



Retail 50 2020

The annual report on the most valuable and strongest retail brands
April 2020

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About Brand Finance.

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

We bridge the gap between marketing and finance

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

We quantify the financial value of brands

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

We offer a unique combination of expertise

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

We pride ourselves on technical credibility

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

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



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Brand Finance®



Request your own Brand Value Report

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

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


Brand Valuation Summary


Brand Strength Tracking


Royalty Rates


Cost of Capital Analysis


Customer Research Findings


Competitor Benchmarking


Benchmarking


Education


Insight


Strategy

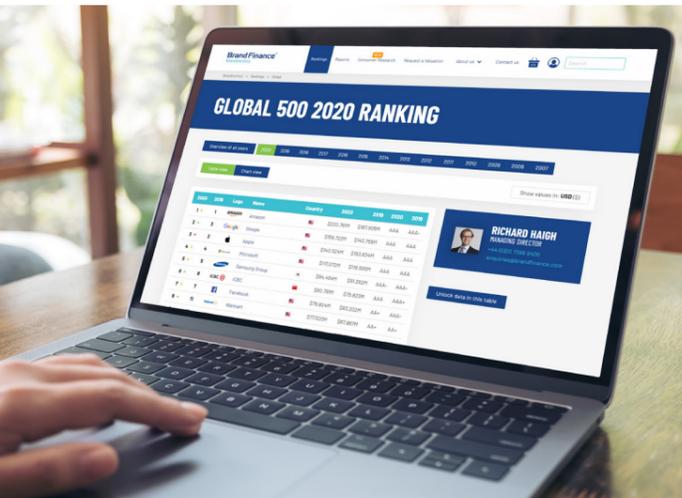

Communication


Understanding

What's in a Brand Value Report?

Benefits of a Brand Value Report

Brandirectory.com



Brandirectory is the world's largest database of current and historical brand values, providing easy access to all Brand Finance rankings, reports, whitepapers, and consumer research published since 2007.

- + Browse thousands of published brand values
- + Track brand value, strength, and rating across publications and over time
- + Use interactive charts to compare brand values across countries, sectors, and global rankings
- + Purchase and instantly unlock premium data, complete brand rankings, and research

Visit brandirectory.com to find out more.

Brand Finance Group.

Brand Dialogue



Brand Dialogue

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

BRAND EXCHANGE
WHERE BRANDS MEET FINANCE



Brand Exchange

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

vi360

VI360

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

Brand Finance®



Customer insight drives our valuations

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

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

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

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



Foreword.



David Haigh
CEO, Brand Finance

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

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

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

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

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

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

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

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

Amazon Dominates as World's Most Valuable Retail Brand and is Primed for Further Growth from COVID-19.

- + Mixed fortunes across retail sector from COVID-19 pandemic. E-commerce brands likely to thrive, but automotive retailers hit hardest
- + **Amazon** is by far world's most valuable retail brand and makes history as its brand value exceeds US\$200 billion mark
- + Amazon overtakes Japan's **7-Eleven** to become world's strongest retail brand, Brand Strength Index (BSI) score 89.1 out of 100
- + Supermarket brand demand spikes and brand values expected to grow
- + Hard times predicted ahead for home product stores. **Home Depot** could lose up to US\$6 billion worth of brand value

Executive Summary.



Brands in the retail sector are likely to record mixed fortunes as a result of the COVID-19 pandemic, with e-commerce brands predicted to fare the best compared to automotive retailers, which are expected to suffer considerably.

The top 50 most valuable retail brands, on average, should see a slight increase in brand value following the pandemic, growing a modest 1% – a result of the majority of the brands in the ranking either being e-commerce brands or dominant, well-known brands, which tend to have strong e-commerce capabilities.

The Brand Finance Retail 50 2020 ranking does not include apparel brands, however, which are predicted to suffer significant damage. Brand Finance has calculated that the apparel sector will be heavily impacted by the COVID-19 pandemic, with brands across sector potentially losing up to 20% of their brand value. More information on the sector and the COVID-19 analysis can be found in the Brand Finance Apparel 50 2020 report

Amazon in a league of its own

Amazon remains a cut above the rest in the ranking, breaking the so far unattainable US\$200 billion brand value mark, following 18% growth from US\$187.9 billion last year. Amazon's brand value has now reached US\$220.8 billion, substantially ahead of second-placed, **Walmart**, with a brand value at US\$77.5 billion. The majority of Amazon's revenue still

The sheer size and diversification of the retail sector means that brands are inevitably going to be affected differently by COVID-19. Brand Finance's analysis demonstrates that e-commerce brands and dominant retailers in the market, could buck the trend and thrive as demand spikes in the online space. At the other end of the scale, automotive retailers could see a 15% drop in brand value as supply chains falter, car use drops and consumer spending habits change.

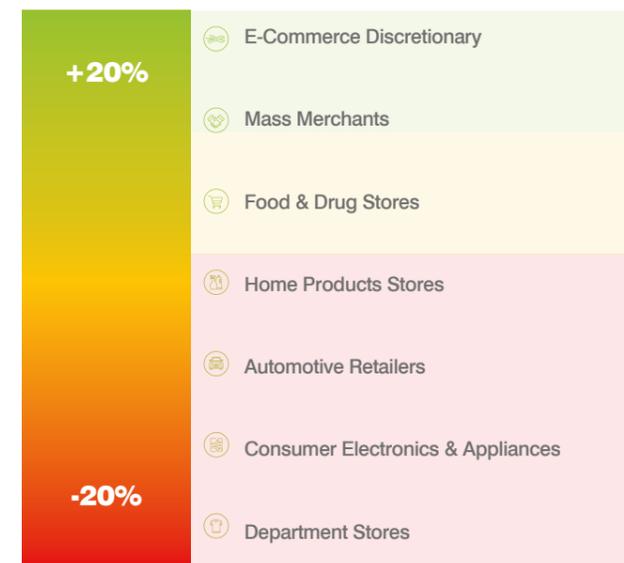
Richard Haigh
Managing Director Brand Finance

comes from its retail division and despite the growing challenges to the brand - particularly in its international operations – the brand is untouchable in the sector.

While most brands are experiencing or expecting a slump in revenue during the pandemic, Amazon is set for continued growth. As with fellow e-commerce brands, Amazon has been benefitting from the unprecedented surge in demand as consumers turn online following store closures. With over 100,000 workers hired and more in the pipeline, the brand is fighting to meet this demand. This spike has not come without its challenges, as Amazon's logistics and supply chain network are being stretched to uncharted levels and the brand's illustrious next day delivery service is being tested, with fulfilment and third-party vendors extending their lead times considerably. First time users of the platform may not be experiencing the world-leading level of speed that the brand prides itself on, which could jeopardize its long-term reputation.

In addition to measuring overall brand value, Brand Finance also evaluates the relative strength of brands, based on factors such as marketing investment, familiarity, loyalty, staff satisfaction, and corporate reputation. Alongside revenue forecasts, brand strength is a crucial driver of brand value. According to these criteria Amazon is the world's strongest retail brand with a Brand Strength Index

Sensitivity Analysis COVID-19



Top 10 Most Valuable Brands

	1 ← 1		2020: \$220,791m 2019: \$187,905m	+17.5%
	2 ← 2		2020: \$77,520m 2019: \$67,867m	+14.2%
	3 ← 3		2020: \$50,508m 2019: \$47,056m	+7.3%
	4 – NEW		2020: \$36,986m 2019: -	-
	5 – NEW		2020: \$30,652m 2019: -	-
	6 ↓ 4		2020: \$24,757m 2019: \$23,938m	+3.4%
	7 ↓ 6		2020: \$23,182m 2019: \$21,254m	+9.1%
	8 ↓ 7		2020: \$22,604m 2019: \$17,115m	+32.1%
	9 ↓ 5		2020: \$19,499m 2019: \$21,531m	-9.4%
	10 ← 10		2020: \$18,819m 2019: \$14,607m	+28.8%

Amazon's sheer dominance in the e-commerce space should stand them in good stead in the coming months as the world tackles the far-reaching repercussions of the COVID-19 pandemic. Brand Finance has calculated that Amazon's brand value could grow a further US\$4 billion thanks to the spike in demand. Nevertheless, the world's online marketplace must look beyond the coming months to ensure that quality and speed are not compromised should it wish to maintain its exceptional reputation and thus retain new users.

Richard Haigh
Managing Director, Brand Finance



Top 10 Strongest Brands

	1 ↑ 2	
	2020: 89.1 AAA 2019: 84.4 AAA- +5.6%	
	2 — NEW	
	2020: 84.3 AAA- 2019: - -	
	3 — NEW	
	2020: 83.8 AAA- 2019: - -	
	4 ↑ 6	
	2020: 83.5 AAA- 2019: 80.3 AAA- +4.0%	
	5 ↑ 25	
	2020: 83.4 AAA- 2019: 74.0 AA +12.7%	
	6 ↓ 3	
	2020: 83.2 AAA- 2019: 83.7 AAA- -0.6%	
	7 ↑ 9	
	2020: 83.2 AAA- 2019: 78.6 AA+ +5.9%	
	8 ↑ 30	
	2020: 82.7 AAA- 2019: 71.8 AA +15.2%	
	9 ↑ 15	
	2020: 82.1 AAA- 2019: 76.2 AA+ +7.8%	
	10 ↑ 12	
	2020: 81.9 AAA- 2019: 77.8 AA+ +5.3%	

(BSI) score of 89.1 out of 100 and a corresponding AAA brand strength rating.

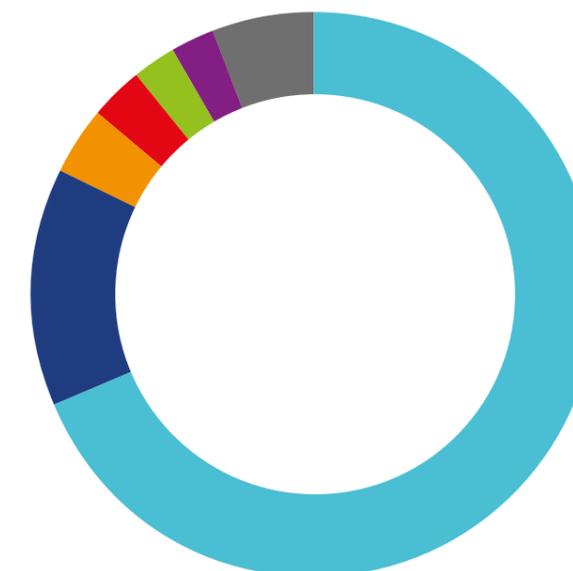
Despite Amazon claiming this position for the first time, the brand has recently been handling less than favourable attention for its warehouse conditions, with concerns being raised further for safety during the current COVID-19 pandemic. With multiple employee strikes, the brand's response will be crucial should Amazon wish to maintain staff satisfaction and thus a high BSI score.

Walmart on the rise

In the traditional retail space, Walmart has seen its brand value resurge, jumping 14% to US\$77.5 billion. As well as committing to its expansion programme in key markets, Walmart has focused on an innovative digital proposition, through a partnership with Microsoft and with the launch of Alphabot – robots that pick and pack online grocery orders at high speeds. Walmart - along with fellow mass merchant stores and supermarkets - is likely to see a boost to brand value following the COVID-19 pandemic as demand reaches an all-time high and strong storage and supply capabilities can be leveraged.



Brand Value by Economy



Economy	Brand Value (USD bn)	% of total	Number of Brands
United States	552.2	68.7%	26
China	110.5	13.7%	6
Germany	30.4	3.8%	3
United Kingdom	25.4	3.2%	3
France	20.0	2.5%	3
Sweden	19.4	2.4%	1
Other	46.2	5.7%	8
Total	804.1	100.0%	50

Supermarkets surge

Discount supermarket chain rivals **Lidl** (US\$12.4 billion) and **Aldi** (US\$14.3 billion) are the fastest growing retail brands in the ranking, growing 40% and 37% respectively. Lidl and Aldi have reshaped the supermarket landscape by winning market share from their long-established high street counterparts. Initially competing on price leadership, both chains have gradually earned their customers' trust and loyalty. With almost identical propositions, however, the brands will need to differentiate themselves in order to continue to successfully widen their footprint globally.

In contrast, British supermarket chain **Sainsbury's** is this year's fastest falling brand after dropping 27% to US\$4.2 billion. Two further British supermarkets feature in the ranking, **Tesco** (down 3% to US\$11.0 billion) and **Asda** (up 14% to US\$6.3 billion) claiming 16th and 28th position respectively.

In Spain - one the worst hit nations from COVID-19 - **Mercadona** is one of the top 5 fastest-growing brands, up 30% and simultaneously jumping from 48th to 41st position in the ranking.

Hardship ahead for home product stores

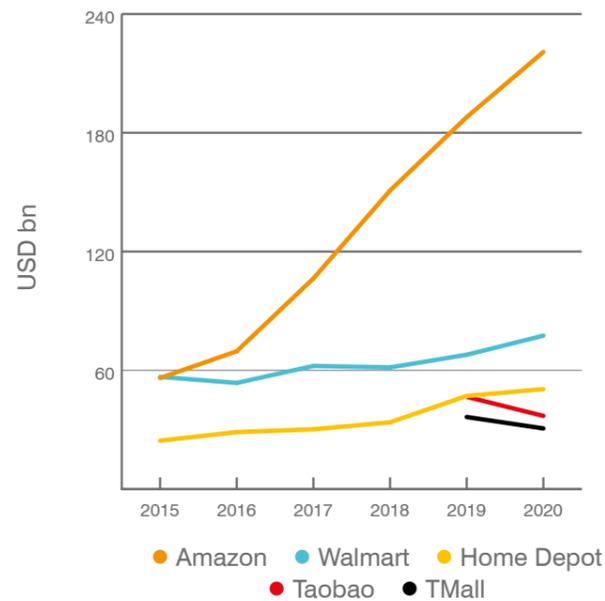
Despite being the world's third most valuable retail brand and recording a solid 7% increase in brand value to US\$50.5 billion, Brand Finance's COVID-19 impact analysis suggests that home furnishing and improvement stores such as **Home Depot** are likely to lose the most brand value, dropping up to US\$6 billion. Although the brand has cited increased demand for urgent home repair products, this demand is unlikely to offset the decline in big-ticket item purchases, as well as other construction products.

The story is similarly as bleak for fellow home product stores in the ranking - **Lowe's** (up 3% to US\$24.8 billion), **Ikea** (down 9% to US\$19.5 billion) and **Leroy Merlin** (up 21% to US\$4.7 billion) - which all stand to lose 12% of their brand values. These brands lack of strong online presence means they will struggle to maintain sales revenue as they negotiate reduced store hours and closures. As with other brands globally, the level of damage to these stores will depend on how long the pandemic engulfs their markets.

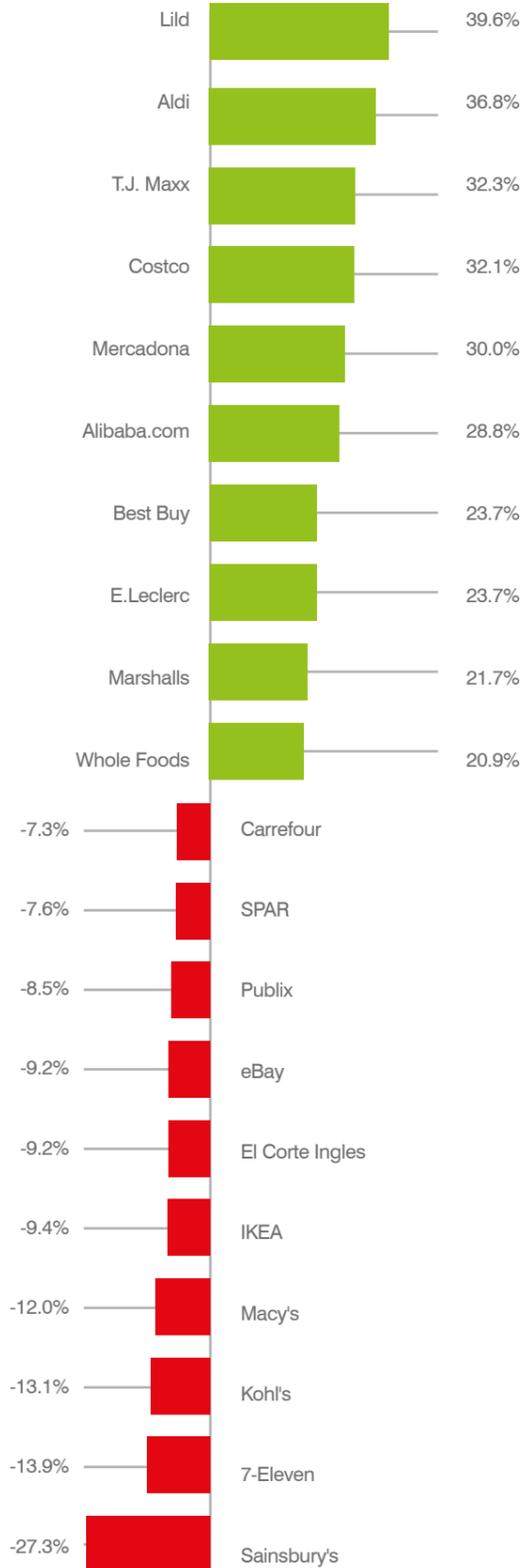
Supermarkets are one of the few winners to come out of the COVID-19 pandemic, with brands seeing Christmas levels of demand, resulting in hiring sprees for thousands of temporary workers - Tesco alone has hired 20,000 new workers in the UK. It is likely that many of them will rebound and post positive brand value growth over the course of 2020, while brands other retail segments are struggling.

Richard Haigh
Managing Director, Brand Finance

Brand Value over Time



Brand Value Change 2019-2020 (%)



Sector Reputation Analysis.

Benchmarking against the best

Every retailer will want to compare brand equity against immediate competitors and peers. But broader benchmarking against brands across a range of categories provides a more rounded assessment of brand strength.

This perspective is also important as brand categories converge, continued disruption from e-commerce platforms, and new challengers emerging daily. Retail supermarkets – the focus of this analysis – are clearly being confronted by Amazon and other digital challengers, but the supermarkets themselves have opportunities to disrupt in categories such as financial services, telecoms, utilities and more.

Retail supermarket brands perform generally well

Retail brands have slightly above-average reputation scores in our sector ranking, showing that as a sector these brands are reasonably well-regarded – but are not perhaps as well-loved as one might think (fieldwork conducted before the current COVID-19 pandemic).

Retail brands are, however, category leaders in terms of delivering value for money and product range. Consumers are well aware that supermarkets are out to make a profit – but the consumer verdict is that brands such as **Aldi** (56% ‘great value’ globally), **Lidl** (61%), **Walmart** (55%) and **Costco** (47%) charge fair prices. They, in turn, put pressure on remaining brands in the sector to be competitive on prices.

Retail brands also scored highly on ‘caring about the wider community’, and it may be that their handling of the COVID-19 crisis may well result in an improvement in the next wave’s scores.

Hence, retailers can undoubtedly position themselves as consumer champions. However, value is not everything, and consumers perceive supermarket brands as less innovative. For example, online grocery shopping has had increasing profile and usage and is increasingly routine and relied-on. Hence to be innovative means offering more than an efficient online platform.

Sectors Ranked by Reputation

	1 Auto	6.9 _{/10}
	2 Tech	6.8 _{/10}
	3= Apparel	6.6 _{/10}
	3= Restaurants	6.6 _{/10}
	5= Airlines	6.6 _{/10}
	5= Retail	6.5 _{/10}
	7 Insurance	6.4 _{/10}
	8 Utilities	6.3 _{/10}
	9= Banks	6.1 _{/10}
	10= Telecoms	6.0 _{/10}

Top Sectors per Metric

Metric	Top Sector
Reputation	 AUTO
Quality	 AUTO
Recommendation (NPS)	 RESTAURANTS
Loyalty	 TECH
Innovation	 TECH
Website/App	 TECH
Value for money	 RETAIL
OVERALL STAKEHOLDER EQUITY	 TECH

Service quality also appears to be a particular frustration for consumers. If this can be improved, and websites and apps made slicker (thus reducing reliance on customer service), satisfaction and perhaps loyalty will improve.

Local champions can be best-in-class

The high performers in this sector in some markets are national brands who perhaps have a stronger emotional connection with consumers but offer value as well. Brands such as **Mercadona** in Spain (reputation score 7.8 out of 10), **Woolworths** in Australia (7.7), and **Rewe** in Germany (7.5) demonstrate that it is possible to win the hearts and minds of consumers.

What do the high performers do so well? There is no one-size-fits-all formula, but the top brands are generally seen as warm and forward-thinking, with excellent service quality. It needn't be about price/value – the brands that have the highest reputation scores are the ones that have the widest range of products and exhibit a strong sense of closeness with their consumers.

Tech halo shining less brightly

Meanwhile, the ever-encroaching tech brands remain a threat to supermarkets. Consumers continue to hold the tech sector in high regard, even though reputation scores have fallen slightly. In part, any decline may be because issues in the public spotlight are finally impacting the reputation of some industry giants. Reputation scores for **Facebook** (6.3) and **Uber** (5.7) are all lower by 0.5 points, and **Huawei** (6.2) is under the global spotlight. Nevertheless, brands such as **Amazon** (7.0), **Google** (7.7), and **Paypal** (7.2) continue to enjoy strong reputations and buzz – most supermarket brands would love to be in their position.

Hence the retail sector is clearly still vulnerable to disruption – tech brands enjoy significantly higher scores for reputation, innovation, and closeness. The lead in innovation is to be expected - but retailers have direct customer relationships which tech companies generally lack. Emotional connection (i.e. closeness) ought to be an area of advantage therefore – but only if service is improved, value maintained, and innovation is delivered.

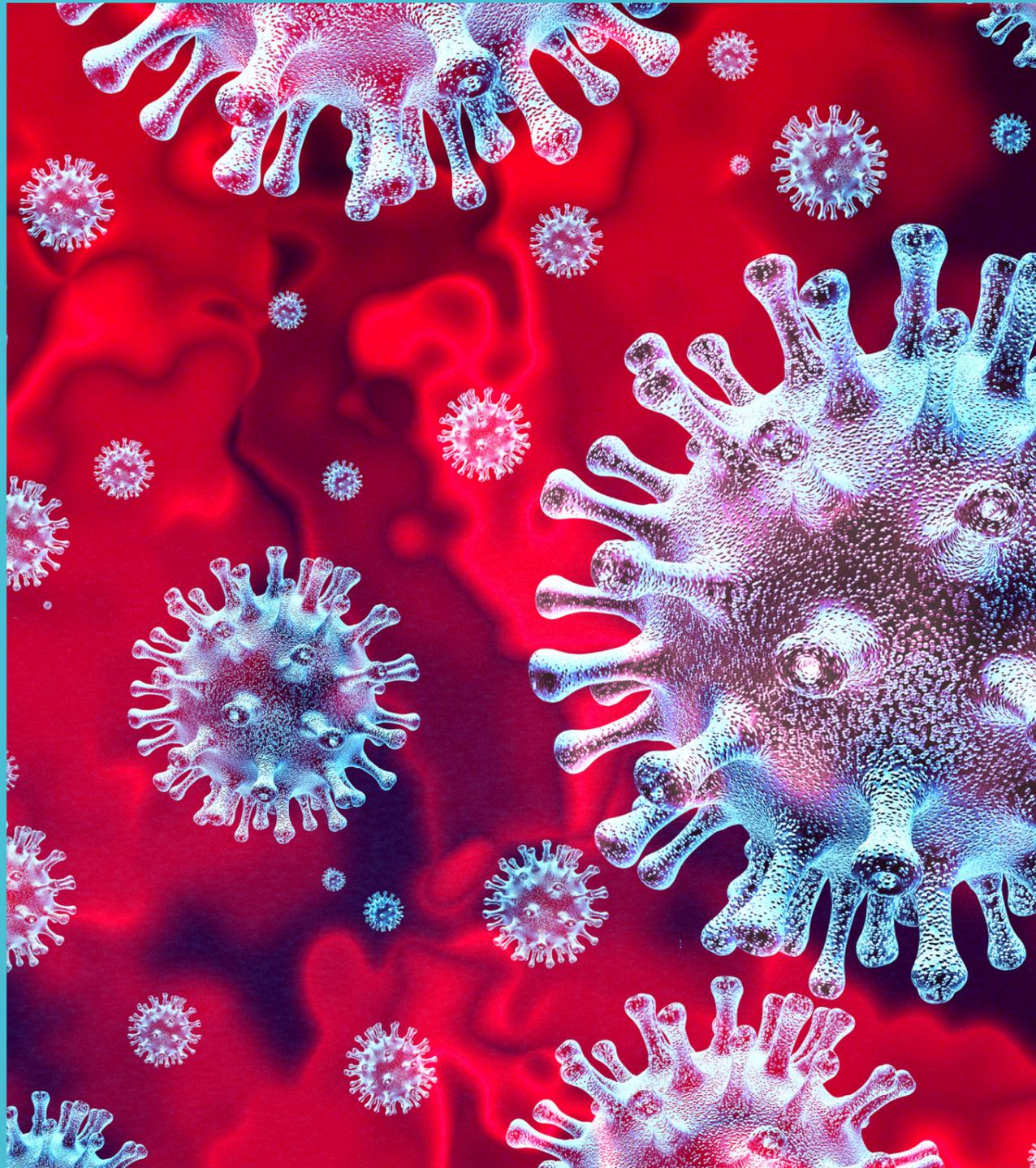
Brand Finance Retail 50 (USD m).

Top 50 most valuable retail brands 1-50

2020 Rank	2019 Rank	Brand	Country	2020 Brand Value	Brand Value Change	2019 Brand Value	2020 Brand Rating	2019 Brand Rating
1	1	← Amazon	United States	\$220,791	+17.5%	\$187,905	AAA	AAA-
2	2	← Walmart	United States	\$77,520	+14.2%	\$67,867	AA+	AA+
3	3	← Home Depot	United States	\$50,508	+7.3%	\$47,056	AAA-	AAA-
4	-	New Taobao	China	\$36,986	-	-	AAA-	-
5	-	New Tmall	China	\$30,652	-	-	AAA-	-
6	4	↓ Lowe's	United States	\$24,757	+3.4%	\$23,938	AA+	AAA-
7	6	↓ CVS	United States	\$23,182	+9.1%	\$21,254	AA	AA+
8	7	↓ Costco	United States	\$22,604	+32.1%	\$17,115	AA	AA
9	5	↓ IKEA	Sweden	\$19,499	-9.4%	\$21,531	AAA-	AAA-
10	10	← Alibaba.com	China	\$18,819	+28.8%	\$14,607	AA+	AA+
11	8	↓ Target	United States	🔒	🔒	🔒	🔒	🔒
12	9	↓ Walgreens	United States	🔒	🔒	🔒	🔒	🔒
13	13	← Aldi	Germany	🔒	🔒	🔒	🔒	🔒
14	11	↓ JD.com	China	🔒	🔒	🔒	🔒	🔒
15	18	↑ Lidl	Germany	🔒	🔒	🔒	🔒	🔒
16	12	↓ Tesco	United Kingdom	🔒	🔒	🔒	🔒	🔒
17	14	↓ Sam's Club	United States	🔒	🔒	🔒	🔒	🔒
18	21	↑ T.J. Maxx	United States	🔒	🔒	🔒	🔒	🔒
19	16	↓ Carrefour	France	🔒	🔒	🔒	🔒	🔒
20	15	↓ 7-Eleven	Japan	🔒	🔒	🔒	🔒	🔒
21	17	↓ eBay	United States	🔒	🔒	🔒	🔒	🔒
22	19	↓ Woolworths	Australia	🔒	🔒	🔒	🔒	🔒
23	23	← Dollar General	United States	🔒	🔒	🔒	🔒	🔒
24	24	← Suning	China	🔒	🔒	🔒	🔒	🔒
25	20	↓ Publix	United States	🔒	🔒	🔒	🔒	🔒
26	34	↑ E.Leclerc	France	🔒	🔒	🔒	🔒	🔒
27	22	↓ Ross Dress For Less	United States	🔒	🔒	🔒	🔒	🔒
28	28	← Asda	United States	🔒	🔒	🔒	🔒	🔒
29	27	↓ Kroger	United States	🔒	🔒	🔒	🔒	🔒
30	33	↑ AutoZone	United States	🔒	🔒	🔒	🔒	🔒
31	30	↓ Carmax	United States	🔒	🔒	🔒	🔒	🔒
32	32	← Circle K	Canada	🔒	🔒	🔒	🔒	🔒
33	-	New Rakuten	Japan	🔒	🔒	🔒	🔒	🔒
34	29	↓ Coles	Australia	🔒	🔒	🔒	🔒	🔒
35	26	↓ El Corte Inglés	Spain	🔒	🔒	🔒	🔒	🔒
36	39	↑ Best Buy	United States	🔒	🔒	🔒	🔒	🔒
37	38	↑ Marshalls	United States	🔒	🔒	🔒	🔒	🔒
38	40	↑ Whole Foods	United States	🔒	🔒	🔒	🔒	🔒
39	31	↓ Macy's	United States	🔒	🔒	🔒	🔒	🔒
40	43	↑ Leroy Merlin	France	🔒	🔒	🔒	🔒	🔒
41	48	↑ Mercadona	Spain	🔒	🔒	🔒	🔒	🔒
42	35	↓ Kohl's	United States	🔒	🔒	🔒	🔒	🔒
43	36	↓ Nordstrom	United States	🔒	🔒	🔒	🔒	🔒
44	25	↓ Sainsbury's	United Kingdom	🔒	🔒	🔒	🔒	🔒
45	-	New Yonghui Superstores	China	🔒	🔒	🔒	🔒	🔒
46	41	↓ O'Reilly Auto Parts	United States	🔒	🔒	🔒	🔒	🔒
47	-	New JD	United Kingdom	🔒	🔒	🔒	🔒	🔒
48	45	↓ Edeka	Germany	🔒	🔒	🔒	🔒	🔒
49	-	New Dollar Tree	United States	🔒	🔒	🔒	🔒	🔒
50	42	↓ SPAR	Netherlands	🔒	🔒	🔒	🔒	🔒



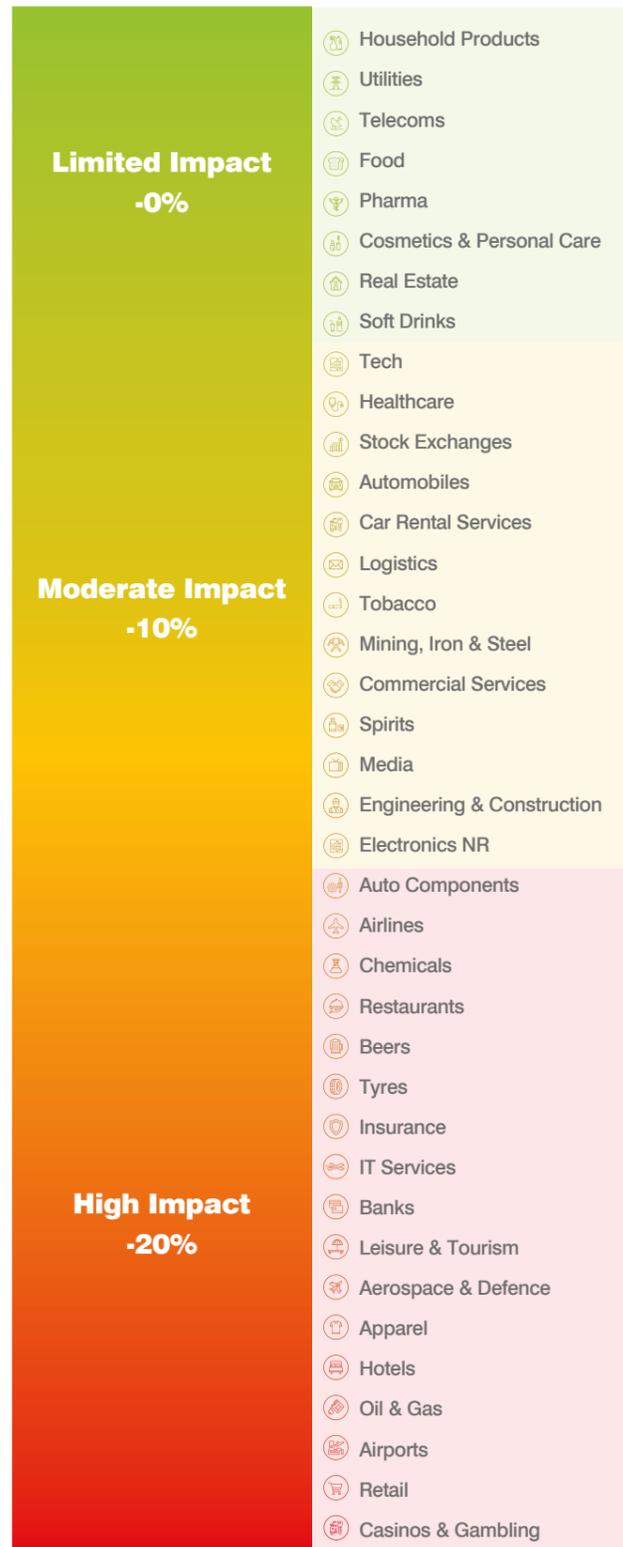
COVID-19 Global Impact Analysis.



Companies likely to lose up to US\$1tn in Brand Value as Direct Impact of COVID-19 Outbreak, Effects to be Felt Well into Next Year.

- + Worst hit industries: aviation, oil & gas, tourism & leisure, restaurants, retail
- + Brand Finance has measured levels of business impact categorised by: limited impact, moderate and worst hit
- + International aviation, airlines and airports to be worst affected by Coronavirus outbreak, with measures of social distancing, closure of borders, advice against travel
- + Home delivery apps, online video conferencing platforms, digital media see surge in demand from remote working revolution

Brand Value at Risk



Up to US\$1 trillion estimated brand value loss from COVID-19 globally

The brand value of the world's biggest companies is set to lose an estimated US\$1tn as a result of the Coronavirus outbreak, with the aviation sector being the most affected. The 2003 SARS outbreak, which infected about 8,000 people and killed 774, cost the global economy an estimated US\$50 billion. As of 27th April 2020, there have been 3,020,098 cases and 208,468 deaths of COVID-19 confirmed worldwide. Global spread has been rapid, with 146 countries now having reported at least one case.

Brand Finance has assessed the impact of the COVID-19 outbreak based on the effect of the outbreak on Enterprise Value, compared to what it was on 1st January 2020. Based on this impact on Enterprise Value, Brand Finance estimated the likely impact on Brand Value for each sector. The sectors have been classified into 3 categories based on the severity of Enterprise Value loss observed for the sector in the period between January and March 2020.

The COVID-19 pandemic is now a major global health threat and its impact on global markets is very real. Worldwide, brands across every sector need to brace themselves for the Coronavirus to massively affect their business activities, supply chain and revenues in a way that eclipses the 2003 SARS outbreak. The effects will be felt well into 2021.

David Haigh,
CEO, Brand Finance

Work from home revolution

Brands offering in-home or remote working solutions have observed an immediate uptick in demand, as multiple **Zoom** online video conferencing platform prompted huge demand for workable solutions

Food delivery apps **Deliveroo** and **UberEats**, now offering contact-free delivery options whereby a food delivery is conveniently left on your doorstep so as not to encourage contact between customer and delivery driver, have also seen a huge surge in demand for their services.

Media and film industry feel effects

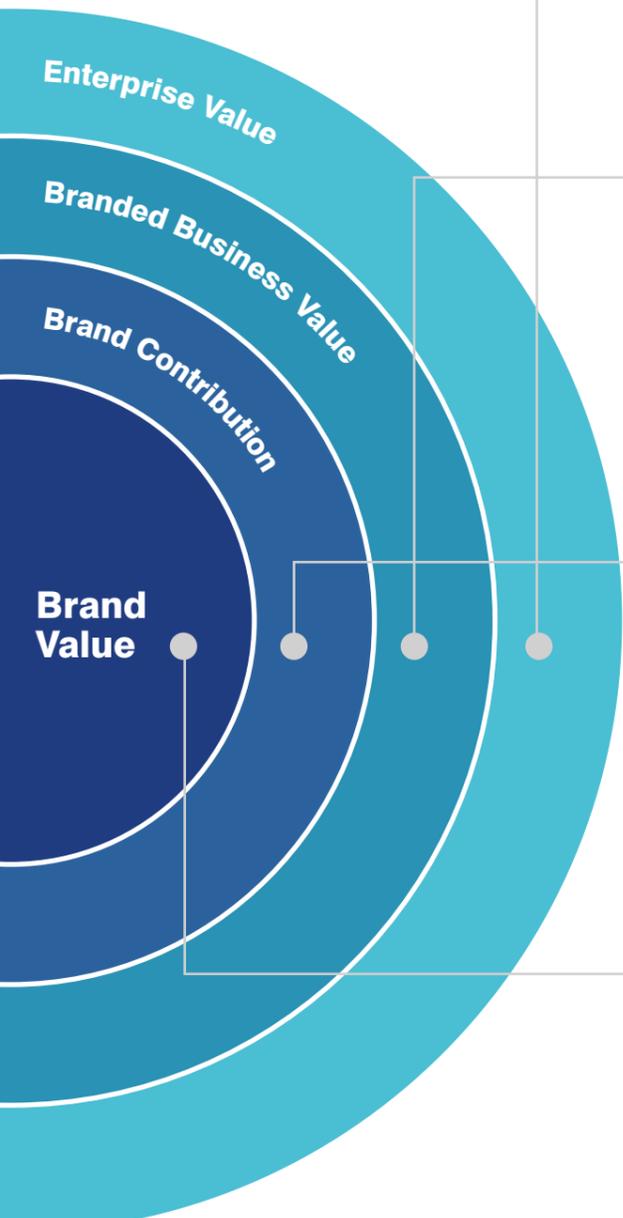
Film production and promotion schedules have been affected by the outbreak, with **Disney** pushing back the release of its remake of *Mulan* as well as *The New Mutants*, part of the *X-Men* franchise. The effects of social distancing have meant more viewers watching TV, however **Netflix** has had to suspend production on all scripted series and films in the US and Canada. As massive televised sports events and festivals such as Glastonbury being cancelled, TV executives will be feeling the strain of providing fresh and watchable content.

However it is not all doom and gloom. Some brands will fare better under COVID-19: Amazon, Netflix, WhatsApp, Skype, BBC and BUPA are all booming.

David Haigh,
CEO, Brand Finance



Definitions.



Brand Value



+ 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'.



+ 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.



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

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



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

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

Brand 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.

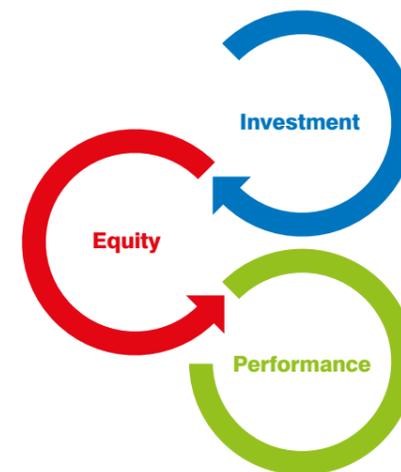
Analysing the three brand strength measures helps inform managers of a brand's potential for future success.



Marketing Investment
Widely recognised factors deployed by marketers to create brand loyalty and market share.

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

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



Marketing Investment

- A brand that has high Marketing Investment but low Stakeholder Equity may be on a path to growth. This high investment is likely to lead to future performance in Stakeholder Equity which would in turn lead to better Business Performance in the future.
- However, high Marketing Investment over an extended period with little improvement in Stakeholder Equity would imply that the brand is unable to shape customers' preference.

Stakeholder Equity

- The same is true for Stakeholder Equity. If a company has high Stakeholder Equity, it is likely that Business Performance will improve in the future.
- However, if the brand's poor Business Performance persists, it would suggest that the brand is inefficient compared to its competitors in transferring stakeholder sentiment to a volume or price premium.

Business Performance

- Finally, if a brand has a strong Business Performance but scores poorly on Stakeholder Equity, it would imply that, in the future, the brand's ability to drive value will diminish.
- However, if it is able to sustain these higher outputs, it shows that the brand is particularly efficient at creating value from sentiment compared to its competitors.

Brand Valuation Methodology.

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

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

The steps in this process are as follows:

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



Disclaimer

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

Market Research Methodology.

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



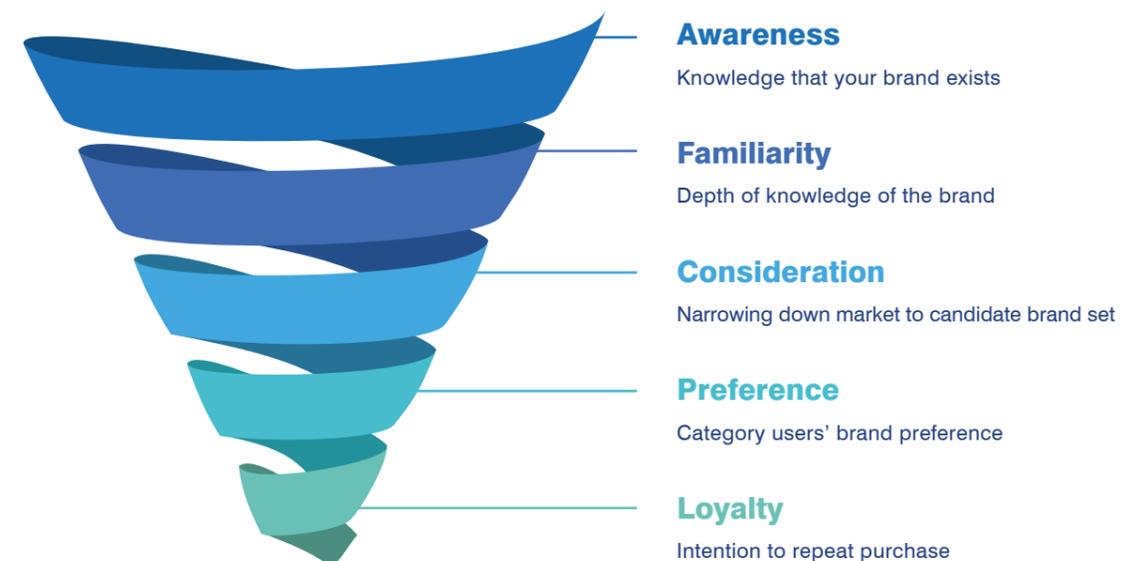
Stakeholder Equity Measures.

Key Metrics

- + Reputation
- + Innovation
- + Value for Money
- + Emotional Fit
- + Recommendation
- + Quality etc.

Brand conversion funnel

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



Consulting Services.

1. Valuation: What are my intangible assets worth?

Valuations may be conducted for technical purposes and to set a baseline against which potential strategic brand scenarios can be evaluated.

- + Branded Business Valuation
- + Trademark Valuation
- + Intangible Asset Valuation
- + Brand Contribution

2. Analytics: How can I improve marketing effectiveness?

Analytical services help to uncover drivers of demand and insights. Identifying the factors which drive consumer behaviour allows an understanding of how brands create bottom-line impact.

- Market Research Analytics +
- Return on Marketing Investment +
- Brand Audits +
- Brand Scorecard Tracking +

3. Strategy: How can I increase the value of my branded business?

Strategic marketing services enable brands to be leveraged to grow businesses. Scenario modelling will identify the best opportunities, ensuring resources are allocated to those activities which have the most impact on brand and business value.

- Brand Governance +
- Brand Architecture & Portfolio Management +
- Brand Transition +
- Brand Positioning & Extension +

4. Transactions: Is it a good deal? Can I leverage my intangible assets?

Transaction services help buyers, sellers, and owners of branded businesses get a better deal by leveraging the value of their intangibles.

- + M&A Due Diligence
- + Franchising & Licensing
- + Tax & Transfer Pricing
- + Expert Witness



MARKETING



FINANCE



TAX



LEGAL

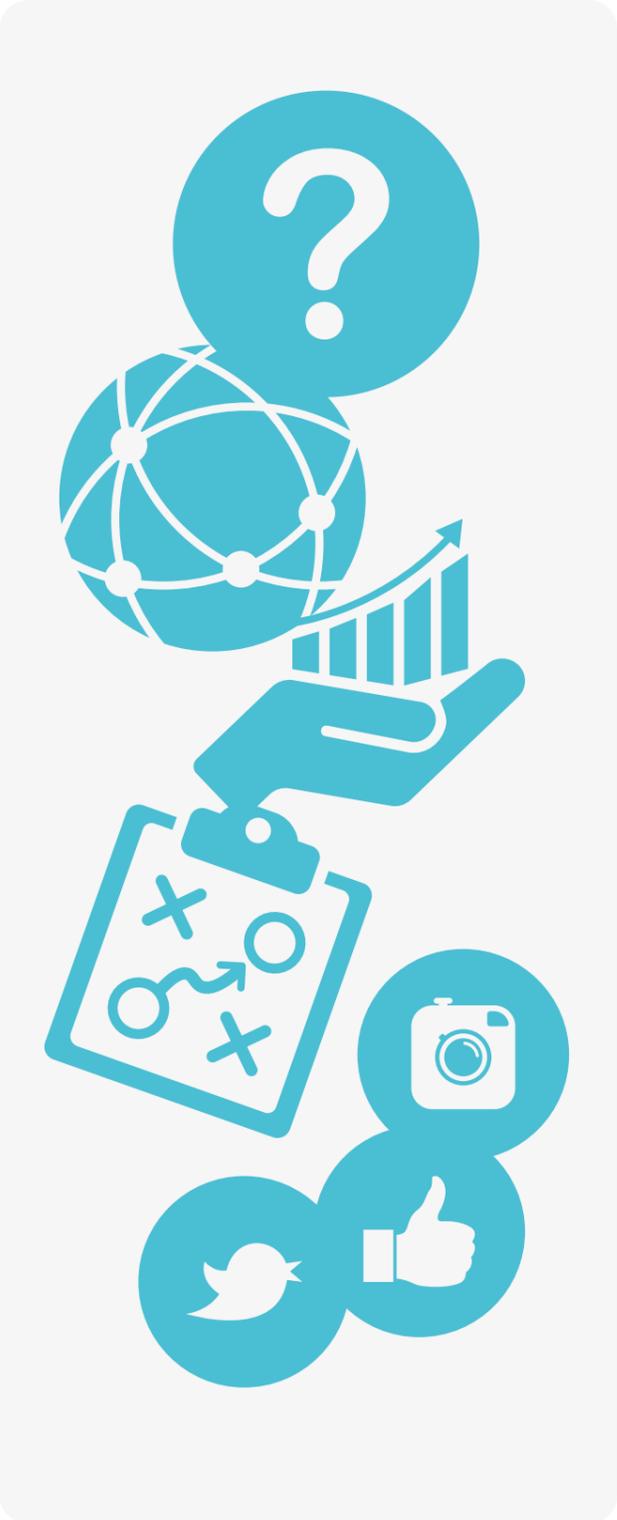
We help marketers to connect their brands to business performance by evaluating the return on investment (ROI) of brand-based decisions and strategies.

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

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

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

Brand Evaluation Services.



How are brands perceived in my category?

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

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

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

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

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

How can I improve return on marketing investment?

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

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

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

Communications Services.

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



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



**TOP 50
RETAIL
BRAND**



**MOST VALUABLE
RETAIL
BRAND**



**STRONGEST
RETAIL
BRAND**



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



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



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



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



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



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

Brand Dialogue[®]



Value-Based Communications

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

SERVICES

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

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

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