often conservative perceptions or non-comparable agreements is a technique that is - and should more often be - used in licensing.

The following applications range from technical to applied, from marketing to finance, and everywhere in between:

1. Brand Impact Analysis

The most fundamental reason to conduct a valuation analysis is to find out how brands - that is, trademarks and their associated intellectual property - improve the financial performance of a business. Brands do this by impacting the perceptions that customers, employees and other relevant stakeholders.

Finding out how brands contribute to revenue and profit and how their value stacks up in comparison to other assets is a fundamentally important piece of knowledge to glean for various reasons. Through our rankings of the world's most valuable brands, we have found that brands consistently make up 20%-25% of the value of listed companies. This figure differs by type of business, industry, segment, stage of life and many other factors so it's important to analyse specific brands and on a segmented basis to glean out all the relevant information. And it is relevant for many reasons.

One principal reason is education. Many boards are simply unaware of the benefit that brand building can make to your business. Demonstrating these effects can help build support for new measures to further strengthen the positions of brands in decision-making.

Another reason is to benchmark your brand against its competitors, and through that process gain insight into its performance. Knowing how much your brand impacts your business and why, and how this compares to other brands over time, can help guide brand management in the direction of the most value-generating activities.

The final reason is for income allocation and investment planning. Knowing how much a brand is contributing to a business and from where enables the internal brand team to be compensated adequately for their work. This team will then be in a much better position to reinvest in segments, countries and products that will generate the highest return in the future, maximising brand value.

2. Tax & Transfer Pricing

‘Transfer pricing’ refers to the practice of pricing transactions between companies within a commonly controlled group. The concept is originally a management accounting one, used by companies to ensure that individual divisions profit maximise in the absence of a true market for what they buy and sell – this true market not existing since the common control gives incentives to buy internally.

Brands and other IP are assets that one party owns, and another uses. In any third-party transaction, the user would usually be expected to pay the owner for the privilege of use. Internally, the use by one group company of IP owned by another group company would therefore be a transaction just like any other and is usually covered by a licence agreement.

A profit-seeking brand owner and its profit-seeking brand user counterpart would both aim to maximise the return they receive from the deal partly through forceful negotiation but also through the professional management of processes for developing, protecting and exploiting the value inherent in its brand.

Virgin, which owns its brand in a separate subsidiary, is a particularly clear case in point. Virgin does not own majority stakes in most of its companies. Instead, it operates a minority stake and brand licence model where management identifies opportunities that will maximise royalties to the brand-owning company, while also developing and enhancing the brand to promote its other enterprises.

It expects its licensees to invest in substantial amounts of advertising, PR and other types of promotion but keeps strategic control of the brand’s positioning and direction firmly under the remit of its brand owning subsidiary.

Tax authorities are increasingly recognising these obvious value dynamics for brands and the need to capture the value they create for the benefit of their treasury. Valuing brands to take account of this new fiscal compliance is therefore often essential.

3. Brand Damages & Litigation Support

As will generally be known, Trade Marks (or Trademarks, depending on which side of the Atlantic you reside) relate to the signs, symbols, words, shapes, colours and other signifiers that identify a product or service, allowing the public to clearly and precisely the subject matter of what they are procuring or using. They are therefore the legal manifestation of what would generally be called “brands”.

Across the world, there acts prohibit the infringement of trademarks, their unfair damage and their dilution (i.e. acts which negatively impact on their distinctiveness). Damage

to a brand might have been caused for a variety of reasons with the following being the most common: libel, slander and defamation; improper use of the marks in question; and confusion created by the use of an unlawfully similar mark.

The US Trademark Act (also known as the Lanham Act), the Trade Marks Act in the UK and many other similar laws around the world allow the damaged party recourse to damages for some combination of the defendant's profits, the damaged party's lost profits and the cost of any legal action.

In order to calculate these damages, some kind of brand valuation exercise is necessary. This might include royalty rate analyses, lost profits analysis, unjust enrichment calculations, corrective advertising calculations for example. In some cases, the business analyst may even need to recreate a hypothetical licencing or business structures to justify the "what-if" scenario without the damaging behaviour.

4. M&A Due Diligence

Many companies boast impressive track records in M&As, however, precedence is almost always given to the “hard” factors, which relate to the financial, legal and economic features of the deal.

The brand is one of the most valuable strategic assets a company owns, yet often it is overlooked and remains an afterthought in deal situations, even in the world's biggest companies. However, examining and analysing brands for due diligence can provide comfort to organisations acquiring companies brands and other intangibles by answering some of the following questions:

- Are we buying a good brand?

A brand evaluation process, identifying how well a brand is known and perceived compared to its competitors can help buyers determine how resilient demand will be and how much growth to expect.

- Having acquired a new brand, what would be the implications of rebranding it?

It can be important to quantify the strength and value of the brand being acquired to assess both the positive and negative implications of integrating, merging or rebranding a target brand.

In fact, Brand Finance's Global Rebrand and Architecture Tracker (GReAT) report highlights that there can be significant volatility in returns depending on the quality of the rebranding process and the timing of the transaction. It is therefore important to analyse trends and market research to predict the ideal timing for transactions as well as brand transitions.

- How do we show our investment committee potential brand uplift?

Valuations can also help identify any uplift in value and potential licensing and extension opportunities, given the strength of perceptions of the brand and its legal protection in potential categories and markets.

5. Fair Value Exercises

Under the accounting standard IFRS3, in force since 2003, companies using IFRS (which includes all publicly traded European companies) are compelled to value all of the intangible assets of any company they acquire – including brands. Every year, the acquired assets have to be reviewed in case there should be an impairment to their value. In the US and other jurisdictions, the rules are also very similar in function.

Unfortunately, general practice has often been to misvalue intangible assets under this standard. It is usually in the interest of finance directors to reduce the value of identified intangibles and increase the share of value attributable to Goodwill. It is also sometimes seen as a box-ticking exercise by many resulting in poorly done valuations with little depth of data or analysis.The folly of treating it this way is shown well with the cases of both Carillion – an outsourcing firm – and Kraft Heinz – a consumer goods firm.

For Carillion, inappropriate determination of the value of acquired intangible assets and a reluctance to impair them led to a total misrepresentation of their performance, and ultimately bankruptcy.

When Kraft Heinz was purchased by the private equity firm 3G, the acquirer took the view – as it has on a number of other occasions – that the primary area to add value would be through cost synergies. 3G expected to create massive savings by cutting back on marketing and product innovation since the brands were strong (when they were bought) and in a stable market.

As the winds of the industry changed and it became more competitive, Kraft Heinz's brands have weakened and been outcompeted by new entrants. Not valuing its brands properly led to misinvestment which has now led to massive loss of business value – in this case, a $15bn impairment, the biggest impairment in corporate history.

These are examples of where things have gone spectacularly wrong. The problem of misinvestment is likely hampering all business' performance on a smaller scale. However, where done thoughtfully and regularly, brand valuation and the valuation of other intangible assets can be a powerful tool for measuring the performance of investments and ensuring that value is maintained and improved.

6. Investor Reporting

Over 100 businesses use our in-depth reports every year to identify how brand value and strength is changing, and over 300 brands report our valuations in their annual reports. Even more, businesses use other providers so the use of brand valuation is endemic among marketing and brand departments worldwide and growing in importance.

Although there are movements that may lead to changes in accounting rules, for the time being internally generated intangible assets (including brands) cannot be put formally into a company's financial accounts. However, they can be placed as notes to the accounts and within the background information included in the written copy in the main body of annual reports.

Survey after survey of finance, marketing and investor research professionals, we have found that there is strong demand for more information to be provided on the strength and value of intangible assets. With adequate information on the value of brands and other intangible assets, investors are able to much more clearly identify what lies underneath the overall business value and justify the assumptions they are making about future performance.

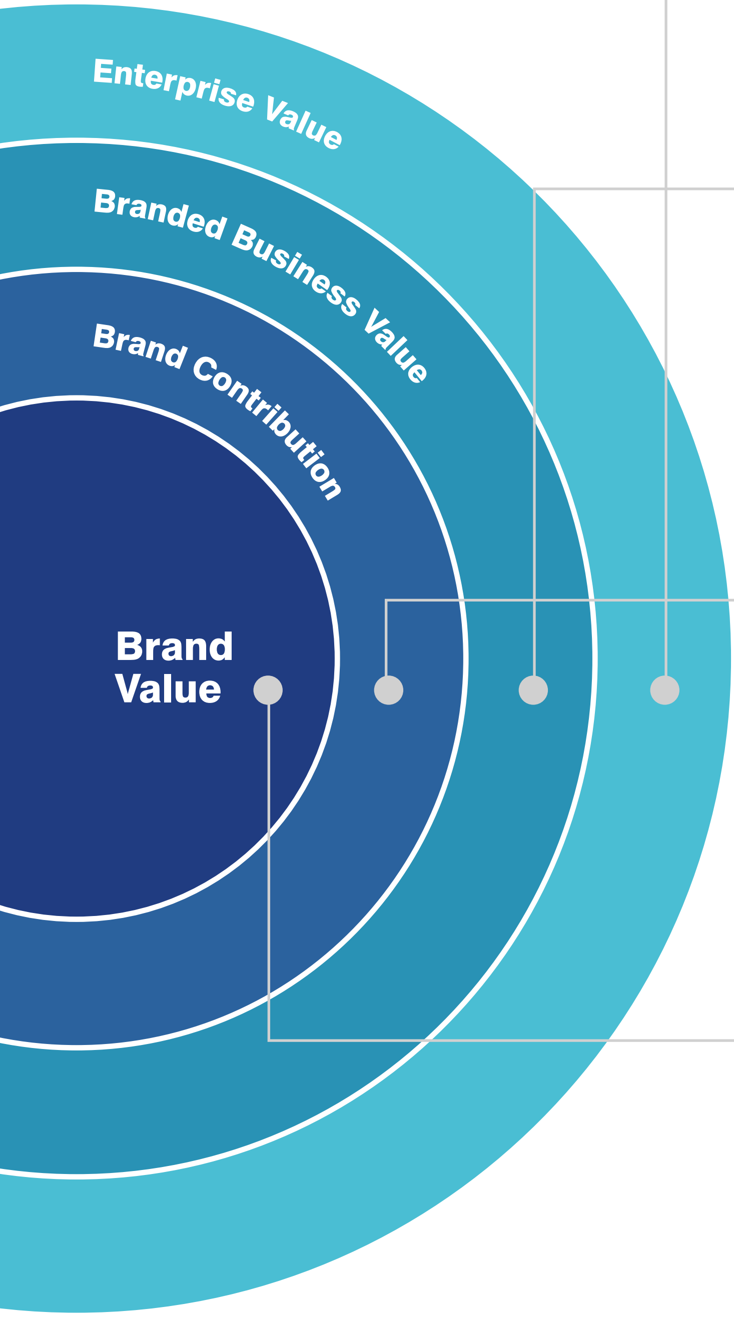
For example, Ferrari promoted Brand Finance's brand valuation and strength analysis in their investor prospectus for their IPO in 2015 in order to highlight the fact that it was a luxury and lifestyle brand capable of transcending category while maintaining demand and price for its cars. Judged by their price to earnings multiple and the growth in the value of their shares, it seems to have helped their success.

Conclusions

What shouldn't be lost sight of is that the brand exists to differentiate and elevate your business. Measuring and valuing its performance should be done with the intention of understanding how you can leverage one of your most important assets to further your business goals, in the short and long term.

Methodology.

Definitions.



Brand Value

[xxx]

+ Enterprise Value

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

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

[xxx]

+ Branded Business Value

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

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

[xxx]

+ 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.

[xxx

+ 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 bundle of trademarks and associated IP which can be used to take advantage of the perceptions of all stakeholders to provide a variety of economic benefits to the entity.

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 any reason and excludes all liability to any body, government or organisation.

1

Brand Impact

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

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

2

Brand Strength

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

Each brand is assigned a Brand Strength Index (BSI) score out of 100, which feeds into the brand value calculation. Based on the score, each brand is assigned a corresponding Brand Rating up to AAA+ in a format similar to a credit rating.

3

Brand Impact × Brand Strength

The BSI score is applied to the royalty range to arrive at a royalty rate. For example, if the royalty range in a sector is 0-5% and a brand has a BSI score of 80 out of 100, then an appropriate royalty rate for the use of this brand in the given sector will be 4%.

4

Forecast Brand Value Calculation

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

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

Brand Strength.

Brand Strength

Analytical rigour and transparency are at the heart of our approach to brand measurement at Brand Finance. Therefore, in order to adequately understand the strength of brands we conduct a structured, quantitative review of data that reflect the 'Brand Value Chain' of brand-building activities, leading to brand awareness, perceptions and onwards to brand-influenced customer behaviour.

To manage the 'Brand Value Chain' process effectively we create and use the "Brand Strength Index" (BSI). This index is essentially a modified Balanced Scorecard split between the three core pillars of the 'Brand Value Chain': **Brand Inputs**, **Brand Equity** and **Brand Performance**.

Brand Strength Index

Marketing Investment	**Widely recognised factors deployed by marketers to create brand loyalty and market share.**
Stakeholder Equity	**Perceptions of the brand among different stakeholder groups, with customers being the most important.**
Business Performance	**Quantitative market and financial measures representing the success of the brand in achieving price and volume premium.**

1

Attribute Selection and Weighting

Although we follow a general structure incorporating the three pillars (Brand Inputs, Brand Equity and Brand Performance), the attributes included are different depending on the sector. A brand strength index for a luxury apparel brand will differ in structure from an index designed for a telecommunications brand. An index for luxury apparel brand may emphasize the exclusiveness, word of mouth recommendation, and price premium, whereas an index for a telecommunications company may emphasis customer service and ARPU as important metrics.

These attributes are weighted according to their perceived importance in driving the following pillar: Brand Investment measures in driving Brand Equity; Brand Equity measures for Brand-Related Business Performance measures; and finally the relevance of Brand-Related Business Performance measures for driving business value.

2

Data Collection

Brand's ability to influence purchase depends primarily on people's perceptions. Therefore, the majority of the Brand Strength Index is derived from Brand Finance's proprietary Global Brand Equity Research Monitor research, a quantitative study of a sample of over 100,000 people from the general public on their perceptions of over 4,000 brands in over 25 sectors and 37 countries.

However, at Brand Finance we also believe that there are other measures that can be used to fill gaps that survey research may not capture. These include total investment levels – for example in marketing, R&D, innovation expenditure, that can a better guide to future performance than surveys. They also include online measures – such as ratings by review sites and social media engagement that can give a more granular understanding of marketing effectiveness. Finally they also include real behaviour – for example net additions, customer churn and market share, to overcome the tendency for surveys to incorporate intended behaviour rather than real.

Over a period of 3 to 4 months each year, we collect all this data across all the brands in our study in order to accurately measure their comparative strength.

Benchmarking and Final Scoring

In order to convert raw data in to scores out of 10 that are comparable between attributes within the scorecard, we then have to benchmark each attribute. We do this by reviewing the distribution of the underlying data and creating a floor and ceiling based on that distribution.

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.

3

Analysing the three brand strength measures helps inform managers of a brand's potential for future success.

Global Brand Equity Monitor.

Original market research in 38 countries and across 31 sectors with over 150,000 consumers rating over 5,000 brands.

Tier 1

- Apparel
- Automobiles
- Luxury Automobiles
- Banks
- Cosmetics & Personal Care
- Food
- Insurance
- Oil & Gas
- Restaurants
- Retail & E-Commerce
- Telecoms
- Utilities

Tier 2

- Airlines
- Luxury Apparel
- Appliances
- Beers
- Luxury Cosmetics
- General Retail
- Healthcare Services
- Hotels
- Household Products
- Logistics
- Media
- Pharma
- Real Estate
- Soft Drinks
- Spirits & Wine
- Technology
- Tyres

Brand KPIs and Diagnostics

1. Brand Funnel

Awareness
Have heard of your brand

Familiarity
Know something about your brand

Consideration
Would consider buying/using your brand

2. Brand Usage

3. Quality

4. Reputation

5. Loyalty

6. Closeness

7. Recommendation (NPS)

8. Word of Mouth

9. Brand Imagery

10. Advertising Awareness

11. Brand Momentum

Highlights from the Global Brand Equity Monitor.

Brand Finance's proprietary market research provides a robust assessment of brand health on key equity measures, allowing comparison both within and across product and service categories. Benchmarking against brands outside your sector is especially helpful in assessing the real strength of brand – not just the 'best of a bad bunch' in a category where brands are generally weaker.

What makes a brand great?

Amazon is undoubtedly one of the world's strongest brands, one of just a handful achieving the highest AAA+ rating. It has an extremely strong brand funnel, with near-universal familiarity, and consideration, and while its reputation score is not best-in-class, it is stronger than many of its critics might think.

Every strong brand has its own winning formula, and our research highlights Amazon's particular advantages. Top of that list is the outstanding value which shoppers believe Amazon delivers. Amazon ranks on this measure in big markets such as Brazil, USA, UK, and is #1 among retailers in many more. Value has always been a big driver of consumer behaviour, but Amazon also delivers a slick shopping experience ("excellent website/apps"), and this powerful combination is irresistible for many consumers, even those who question Amazon's values and broader corporate reputation.

Does brand purpose deliver?

Argument rages among CMOs and marketing gurus over this issue. The jury is out – our data suggests that being seen to "care about the wider community" does correlate somewhat with higher Consideration levels, and is an asset particularly for local favourites such as **Jio** (India) or **Bunnings** (Australia). But brands like **McDonald's** and **Nike** (as well as Amazon) are liked and desired despite somewhat moderate reputations on sustainability and values.

Who's the coolest cat?

In categories like apparel, tech and automotive, sustainability can make you cool, but it's not the only way. **Porsche** wins relatively few plaudits for sustainability, but its übercoolness is very apparent. Similarly in the apparel category (especially footwear), the correlation between coolness and sustainability is not especially high.

Selected Rankings for Amazon – All Non-Luxury Brands

	Great value for money	Excellent website/apps
🇨🇦	5	5
🇮🇹	1	1
🇲🇽	8	1
🇬🇧	6	1

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Jio 🇮🇳

43% Care about the wider community (Rank #1)

88% Consideration Conversion

🇸🇪

8% Care about the wider community (Rank #86)

92% Consideration Conversion

Meanwhile in France, the epitome of chic, the 2nd-highest highest scorer among non-luxury brands is….**Burger King**.

Get your brand talked-about

Cool brands get talked about, and word-of-mouth (WOM) is another key asset some brands possess. It has proven impact on brand growth, hence WOM's inclusion in our Brand Strength Index model.

In an absolute sense, big brands get talked about a lot more than small ones – their sheer mass presence and relevance ensures that. But deeper analysis reveals a number of challenger brands who look set to profit from above-expectation WOM levels and positive consumer sentiment. Keep an eye on **Tim Horton's** in Spain, **Peros Garment Factory** (Canada), **SAIC** in, yes, the USA and **iinet** in Singapore.

Top-ranked brands for being "Cool" (Among Category Users)

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	1st	2nd	3rd
🇨🇳	PORSCHE	Jeep	
🇫🇷	Levi's®	BURGER KING	
🇬🇧	CONVERSE	MOTOR HARLEY-DAVIDSON CYCLES	PORSCHE
🇺🇸	MOTOR HARLEY-DAVIDSON CYCLES	PORSCHE	UNDER ARMOUR

Our Services.

Consulting Services.

Make branding decisions using hard data

Brand Research

What gets measured

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

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

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

Brand Valuation

Make your brand's business case

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

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

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

Brand Strategy

Make branding decisions with your eyes wide open

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

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

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

Brand Evaluation Services.

How are brands perceived in my category?

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

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

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

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

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

How can I improve return on marketing investment?

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

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

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

Brand Dialogue®

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

Our approach is integrated, employing tailored solutions for our clients across PR and marketing activations, to deliver strategic campaigns, 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 Limited is a member of the Brand Finance Plc Group

Research, Strategy & Measurement

Brand & Communications Strategy

Campaign Planning

Market Research & Insights

Media Analysis

Public Relations & Communications

Media Relations

Press Trips & Events

Strategic Partnerships & Influencer Outreach

Social Media Management

Marketing & Events

Promotional Events

Conference Management

Native Advertising

Retail Marketing

Content Creation

Bespoke Publications, Blogs & Newsletters

Press Releases

Marketing Collateral Design

Social Media Content

Strategic Communications

Crisis Communications

Brand Positioning & Reputation

Geographic Branding

Corporate Social Responsibility (CSR)

Brand Finance Network.

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

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