



South Africa 50 2020

The annual report on the most valuable and strongest South African brands
July 2020

In partnership with



Inspiring new ways



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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.



Get in Touch.

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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.



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.

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.



Jeremy Sampson
Managing Director,
Brand Finance Africa

Four months that have changed the world. And it remains a work in progress. Some remain paralysed, others see opportunities. Now, how does that impact brands?

In the world of branding, who are the winners and who are the losers? Sadly, some have died, some will never fully recover. Interestingly, it might not be the brand's fault as in these challenging times cash flow and deep pockets are defining issues. But on the other side of the coin, some are having a positive pandemic - just look at Amazon. Certainly, we are all aware, even in lockdown, of which brands are essential in our lives, which are peripheral and which we can manage without. For most, being in lockdown has increased our reliance on our mobile phone so we remain connected, and this increase in the amount of data we all use will only accelerate with the introduction of 5G. MTN and Vodacom are perfectly placed for the future but this will squeeze out any other contenders. To many their computer has allowed them to carry on business largely as usual, albeit remotely. As the CEO of Microsoft, Satya Nadella, said in May, we have seen more digital transformation in three months than the previous three years. Now that is a challenge for South Africa where we must attempt to close the social divide.

South African brands are out there as ambassadors for us all. Although some argue that globalisation will recede, and nationalism and patriotism reassert themselves. Through supporting local brands and shops, your local community is likely to remain. Deliveries to our door will continue as quarantine in various forms remains and as warnings of spikes and threats of further waves persist. Welcome to the new norm, but business must go on.

One bonus for some brands with cash will be the opportunity to buy up companies or perhaps specific brands that are separable, at low or even distressed prices. Add to this that the world markets are awash with cash and we can expect much M&A action. Other companies are using this time of crisis to reconfigure their businesses as we see with BP selling off its petrochemicals arm. Interestingly, with the demise of Edcon, one of its brands Jet Stores is proving attractive to some. However, a problem is to extricate it from the Edcon Group support systems. US behemoth, Pepsico, was able to acquire a treasure chest of local brands, the likes of Pionner Foods – just before COVID-19 hit - Sasko, Bokomo, White Star, Safari, Weetbix, Ceres and Liqui-Fruit.

The buying and selling of brands may sound simple and plain common sense but due diligence from a brand perspective is always advisable. A case in point of the need to eradicate any confusion has happened with the explosion of video conferencing options as we all work remotely - a trend some say is still in its infancy. For many Skype was the main option but now we have half a dozen, including options from Microsoft and Google. A newcomer that has taken the market by storm is Zoom. Canny investors in the US piled into Zoom Technologies (ticker Zoom) in April, pushing its share price up threefold in five weeks. The problem was it was the wrong Zoom! Over the same period in April Zoom Video Communications (ticker ZM) had risen a modest 30% until the SEC suspended trading in Zoom Technologies. Life can get confusing.

Given that 77% of the value of the S&P500 is made up intangibles, where brands play a significant role, this highlights the fact that brands may well be the major assets of a company. In the case of Amazon, the world's most valuable brand, we know that 24% of the business value of the company is the value of the brand.

All branders have models, and one Brand Finance uses extensively is the Conversion Model - the various stages of the customer journey from awareness to familiarity, consideration, preference and hopefully loyalty. We are all aware of many brands, but as marketers understand, that is just the start of the battle for share of wallet.

Top South African Brands Could Lose Over R65 Billion from COVID-19.

- + Top 50 most valuable South African brands stand to lose over R65 billion of cumulative brand value following devastating COVID-19 pandemic
- + **MTN** retains title of nation's most valuable brand, valued at R49.4 billion
- + **Life Healthcare** is South Africa's fastest growing brand, up 29% and climbing 5 spots in ranking
- + **Vodacom** is nation's strongest brand, Brand Strength Index (BSI) score 89.5 out of 100

Executive Summary.



Top South African brands could lose over R65 billion from COVID-19

As the COVID-19 pandemic wreaks havoc on the global and national economy, South Africa’s top 50 most valuable brands could lose up to 15% of brand value cumulatively, a drop of over R65 billion compared to the original valuation date of 1st January 2020.

Looking beyond South Africa, the value of the 500 most valuable brands in the world, ranked in the Brand Finance Global 500 2020 league table, could fall by an estimated R15 trillion as a result of the Coronavirus outbreak.

Brand Finance has assessed the impact of COVID-19 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 industries have been classified into three categories – limited impact (minimal brand value loss or potential brand value growth), moderate impact (up to 10% brand value loss), and heavy impact (up to 20% brand value loss) – based on the level of brand value loss observed for each sector in the first quarter of 2020.

MTN retains top spot

Telco giant **MTN** has retained the title of South Africa’s most valuable brand despite recording a 2% brand value loss to R49.4 billion. Over the last year, Africa’s largest mobile operator has celebrated solid profits and

2020 has marked yet another troubled year for the South African economy as it continues to contract at an alarming rate and the far reaching and debilitating COVID-19 pandemic has exacerbated this deterioration further. Now, more than ever, the economy will rely on the strength of home-grown brands to support the nation’s efforts on home soil and abroad to try and pull South Africa out of the slump that has engulfed the nation for the last decade.

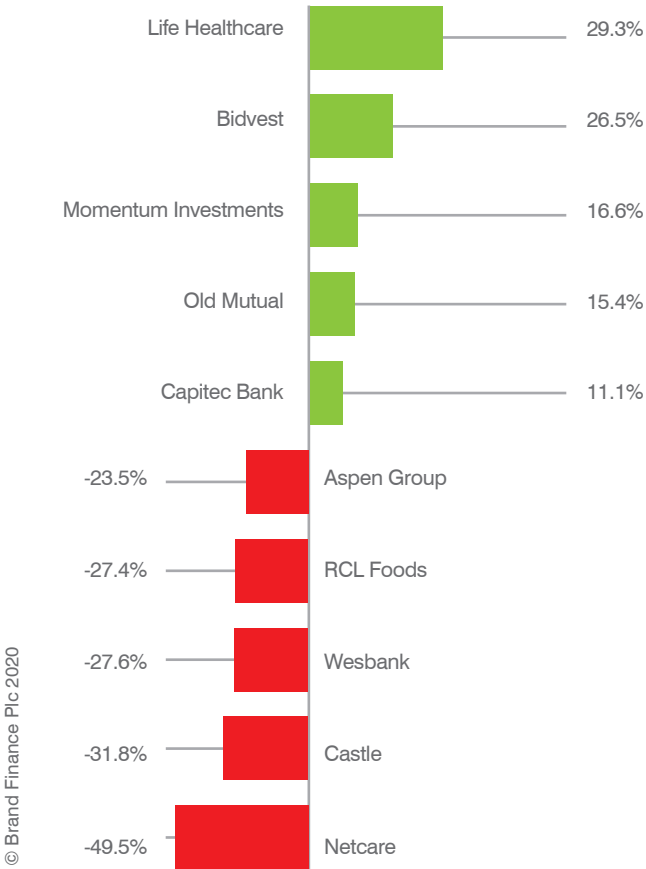
Jeremy Sampson,
Managing Director, Brand Finance Africa

impressive subscriber growth, which currently stands at over 250 million across 23 countries.

Despite being touted as one of South Africa’s greatest corporate success stories, the brand has been hitting the global headlines recently and has been placed under increased scrutiny following allegations that it paid bribes to militant Islamist groups in Afghanistan. This is not the first time the brand has come under the microscope - most notably its 2015 Nigerian fine - and MTN will, once again, rely on its strong brand and its far reaching market share to maintain its position as South Africa’s most valuable brand.

As with all big telcos globally, MTN is being squeezed from all sides as OTT messaging apps like WhatsApp are impacting voice and SMS revenue, and challenger brands offer comparable data services at below-market rates, leading to fierce price competition and decreasing margins.

Brand Value Change 2019-2020 (%)



Top 10 Most Valuable Brands

	1 ← 1	
	2020: R49,401m 2019: R50,280m	-1.7%
	2 ← 2	
	2020: R30,273m 2019: R33,281m	-9.0%
	3 ← 3	
	2020: R23,851m 2019: R25,515m	-6.5%
	4 ← 4	
	2020: R22,716m 2019: R23,474m	-3.2%
	5 ↑ 8	
	2020: R20,285m 2019: R17,571m	+15.4%
	6 ↓ 5	
	2020: R19,941m 2019: R22,539m	-11.5%
	7 ↓ 6	
	2020: R18,400m 2019: R20,956m	-12.2%
	8 ↑ 11	
	2020: R16,513m 2019: R15,817m	+4.4%
	9 ↑ 12	
	2020: R15,830m 2019: R15,468m	+2.3%
	10 ← 10	
	2020: R15,039m 2019: R16,020m	-6.1%

South Africa as a country and Africa as a continent remain huge opportunities for brand managers. However, the next six months or so will be crucial. With so much uncertainty in the world, and in particular concerns about the potential damage to both the populations and economies of emerging countries, we could be in for a rough ride before things improve. Brands that survive these challenging times can expect a bright future.

David Haigh,
CEO, Brand Finance



However, COVID-19 may be an opportunity for telecoms brands to reverse their fortunes, as Brand Finance predicts a limited overall impact to the sector and even potential for growth as demand surges.

Life Healthcare up impressive 29%

Recording an impressive 29% brand value increase to R2.4 billion, and simultaneously jumping 5 spots, Life Healthcare is the fastest growing brand in the ranking. Since its inception, Life Healthcare has undertaken numerous acquisitions and constructed several new hospitals to become the second largest private hospital group in the nation, claiming over a quarter of the market share, with a portfolio that includes nearly 50 acute hospitals and over 9000 beds.

The brand has successfully turned the tide on its fortunes following a turbulent couple of years negotiating the fallout from the Competition Commission’s Health Market Inquiry report, where the sector was placed under increased scrutiny for rising consumer costs and lack of transparency, both of which damaged brand values.

Life Healthcare has achieved solid results despite the contracting South African economy - which impacts the brand’s medical aid clients – and challenging trading environments in the majority of markets in which it operates. Life Healthcare has, however, been able to offset these difficulties through consistent demand caused by the nation’s high disease burden and aging population and plans to add 50 further beds to its South African operations this year alone.

On the frontline of the global COVID-19 pandemic in South Africa, Life Healthcare and fellow hospital group brands **Mediclinic** (down 15% to R4.9 billion) and **Netcare** (down 50% to R1.6 billion) were expected to be some of the few brands to benefit as a result of increased demand. This has not been the case, however, with all three brands showing significant loss in revenue as non-essential elective procedures have been cancelled and due to the slump in general demand as people avoid hospitals due to fear of infection.

Vodacom is nation’s strongest

In addition to measuring overall brand value, Brand Finance also evaluates the relative strength of brands, based on factors such as marketing investment, customer familiarity, staff satisfaction, and corporate reputation. According to these criteria, **Vodacom** (down 9% to R30.3 billion) is the strongest brand in South Africa, with a Brand Strength Index (BSI) score of 89.5 out of 100 and a corresponding AAA brand strength rating.

Brand Finance’s global brand monitor study showcased a clear improvement in Vodacom’s brand investment metrics – place, price, products and promotion. All of which were considerably stronger than main rival MTN. Vodacom has committed to a staggering 34% price cut its in data services following an agreement with the Competition Commission, after criticism that it was exploiting its market dominance. This price cut is no doubt going to bolster the brand’s already burgeoning subscriber base, which is currently growing on average by a staggering 67,000 a day.

Vodacom is currently working with the nation’s health department to send COVID-19 alerts to its 44 million customers. Furthermore, the brand is providing subscribers with free access to premium health and education websites.

Top 5 Strongest Brands

	1	↑ 5		2020: 89.5 2019: 85.8	AAA AAA	+4.4%
	2	↓ 1		2020: 89.2 2019: 88.7	AAA AAA	+0.6%
	3	← 3		2020: 87.6 2019: 87.3	AAA AAA	+0.3%
	4	↑ 10		2020: 85.5 2019: 80.5	AAA AAA-	+6.2%
	5	↓ 2		2020: 85.0 2019: 87.5	AAA AAA	-2.9%

Brand Value by Sector



Sector	Brand Value (ZAR bn)	% of total	Number of Brands
Banks	114.1	25.3%	8
Telecoms	91.0	20.2%	6
Insurance	51.7	11.5%	6
Retail	45.3	10.0%	7
Apparel	33.4	7.4%	6
Beers	27.7	6.1%	4
Other	87.6	19.4%	13
Total	450.7	100.0%	50

Sector Reputation Analysis.

Benchmarking against the very best

Every brand owner 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, with new technologies enabling disruption and brands seeking tactical entry into neighbouring categories, like a trusted supermarket offering financial services.

Brand reputation is relatively straightforward to compare across sectors. This year’s global sector rankings from our B2C research are similar to the previous wave, but there is some movement with potential implications for future brand strategy.

In South Africa, where not all sectors are covered, the rankings are similar, with banks and telcos having relatively poor reputations, and airlines taking top spot (research was conducted before COVID-19).

As is the case globally, many brands in categories such as financial services have failed to convince South African customers that they are consumer champions. Scores reflect overall feelings towards brands: acceptance and appreciation, but rarely love and devotion.

Autos lead the way globally











Car brands continue to enjoy strong reputations. The sector also ranks first on other indicators, such as recommendation and word-of-mouth sentiment – people like talking about cars and top brands such as **Audi** (reputation score 7.5/10) and **BMW** (7.7) remain sought after. At the top of the car brand pinnacle is where you can see true brand desire, and meanwhile there are few instances of brands with a really poor reputation – most cars nowadays are well-designed and equipped.

Importantly, the category enjoys a good reputation for being innovative – allowing century-old brands to be well-positioned to withstand the enormous disruption in mobility expected in the coming decade.









Banks still in the red

Banking brands continue to struggle to earn the respect of consumers and are seen as offering poor

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

value for money. However, ratings have generally stabilised – the key challenge is to show growth.

However, in many markets while most banks have a mediocre reputation, the reputation leaders show that it is possible to earn consumer respect. In South Africa, **Capitec** (reputation score 7.7 out of 10) and **FNB** (7.4) are streets ahead of their peers. Capitec leads for value and service, and enjoys a degree of emotional warmth which other banks cannot match – a true consumer champion. FNB’s appeal is perhaps more functional, with product range its particular strength, but its scores across the board are well above average.

The broader set of scores in our research shows glimmers of opportunity for all brands in the sector. Globally, banks fare reasonably well on customer service and caring about the community. For national and regional banks especially, a community-centred positioning in an age where in many places globalisation is being rejected, may be worth considering – this is a particular opportunity in South Africa, where no brand completely ‘owns’ this space.

Variable performance among telcos

Globally and in South Africa telecom providers are generally unloved by consumers. As with banks, however, a star performer can buck this trend – in this case **Vodacom**. It’s reputation score improved (from 7.3 to 7.5), well above its nearest competitor **MTN** (6.8).

Customer service perception is a particular weakness for this sector. Vodacom is again an exception, but cannot deliver this and great value – whereas **Telkom** has the reverse problem. As yet, telecoms is awaiting the equivalent of Capitec which manages to offer both in banking.

Tech halo shining less brightly

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 **YouTube** (7.8), **Google** (7.7), and **Netflix** (7.4) continue to enjoy strong reputations and buzz – most brands would love to be in their position.

Brand Finance South Africa 50 (ZAR m).

Top 50 most valuable South African brands

2020 Rank	2019 Rank	Brand	Sector	2020 Brand Value	Brand Value Change	2019 Brand Value	2020 Brand Rating	2019 Brand Rating
1	1	↔ MTN	Telecoms	R49,401	-1.7%	R50,280	AAA	AAA-
2	2	↔ Vodacom	Telecoms	R30,273	-9.0%	R33,281	AAA	AAA
3	3	↔ First National Bank	Banks	R23,851	-6.5%	R25,515	AAA	AAA
4	4	↔ ABSA	Banks	R22,716	-3.2%	R23,474	AA	AA+
5	8	↑ Old Mutual	Insurance	R20,285	+15.4%	R17,571	AAA-	AA+
6	5	↓ Standard Bank	Banks	R19,941	-11.5%	R22,539	AA	AA+
7	6	↓ Sasol	Oil & Gas	R18,400	-12.2%	R20,956	AAA-	AAA-
8	11	↑ Nedbank	Banks	R16,513	+4.4%	R15,817	AA+	AA+
9	12	↑ Investec	Banks	R15,830	+2.3%	R15,468	AA-	AA-
10	10	↔ Woolworths SA	Apparel	R15,039	-6.1%	R16,020	AA+	AA+
11	7	↓ MultiChoice	Media	🔒	🔒	🔒	🔒	🔒
12	13	↑ Mondi	Chemicals	🔒	🔒	🔒	🔒	🔒
13	-	New MOTUS	Car Rental Services	🔒	🔒	🔒	🔒	🔒
14	14	↔ Shoprite	Retail	🔒	🔒	🔒	🔒	🔒
15	9	↓ Castle	Beers	🔒	🔒	🔒	🔒	🔒
16	15	↓ Carling Black Label	Beers	🔒	🔒	🔒	🔒	🔒
17	16	↓ Discovery	Insurance	🔒	🔒	🔒	🔒	🔒
18	17	↓ Sanlam	Insurance	🔒	🔒	🔒	🔒	🔒
19	21	↑ Bidvest	Retail	🔒	🔒	🔒	🔒	🔒
20	20	↔ Capitec Bank	Banks	🔒	🔒	🔒	🔒	🔒
21	19	↓ Pick n Pay	Retail	🔒	🔒	🔒	🔒	🔒
22	22	↔ Engen	Oil & Gas	🔒	🔒	🔒	🔒	🔒
23	18	↓ Sappi	Chemicals	🔒	🔒	🔒	🔒	🔒
24	23	↓ Liberty	Insurance	🔒	🔒	🔒	🔒	🔒
25	26	↑ Clicks	Retail	🔒	🔒	🔒	🔒	🔒
26	24	↓ Mr Price	Apparel	🔒	🔒	🔒	🔒	🔒
27	28	↑ Truworth	Apparel	🔒	🔒	🔒	🔒	🔒
28	27	↓ Mediclinic	Healthcare Services	🔒	🔒	🔒	🔒	🔒
29	25	↓ Checkers	Retail	🔒	🔒	🔒	🔒	🔒
30	29	↓ Rand Merchant Bank	Banks	🔒	🔒	🔒	🔒	🔒
31	36	↑ Pep Stores	Retail	🔒	🔒	🔒	🔒	🔒
32	38	↑ Telkom	Telecoms	🔒	🔒	🔒	🔒	🔒
33	32	↓ Country Road	Apparel	🔒	🔒	🔒	🔒	🔒
34	41	↑ Momentum Investments	Insurance	🔒	🔒	🔒	🔒	🔒
35	31	↓ Hansa Pilsner	Beers	🔒	🔒	🔒	🔒	🔒
36	30	↓ RCL Foods	Retail	🔒	🔒	🔒	🔒	🔒
37	33	↓ Cell C	Telecoms	🔒	🔒	🔒	🔒	🔒
38	40	↑ Foschini	Apparel	🔒	🔒	🔒	🔒	🔒
39	34	↓ Santam	Insurance	🔒	🔒	🔒	🔒	🔒
40	42	↑ BCX+	Telecoms	🔒	🔒	🔒	🔒	🔒
41	39	↓ Superior	Beers	🔒	🔒	🔒	🔒	🔒
42	35	↓ Wesbank	Banks	🔒	🔒	🔒	🔒	🔒
43	48	↑ Life Healthcare	Healthcare Services	🔒	🔒	🔒	🔒	🔒
44	45	↑ Growthpoint Properties	Real Estate Services	🔒	🔒	🔒	🔒	🔒
45	43	↓ Aspen Group	Pharma	🔒	🔒	🔒	🔒	🔒
46	49	↑ Blue Label Telecom	Telecoms	🔒	🔒	🔒	🔒	🔒
47	-	New Markham	Apparel	🔒	🔒	🔒	🔒	🔒
48	47	↓ Clover	Food	🔒	🔒	🔒	🔒	🔒
49	37	↓ Netcare	Healthcare Services	🔒	🔒	🔒	🔒	🔒
50	-	New DIS-CHEM PHARMACIES	Pharma	🔒	🔒	🔒	🔒	🔒

Brand South Africa.



Ms Thulisile Manzini
Brand South Africa's Acting
Chief Executive Officer

Brand South Africa is the official marketing agency of South Africa, with an exclusive purpose to create a positive brand image and reputation for the country. This is by means of driving a proposition that will attract investment and promote pride and patriotism amongst its citizens. The success of this purpose is not only driven by citizens or government but by top South African brands that instil confidence in raising the profile of the country and flying the South African flag high.

Corporate brands are making positive strides to the contribution of South Africa’s global competitiveness. This is evident as stated in the 2019 World Bank’s Ease of Doing Business Index (EDB), as South Africa ranks 84 among 190 economies.

It is for this reason that Brand South Africa is pleased to continue its partnership with Brand Finance, in honouring the top 50 most valuable brands in the country.

As significant contributors to economic growth, business has and continues to address national priorities. Which is why business, civil society and government need to reinforce collaborations to alleviate unemployment and poverty.

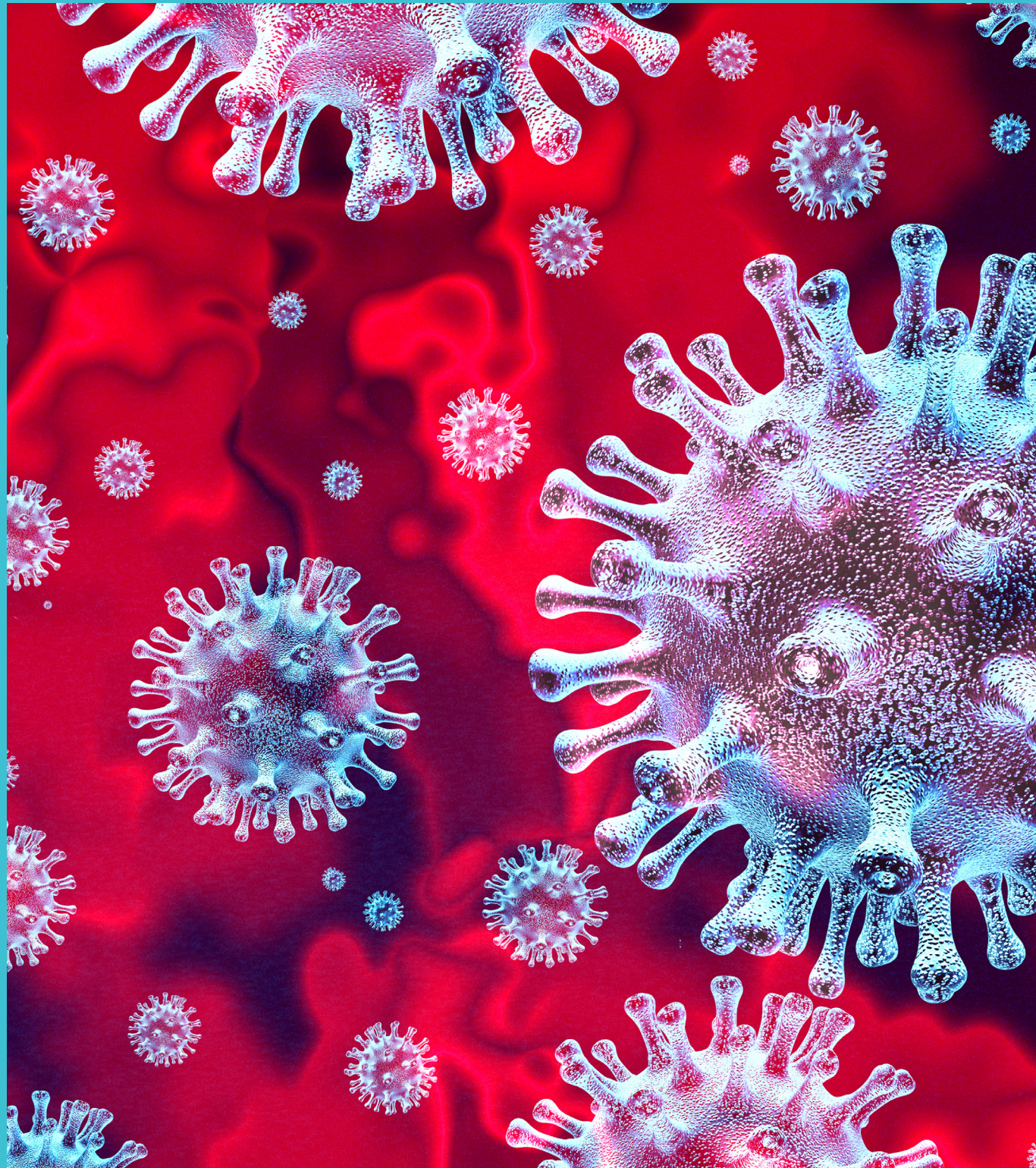
As the world is faced with the fight against the Covid-19 pandemic and the uncertainty in brings regarding the future. We encourage business to find and create opportunities to secure employment, increase private sector investment commitments and future proofing itself with a COVID-19 recovery strategy through collaboration with various stakeholders.

Brand South Africa celebrates and acknowledges the role played by corporate brands in contributing towards a better life for all our citizens.

Thank You for Your Ubuntu.



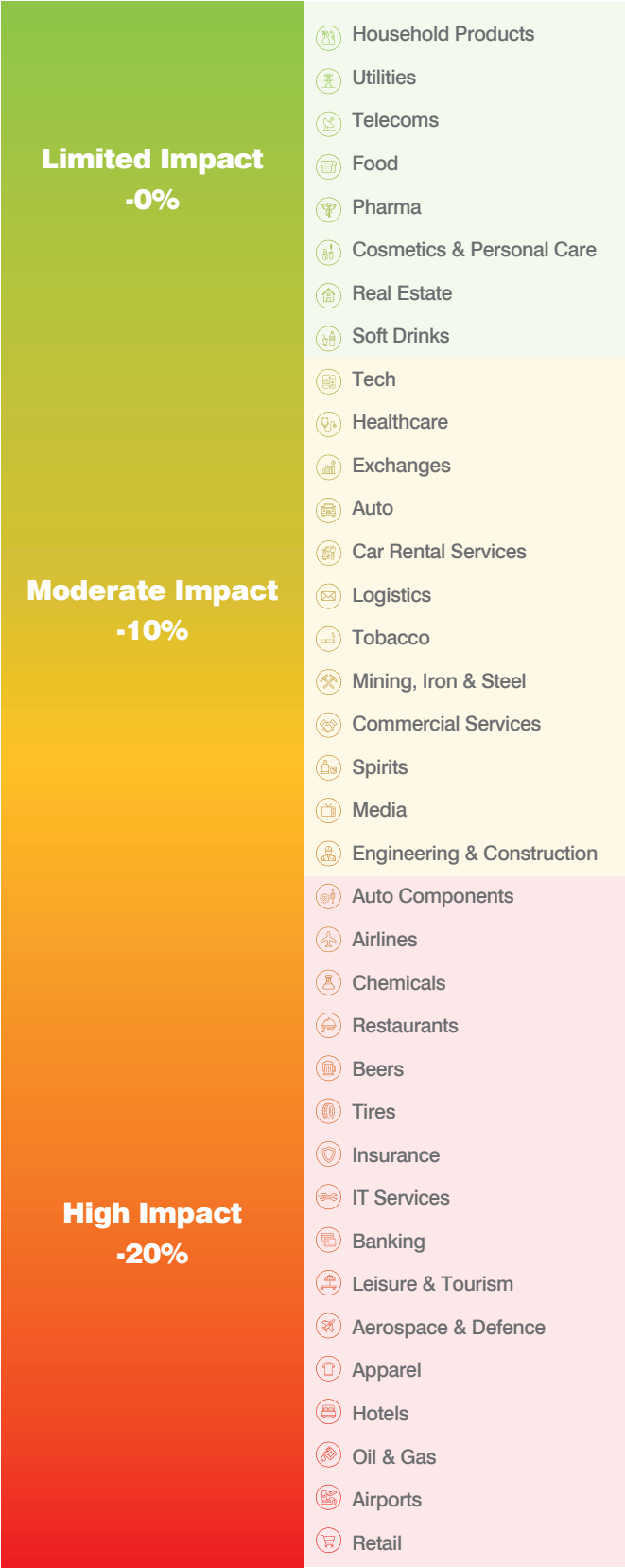
COVID-19 Global Impact Analysis.



Companies likely to lose up to R15 trillion 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 R15 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 R737 billion. As of 2nd July 2020, there have been 10,833,130 cases and 519,571 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 COVID-19 on brands based on the effect of the outbreak on enterprise value, compared to what it was on 1st January 2020. The likely impact on brand value was estimated separately for each sector. The industries have been classified into three categories – limited impact (minimal brand value loss or potential brand value growth), moderate impact (up to 10% brand value loss), and heavy impact (up to 20% brand value loss) – based on the level of brand value loss observed for each sector in the first quarter of 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



Global Soft Power Index 2020.

 1 UNITED STATES Score 67.1	 2 GERMANY Score 61.9	 3 UNITED KINGDOM Score 61.8	 4 JAPAN Score 60.2	 5 CHINA Score 58.7
 6 FRANCE Score 58.5	 7 CANADA Score 54.5	 8 SWITZERLAND Score 54.5	 9 SWEDEN Score 51.9	 10 RUSSIA Score 51.0
 11 ITALY Score 49.3	 12 NETHERLANDS Score 48.9	 13 AUSTRALIA Score 48.8	 14 SOUTH KOREA Score 48.3	 15 DENMARK Score 47.7
 16 SPAIN Score 47.6	 17 NORWAY Score 47.3	 18 UNITED ARAB EMIRATES Score 45.9	 19 BELGIUM Score 45.5	 20 SINGAPORE Score 44.8
 21 FINLAND Score 44.8	 22 NEW ZEALAND Score 43.5	 23 AUSTRIA Score 43.5	 24 IRELAND Score 43.0	 25 ISRAEL Score 42.6
 26 SAUDI ARABIA Score 41.9	 27 INDIA Score 41.6	 28 PORTUGAL Score 40.6	 29 BRAZIL Score 39.4	 30 TURKEY Score 39.4
 31 QATAR Score 38.5	 32 THAILAND Score 37.6	 33 MALAYSIA Score 37.4	 34 GREECE Score 36.6	 35 POLAND Score 36.6
 36 SOUTH AFRICA Score 36.4	 37 MEXICO Score 35.6	 38 EGYPT Score 34.8	 39 CZECH REPUBLIC Score 34.4	 40 ARGENTINA Score 33.9
 41 INDONESIA Score 33.4	 42 PHILIPPINES Score 32.5	 43 CROATIA Score 32.4	 44 CHILE Score 32.2	 45 HUNGARY Score 31.9
 46 UKRAINE Score 31.7	 47 ESTONIA Score 31.7	 48 IRAN Score 31.5	 49 COLOMBIA Score 31.5	 50 VIETNAM Score 31.3
 51 PERU Score 30.8	 52 ROMANIA Score 30.4	 53 PAKISTAN Score 29.7	 54 ALGERIA Score 29.0	 55 VENEZUELA Score 28.8
 56 NIGERIA Score 28.8	 57 BANGLADESH Score 28.5	 58 KAZAKHSTAN Score 27.7	 59 IRAQ Score 27.7	 60 MYANMAR Score 27.5

The effect of a country's national image on its home-grown brands and the economy as a whole is now widely acknowledged. In a global marketplace, it is one of the most important assets of any state, encouraging inward investment, adding value to exports, and attracting tourists and skilled migrants.

For the past decade, the Brand Finance Nation Brands report has provided key benchmarks for diplomats, tourism boards, trade agencies, nation brand consultants and managers. The study analyses the benefits that a strong nation brand can confer, but also the economic damage that can be wrought by global events and poor nation brand management.

Public diplomacy efforts within the realm of soft power should be treated no differently from developing a corporate and marketing strategy of a nation brand. A successful nation branding campaign will help create a more favourable and lasting image among the international audience thus further enhancing a country's soft power.

Essentially, soft power is a country's ability to influence the preferences and behaviours of various actors in the international arena (states, corporations, communities, publics etc.) through attraction or persuasion rather than coercion.

In February 2020, Brand Finance launched the inaugural Global Soft Power Index - the world's most comprehensive research study on perceptions of soft power. The Global Soft Power Index is based on the most extensive and wide-ranging research programme of its kind, with responses gathered from over 55,000 people based in more than 100 countries.

What does soft power look like in South Africa? And what did the survey unearth about global perceptions of South African soft power? We have included a country spotlight on page 24 and an article on soft power contributed by Nicola Kleyn, Dean, Gordon Institute of Business Science, University of Pretoria.

In this time marked by change, it is more important than ever that governments, trade bodies, and businesses take steps to ensure that their nation brand is strategically appropriate and well-managed.



South Africa.

Rank #36
Score 36.4/100

5.9 Familiarity
5.8 Reputation
3.8 Influence



South Africa, with a Global Soft Power Index score of 36.4 out of 100, is in 36th position in the Index. The nation has grappled with a variety of complexities throughout the latter half of the 20th Century to present. The turbulent repercussions of Apartheid, are still very much being felt today and the seemingly positive post-Mandela years have been demolished by corruption and the legacy of Jacob Zuma.

South Africa is ranked 37th in the Governance pillar, recording a particularly low score for ethical standards and corruption (53rd). The scandals surrounding the 9-year long presidency of Zuma, not only saw the involvement and subsequent dent in the reputation of global firms, and the demise of Bell Pottinger, but it eradicated the already precarious trust in the South African government.

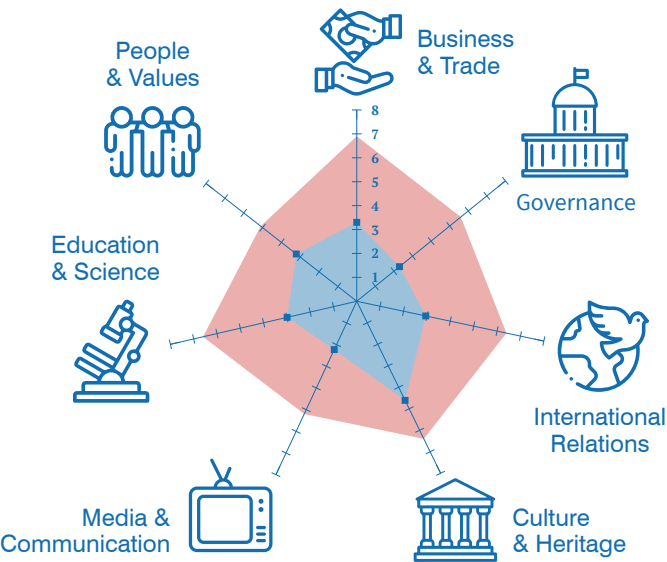
Described as the gateway to Africa, South Africa boasts the most sophisticated and developed economy in the region. In comparison to the rest of Sub-Saharan Africa, the nation has fairly efficient infrastructure, however, with continued challenges with electricity supply and problems with debilitating levels of unemployment, the nation fails to score highly in the Business & Trade pillar (ranked 36th). Still, the only other Sub-Saharan nation in the ranking, Nigeria, trails South Africa on almost all metrics, with an overall Global Soft Power Index score of 28.8 out of 100 and placing 56th.

South Africa is regarded highly for its sporting prowess, ranking 17th globally among the general public. From hosting the 2010 FIFA World Cup to the Springboks claiming their third Rugby World Cup victory in 2019, South Africa has attempted to utilise the strength of its sport culture to advance on the global stage, a success reflected in its Familiarity score of 5.9 (28th position).

We are hopefully witnessing the beginning of a positive period of change for South Africa, but there is no denying that the task ahead of President Ramaphosa is monumental. South Africa needs to focus on inward vestment first and foremost through rebuilding trust and tackling the nation’s internal grievances, before turning attention outwards.

South Africa’s performance compared to best in class per Global Soft Power Index pillar

● Best in Class ● South Africa's Results



The Trials of South Africa's Soft Power.

February 2020



Professor Nicola Kleyn
Former Dean:
Gordon Institute of
Business Science,
University of Pretoria

Significant corporate brands influence their nation’s brands and vice versa. At their best they form an important part of a nation’s business and trade constellation. They shed positive light on a country brand as they delight customers, employ a nation’s people, showcase national potential, and sometimes even contribute to national coffers. Lego, Emirates, Apple, Virgin, Samsung and Veuve Clicquot are cases in point. The relationship is also reciprocal. Corporate brands hope to benefit from the global association with their nation’s brands.

The converse of this positive outcome is also a possibility. What I refer to as ‘black hole brands’ can suck light out of the system as their own damaged brand tarnishes the reputation of other associated brands. Likewise, just as the corporate brand can dilute the nation brand, how a nation deploys soft and hard power can have negative consequences for corporate brand equity. In a world where brands traverse borders, the potential negative impact of black hole brands grows in consonance with increases in a brand’s footprint – whether it’s a corporate or a country.

Examples of how shifts in national policy impact nation brand perceptions that in turn shape the fortunes of corporate brands, abound. “Proudly made in country X” is a corporate brand label that now needs to be selected with care. A country’s behaviour may well alienate global markets. Events like Brexit, trade wars, Coronavirus, and military conflicts can all take their toll on corporate brands. The world’s increasingly fractured and aggressive political climate magnifies the impact of these negative perceptions as news shows across the globe dissect the behaviour of nation states.

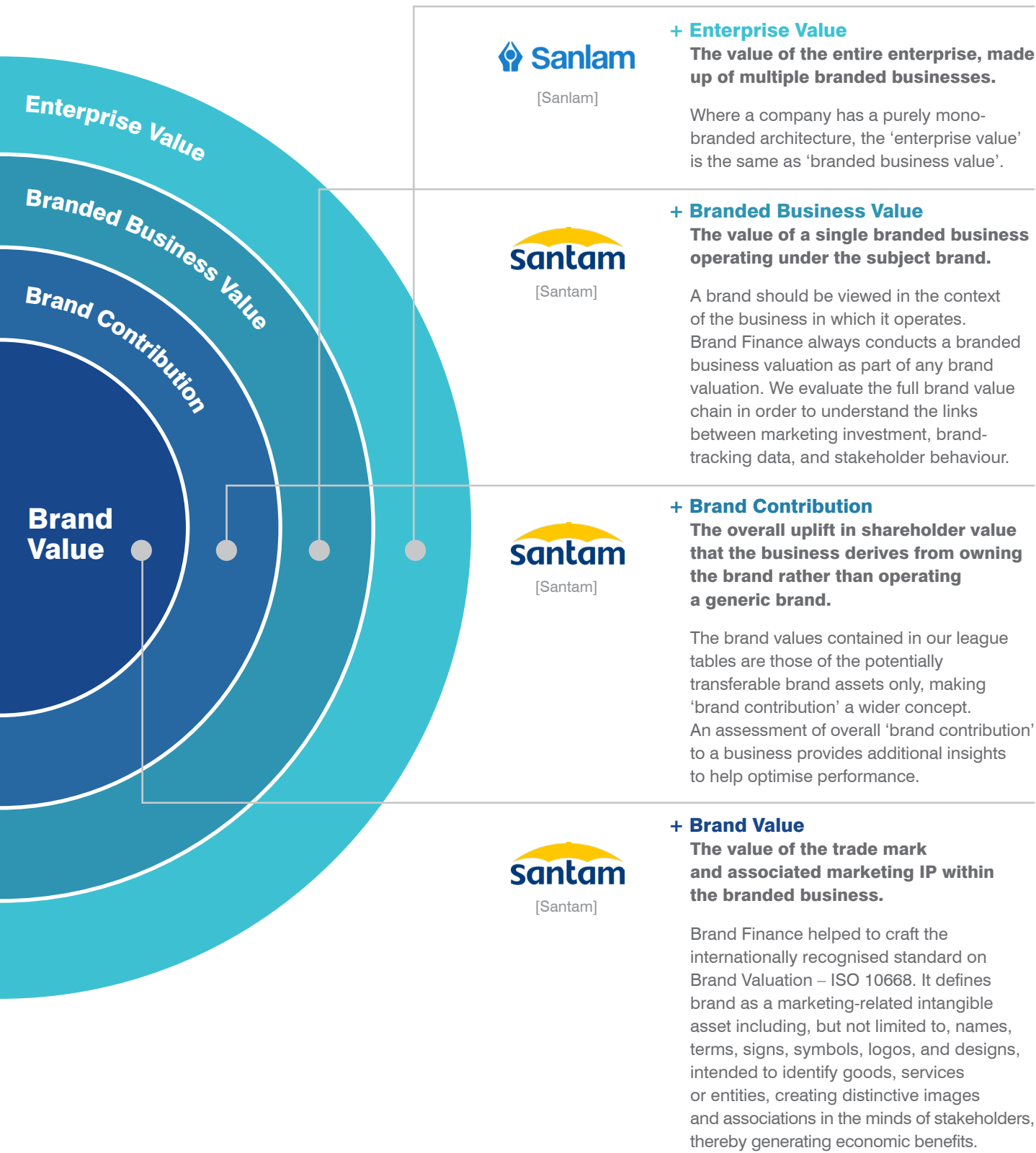
What of the risk of company misdemeanours spilling over to nation brands? Sadly, corporate brand misconduct is increasing in frequency across geographies. For every BP oil spillage, Volkswagen emission crisis, Boeing mismanagement of safety, and Goldman Sachs 1Malaysia Development Berhad scandal, there is a plethora more. As these events move corporates closer to becoming black hole brands, national reputation and soft power is eroded. Black hole corporate brands don’t only harm employees, customers, suppliers and local publics. They influence diplomatic relations and alienate international trade and investment.

While one misdemeanour may not have significant impact, repeat offences of brand misconduct by either a country or a corporate, diminish and ultimately damage the power of the brand constellation as a whole.

State capture has led to South Africa showing many signs of becoming a black hole brand. Fingers can and must be pointed at those who did nothing to protect this national brand which was a potent symbol of hope in the Mandela years. Mounting evidence shows that the culprits of state capture are not confined to domestic players.

Global power brands including McKinsey, Bain, SAP, Deloitte, KPMG, and the now defunct Bell Pottinger have all been implicated in South African state capture. This complicity is not limited to South Africa either. McKinsey has for example been associated with billionaire Isabel dos Santos’ looting of Angola. The consultancy has also been criticised for its prominent role as a key advisor to authoritarian governments in at least three other countries.

Definitions.



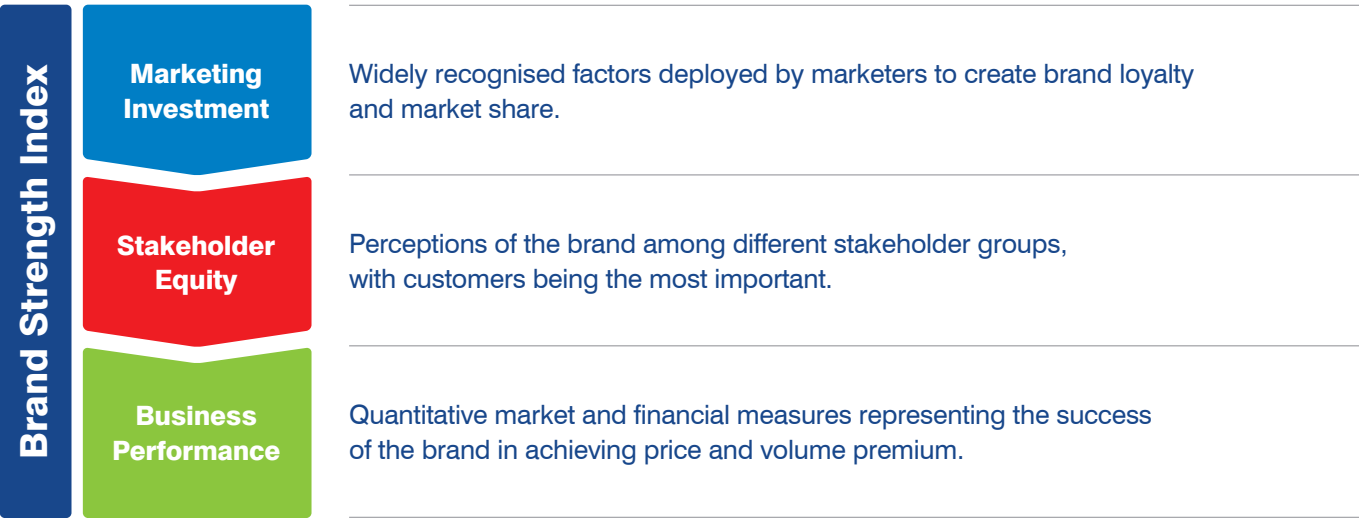
Brand Strength

Brand Strength is the efficacy of a brand's performance on intangible measures, relative to its competitors.

In order to determine the strength of a brand, we look at Marketing Investment, Stakeholder Equity, and the impact of those on Business Performance.

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

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



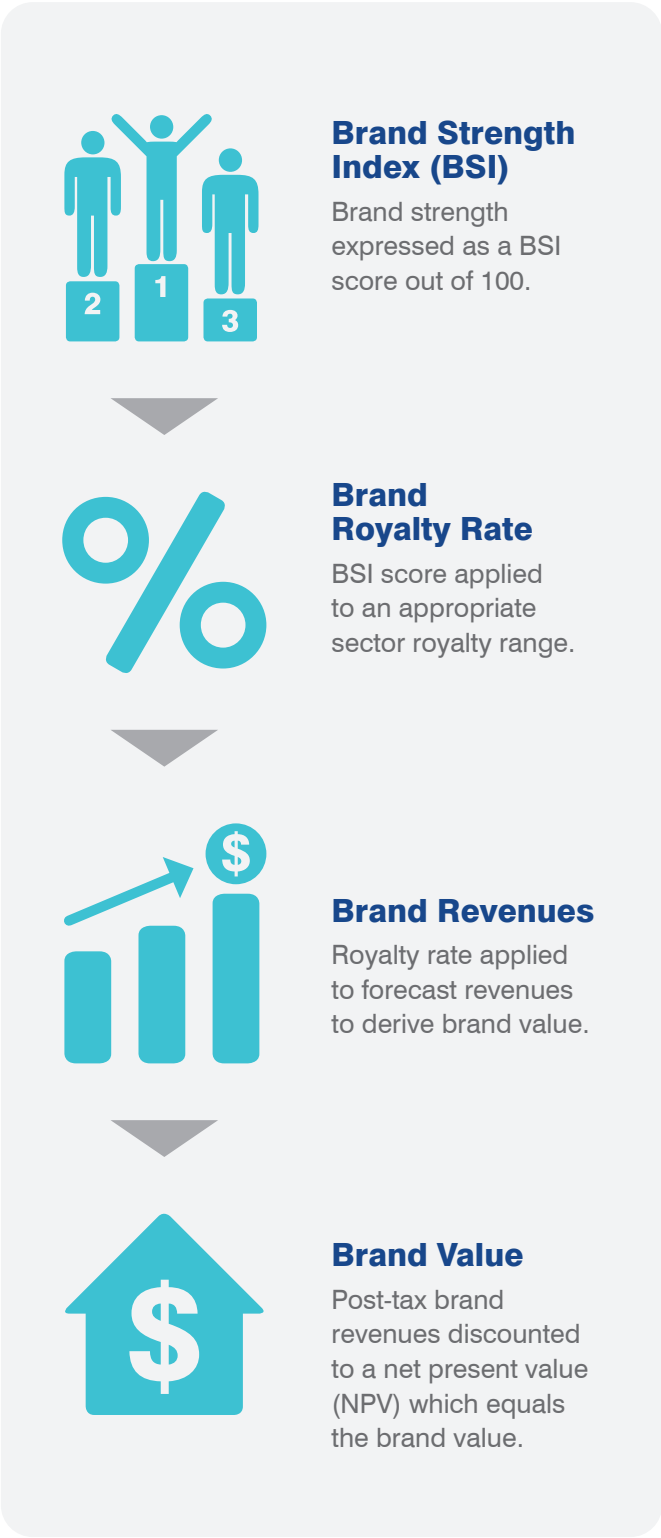
Brand Valuation Methodology.

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

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

The steps in this process are as follows:

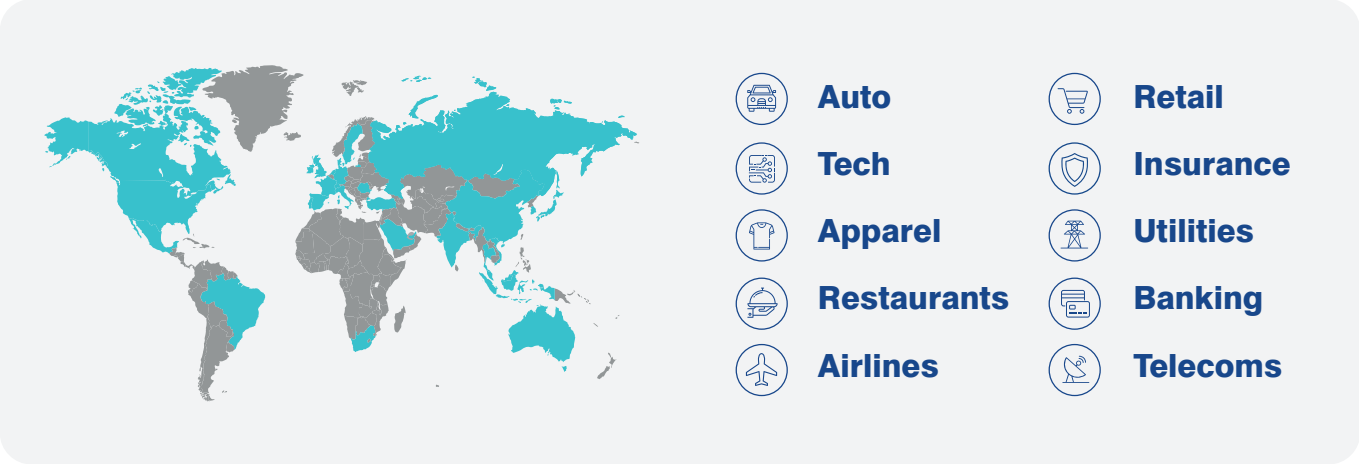
- 1 Calculate brand strength using a balanced scorecard of metrics assessing Marketing Investment, Stakeholder Equity, and Business Performance. Brand strength is expressed as a Brand Strength Index (BSI) score on a scale of 0 to 100.
- 2 Determine royalty range for each industry, reflecting the importance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



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

Market Research Methodology.

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



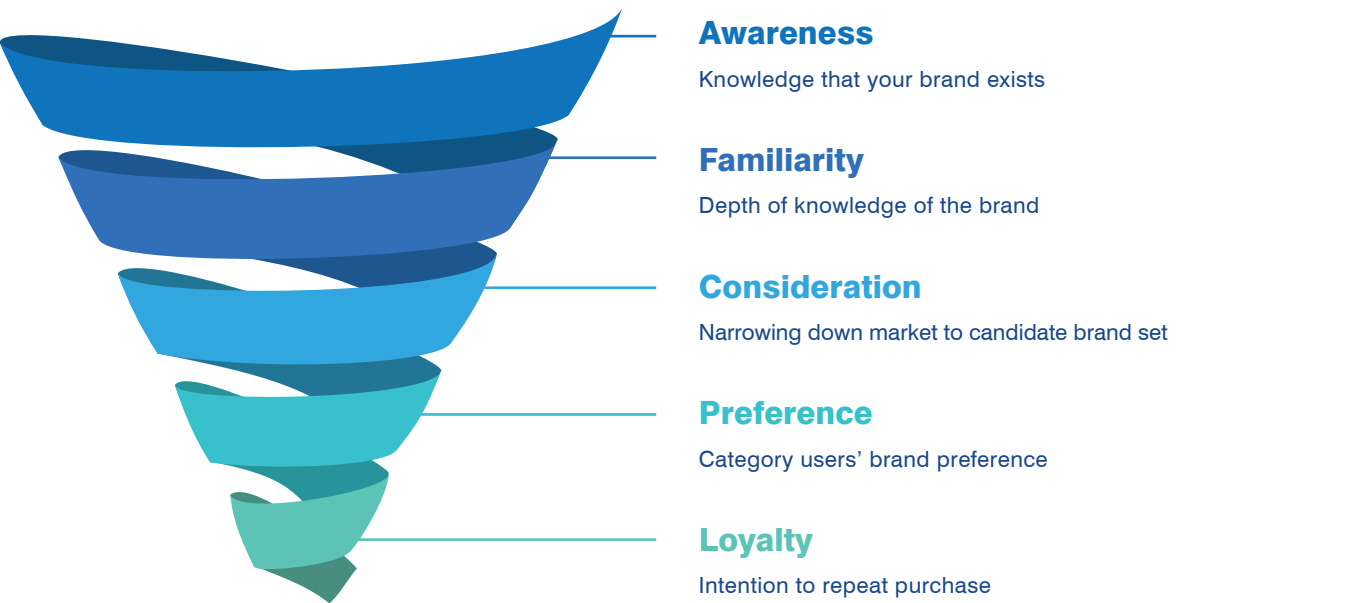
Stakeholder Equity Measures.

Key Metrics

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

Brand converison funnel

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



Consulting Services.

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 +

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

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 +



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 SOUTH AFRICAN BRAND



MOST VALUABLE SOUTH AFRICAN BRAND



STRONGEST SOUTH AFRICAN BRAND



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



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



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



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



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



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

Brand Dialogue[®]



Value-Based Communications

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

SERVICES

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

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

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