Brand Finance®

# Airlines 50 2020

**The annual report on the most valuable and strongest airline 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.

# Get in Touch.


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Brand Finance®

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

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

## What's in a Brand Value Report?

- Brand Valuation Summary
- Brand Strength Tracking
- Royalty Rates
- Cost of Capital Analysis
- Customer Research Findings
- Competitor Benchmarking
- Benchmarking
- Education
- Communication
- Understanding
- Strategy
- Insight

## Benefits of a Brand Value Report

enquiries@brandirectory.com

# 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

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# 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

enquiries@brandirectory.com

# 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.



# Faltering Airlines Sector Could Plummet Further by Losing 20% of Brand Value Because of COVID-19 Pandemic.

+ Analysis of financial strength, brand strength and brand value suggest that 20 of the top 50 brands are vulnerable
+ Airline survival or demise? Analysis of financial strength, brand strength and brand value suggest that 20 of the top 50 brands are vulnerable
+ US airlines dominate top 3 with **Delta** holding on as world's most valuable airline brand, despite 9% drop in brand value to US$9.2 billion
+ Up 25%, **Air Canada** records greatest brand value growth in ranking, breaking into the top 10
+ In contrast, **Norwegian** nosedives, with brand value down 42%

# Executive Summary.

## COVID-19: Long Haul Problems for Airlines

Brand Finance has calculated that as a result of the COVID-19 crisis the top 50 most valuable airline brands could lose up to 20% of brand value, equating to a staggering US$22 billion. In an unprecedented three months the sector has all but ground to a halt as travel restrictions make it impossible for airlines to operate. Even the falling oil price – which would be good news to carriers in normal times – makes virtually no difference in the dire situation.

In the financial crisis of 2008, the sector also faced major contraction in demand. It was not until 2016 that intra-Europe flights recovered to previous levels. Similarly, airline brand values and business values took about eight years to recover from the 2008 crisis. The severity of the current crisis points to recovery in the medium to long term with noticeable changes to the structure of the market.

The airlines sector is one of the most severely affected by the COVID-19 pandemic, suffering from drastically reduced demand following global travel restrictions. However, the analysis conducted by Brand Finance indicates that it is not the most affected sector globally, with oil & gas, leisure & tourism, and insurance brands likely to take a larger hit. In part, this is the result of favourable oil prices that have bolstered the airlines sector over the previous year.

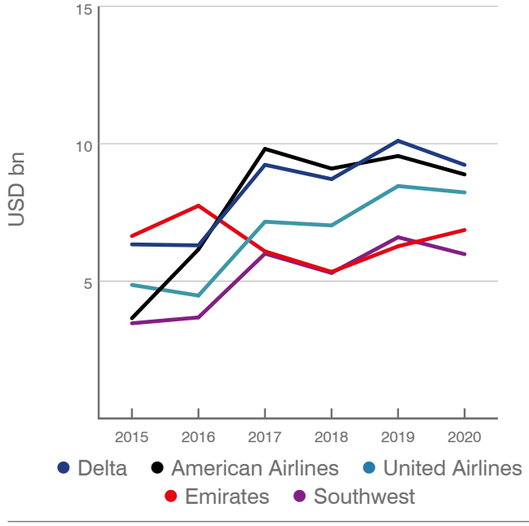
**The COVID-19 crisis presents a dangerous threat to airlines, who stand to lose 20% of overall brand value and could struggle to cope with ever-decreasing demand in the face of global travel restrictions. This problem will not be easy to solve, particularly for an industry that has suffered during previous global challenges, taking over five years to return to profit after the 2001 terror attacks and 2008 financial crisis. It will no doubt be a long, hard journey back for the sector, and some airline brands may not survive the crisis, but the industry has always adapted to a changing landscape and this time will not be different.**

**Savio D'Souza**
Director, Brand Finance

Airlines are faced with a tough journey ahead, with brands including **Ryanair**, **Air France**, **KLM**, and **Air New Zealand** grounding most of their fleets, implementing harsh pay cuts, and increasing redundancies in line with other international carriers. With one quarter of the world's population on lockdown as of March 2020, **British Airways** and **Virgin Atlantic** have also grounded 75% and 80% of their flights respectively – a measure which leaves them strapped for vital cash. This is further exacerbated by Boeing halting production in March 2020, which will undoubtedly disrupt new aircraft deliveries, including parts required for maintenance.

Airlines will require some form of state support if they are to survive this pandemic. The International Air Transports Association (IATA) has claimed that airlines could need a staggering US$200 billion in government support and packages. Even one of the world's richest airlines, **American Airlines**, has declared its intentions to apply for a US$12 billion loan. Many governments globally have announced their commitment to supporting their national carriers through historical packages, including Australia, UK, the UAE, US and nations across the EU. Governments, however, that do not have the means to be able to provide this level of support, or any support at all, could witness the demise of their nation's carriers.

### Brand Value over Time




### Top 10 Most Valuable Brands

| | | | |
|---|---|---|---|
| DELTA | 1 ← 1 | 2020: $9,229m<br>2019: $10,105m | -8.7% |
| American Airlines | 2 ← 2 | 2020: $8,882m<br>2019: $9,553m | -7.0% |
| UNITED | 3 ← 3 | 2020: $8,227m<br>2019: $8,460m | -2.8% |
| Emirates | 4 ↑ 5 | 2020: $6,860m<br>2019: $6,268m | +9.4% |
| Southwest | 5 ↓ 4 | 2020: $5,980m<br>2019: $6,596m | -9.3% |
| AIR CHINA 中国国际航空公司 | 6 ↑ 9 | 2020: $4,370m<br>2019: $4,118m | +6.1% |
| 中国南方航空 CHINA SOUTHERN AIRLINES | 7 ↓ 6 | 2020: $4,054m<br>2019: $4,461m | -9.1% |
| AIR CANADA | 8 ↑ 12 | 2020: $3,708m<br>2019: $2,965m | +25.1% |
| BRITISH AIRWAYS | 9 ↓ 8 | 2020: $3,660m<br>2019: $4,168m | -12.2% |
| 中國東方航空 CHINA EASTERN | 10 ↓ 7 | 2020: $3,218m<br>2019: $4,227m | -23.9% |

## Brand Finance Airlines 50 2020 US Airlines Dominate Top 3

US airlines continue to dominate the Brand Finance Airlines 50 2020 ranking claiming the top 3 positions as of our valuation on 1st January 2020. Prior to COVID-19, all American airline brands, including **Delta** (down 9% to US$9.2 billion), American Airlines (down 7% to US$8.9 billion), and **United Airlines** (down 3% to US$8.2 billion), had dropped in brand value following falling Brand Strength Index (BSI) scores and lower market research ratings.

Prior to the coronavirus outbreak, Delta held on to its position as the most valuable airlines brand in the world, with its drop in brand value attributed to decreasing brand strength, scoring lower for customer familiarity, satisfaction, and preference than in previous years. Predicted to drop by a further 20% in line with industry trends, Delta is an illustrative example of the effect of COVID-19 on the sector, with the airline reducing its capacity by 70% in March 2020.

Likewise, competitors American Airlines (ranked 2nd) and United Airlines (ranked 3rd) have similarly suffered at the hands of decreasing demand, with the former currently reducing capacity by a 40% per day

### Brand Value by Economy

| Economy | Brand Value (USD bn) | % of total | Number of Brands |
|---|---|---|---|
| United States | 36.7 | 33.8% | 7 |
| China | 16.8 | 15.5% | 9 |
| UAE | 7.7 | 7.1% | 2 |
| United Kingdom | 6.2 | 6.2% | 3 |
| Japan | 4.8 | 4.8% | 2 |
| Canada | 4.5 | 4.5% | 2 |
| Other | 32.0 | 29.4% | 25 |
| **Total** | **108.6** | **100.0%** | **500** |





and the latter cutting its domestic flights by 52% and full capacity by 68%. Although these measures will undeniably wreak further havoc on airline brands, there is some debate over whether Delta is better equipped to scale back its operations. With more planes suitable for retirement and non-core routes in their possession, there is a chance that the brand may be able to bounce back comparatively unscathed.

## Air Canada Soars

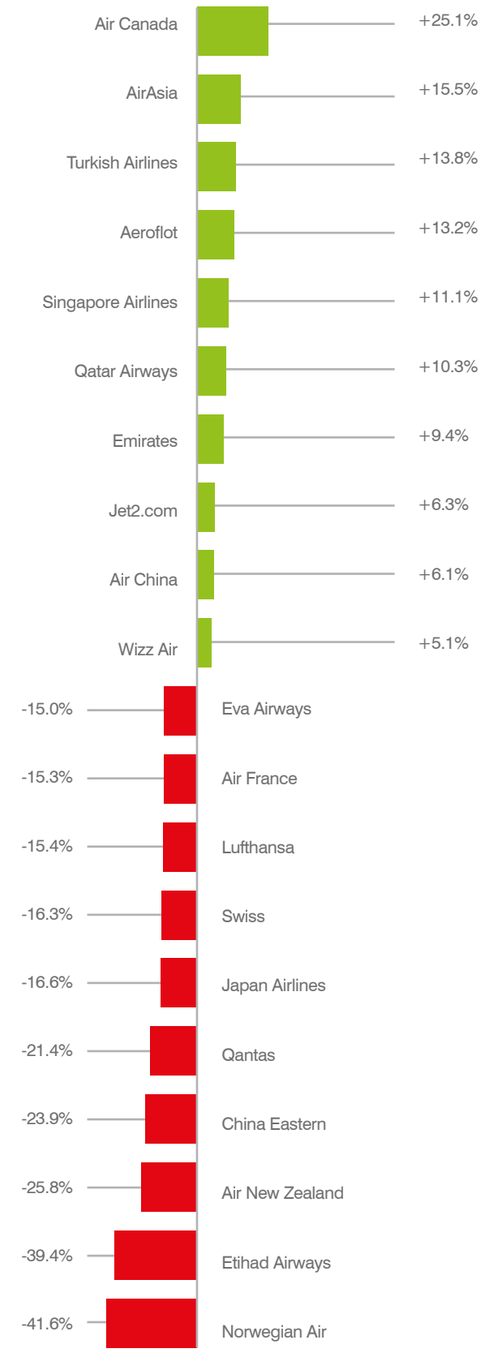
Bucking the trend, **Air Canada** was flying high, recording the greatest brand value growth in the ranking, up an impressive 25% to US$3.7 billion and simultaneously jumping into the top 10. Prior to the global pandemic, Air Canada was boasting strong revenue forecasts owing to its revenue reaching record levels at the end of 2019. All forecasts, however, are currently being revised and Air Canada's position and brand value, along with all brands across the sector, is in a precarious position. Canada's flagship airline has laid off over 5,000 employees and is operating a reduced network.

## Norwegian Nosedives

Even before this crisis, **Norwegian** recorded the biggest fall in brand value in this year's ranking, dropping 42% to US$527 million. The budget long-haul brand has failed to generate any income over the last three years, resulting in a damaging lack of trust in the airline to achieve a robust financial performance in the future. Norwegian Air has significantly cut its flights in the wake of COVID-19 and implemented enforced temporary layoffs for 50% of its staff.

The trend across the sector is similarly bleak with 35 brands in the ranking seeing a drop in brand value, averaging a 12% brand value loss. Across the industry, airlines have been negotiating the consequences of the grounding of the Boeing 737 MAX, which has been grounded since March 2019 following two fatal crashes. Many airlines in the ranking built their growth strategies around expected deliveries of new aircraft, but the grounding of the fleet has not only made these strategies redundant but has damaged revenue growth and thus brand value.

### Brand Value Change 2019-2020 (%)



## COVID-19 Impact

| | | |
|---|---|---|
| Aeroflot | Air China | Hainan Airlines |
| Air Canada | American Airlines | Iberia |
| Air France | ANA | Japan Airlines |
| Air New Zealand | Asiana Airlines | Jet2.com |
| AirAsia | Cathay Pacific | Jetblue Airways |
| Alaska Airlines | CHina Eastern | KLM |
| British Airways | China Southern | Qantas |
| China Airlines | Delta | Qatar Airways |
| Easyjet | Indigo | Ryanair |
| Emirates | Juneyao Airlines | Singapore |
| Etihad Airways | Korean Air | Southwest Airlines |
| Eva Airways | LATAM Airlines | Spirit Airlines |
| Garuda Indonesia | Lufthansa | Spring Airlines |
| | Norwegian Air | Turkish Airlines |
| | Shanghai Airlines | Vueling |
| | Shenzhen Airlines | WestJet |
| | Swiss | Wizz Air |
| | Thai Airways | |
| | United Airlines | |
| | Xiamen Airlines | |

● Likely to survive ● Need for financial support

## COVID-19: Airline survival or demise

There are an infinite number of factors that could contribute to either an airline's demise or survival in these extremely testing times. Brand Finance has analysed the cash position of the brands, the brand strength, and brand value to create a heatmap of which brands have the highest chance of seeing the crisis through and which look vulnerable.

The analysis of the ratio of cash and other short-term investments to revenue in 2019 indicates that 20 airlines in the top 50 only have enough cash to survive another 60 days or less. These brands include 6 out of the top 10 most valuable airline brands in the world.

On the other hand, there are 30 brands in the ranking that are likely to survive beyond 60 days. This is either due to a strong cash position (businesses that have been managed well), being state-owned or being able to tap into the public or private markets to shore up their balance sheet. These brands include **Emirates**, **Southwest Airlines**, **Air Canada** and **British Airways**. **Qantas**, ranked 15th, has for example been able to secure AU$1.05 billion in private debt funding.

Ultimately, recovery depends on how long the COVID-19 crisis lasts, but as more parts of the globe become riddled with the virus, it seems like the airlines sector is in for the long haul.

## Brand Strength and Crisis Resilience. Which brands will fly through the storm?

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.

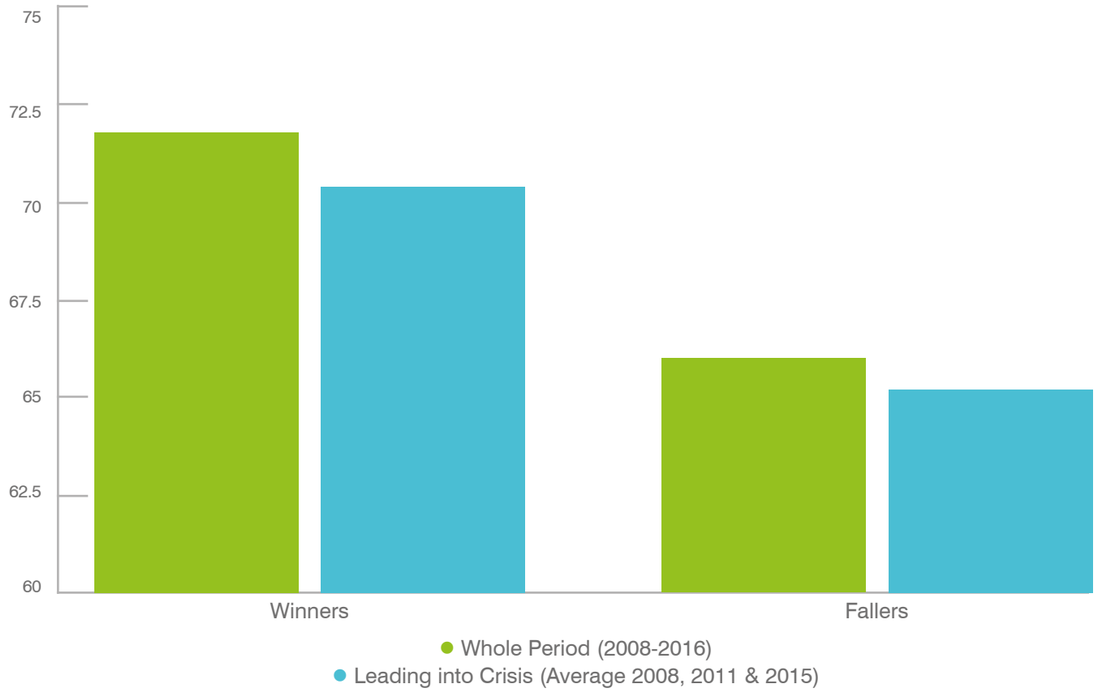
Brand Finance has tracked how brand values have fluctuated during the three major economic downturns experienced in 2009, 2012, and 2016. The notable feature of this long-term analysis is that strong brands, as measured by Brand Finance, perform better during crises, across all sectors.

Considering brand strength, over the period from 2008 to 2019, the Consistent 100 Fallers have average Brand Strength Index (BSI) scores of 66 while the Consistent 100 Winners have average BSI scores of 70. This finding is in line with other research conducted by Brand Finance which correlates brand strength with overall stock market outperformance. Brands boasting the highest AAA+ brand rating by Brand Finance, consistently outperform the S&P 500.

**Even before the current crisis, the industry endured a turbulent 2019. Airline brands had to negotiate the escalating trade war and slowing growth globally. Rising tensions between the world's two superpowers have inflicted far-reaching repercussions on the industry, increased scrutiny surrounding global warming and the flight shaming that has ensued as a result had contributed to a muted outlook for the sector at the start of the year.**

**Savio D'Souza**
Valuation Director, Brand Finance

### Average Brand Strength of Consistent Winners and Fallers in Time of Crisis



## Aeroflot: the sky's not the limit!

According to Brand Finance's Brand Strength Index (BSI), Russia's **Aeroflot** has retained its title of the world's strongest airline brand with a score of 92.1 out of 100 and the corresponding elite AAA+ brand strength rating.

Aeroflot is one of the few airlines in the ranking that have recorded an improvement in brand strength (up 2.2 BSI points), a testament to the brand's exceptional reputation and popularity among its core customers.

Mirroring its success in brand strength, Aeroflot has recorded a 13% rise in brand value to US$1.7 billion, a result of high operational efficiency and strong financial performance. The brand's revenue was boosted by a combination of increased demand and its strategic pricing, both of which have protected the brand as ground handling and airport costs continue to rise.

**Aeroflot, which was well on track to achieve its strategy 2023 at the beginning of the year, will no doubt rely on its long-established and respected brand to defend its market share and to rise up to the challenge that COVID-19 poses.**

**David Haigh**
CEO, Brand Finance

### Top 10 Strongest Brands*

| | | | | |
|---|---|---|---|---|
| AEROFLOT Russian Airlines | 1 | ← 1 | 2020: 92.1 AAA+<br>2019: 89.9 AAA+ | +2.2 |
| TURKISH AIRLINES | 2 | ← 2 | 2020: 91.5 AAA+<br>2019: 89.3 AAA | +2.2 |
| Emirates | 3 | ← 3 | 2020: 90.8 AAA+<br>2019: 88.7 AAA | +2.1 |
| AirAsia | 4 | ↑ 21 | 2020: 89.8 AAA+<br>2019: 84.9 AAA | +5.0 |
| JAPAN AIRLINES | 5 | ↑ 6 | 2020: 87.8 AAA<br>2019: 88.5 AAA | -0.7 |
| IBERIA | 6 | ↑ 15 | 2020: 87.3 AAA<br>2019: 86.4 AAA | +0.9 |
| ANA | 7 | ↑ 11 | 2020: 86.0 AAA<br>2019: 87.1 AAA | -1.1 |
| WESTJET | 8 | ↓ 7 | 2020: 85.7 AAA<br>2019: 88.3 AAA | -2.6 |
| QANTAS | 9 | ↑ 14 | 2020: 84.6 AAA<br>2019: 86.6 AAA | -2.0 |
| Southwest | 10 | ↓ 9 | 2020: 84.3 AAA-<br>2019: 88.0 AAA | -3.8 |

* Based on domestic market research scores of each carrier

# COVID-19 Global Impact Analysis.

## Brand Value at Risk

**Limited Impact -0%**

- Household Products
- Utilities
- Telecoms
- Food
- Pharma
- Cosmetics & Personal Care
- Real Estate
- Soft Drinks

**Moderate Impact -10%**

- Tech
- Healthcare
- Exchanges
- Auto
- Car Rental Services
- Logistics
- Tobacco
- Mining, Iron & Steel
- Commercial Services
- Spirits
- Media
- Engineering & Construction

**High Impact -20%**

- Auto Components
- Airlines
- Chemicals
- Restaurants
- Beers
- Tires
- Insurance
- IT Services
- Banking
- Leisure & Tourism
- Aerospace & Defence
- Apparel
- Hotels
- Oil & Gas
- Airports
- Retail

## Up to US$1tn estimated loss from COVID-19

The brand value of the world's 500 biggest companies, according to the Brand Finance Global 500 2020, is set to potentially lose an estimated US$1 trillion 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 16th March 2020, there have been 164,837 cases and 6470 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, as at 18th March 2020, compared to what it was on 1st January 2020. Based on this impact on Business Value, Brand Finance estimated the likely impact on Brand Value for each sector. Each sector has been classified into 3 categories based on the severity of Business Value loss observed for the sector in the period between 1st Jan 2020 and 18th 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

# Sector Reputation Analysis.

## Benchmarking against the best

Every airline company 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, new technologies disrupt many aspects of the airline industry, and new brands emerge daily.

## Turbulent times for the airline industry

With ongoing Boeing 737 Max crisis and Airbus corruption probe, airlines have been hit directly with shortage in supply of aircrafts. Given the vast numbers of the new aircraft orders, the resulting squeeze on available capacity would require many of the companies to even out demand and hit profitability targets by increasing airfares with limited of no improvement in customer experience.

Across 20 markets covered by our research this wave, airline brands have been viewed critically by customers in western states, such as the USA, UK and Spain. On the other hand, customers in countries that have airlines market dominated by national carries (e.g. Russian and Romanian airlines) tend to perceive the industry as more reputable than other countries where the market is more fragmented. So, exposure to competition does have an impact on the airlines' reputation.

One of the main factors that adversely impacts overall customer experience is innovation, as only 1 in 5 people see airlines industry as innovative. Better communication of technological improvements within the industry that either directly or indirectly impact overall customer experience (e.g. improved internal-combustion system) may help to alleviate innovation score and improve overall awareness in the general public.

## ...but brands remain strong assets

Individual airline brands demonstrate that it is possible for a provider to win the hearts and minds of consumers. Aeroflot in Russia (8.2 reputation score out of 10), Turkish Airlines in Turkey (8.6) and Swiss in Switzerland (8.3) are all well-regarded. Most of the high-performers are in Europe or Asia-Pacific (we normalise scores to reduce the impact of cultural bias in scoring) and are local carriers.

What do the high-performers do so well? There is no one-size-fits-all formula, but the top brands are generally seen as transparent and forward-thinking, with excellent service quality. It needn't be about price/value – Emirates has received high reputation among many consumers across various geographies, as well as high quality scores, while the same respondents perceive the airline, as 'expensive'.

## 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.

As the result, the airlines sector is clearly still vulnerable to disruption – tech brands enjoy significantly higher scores for loyalty and innovation. This should be seen as an opportunity by the airline industry to improve its perception among its customers.

### 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

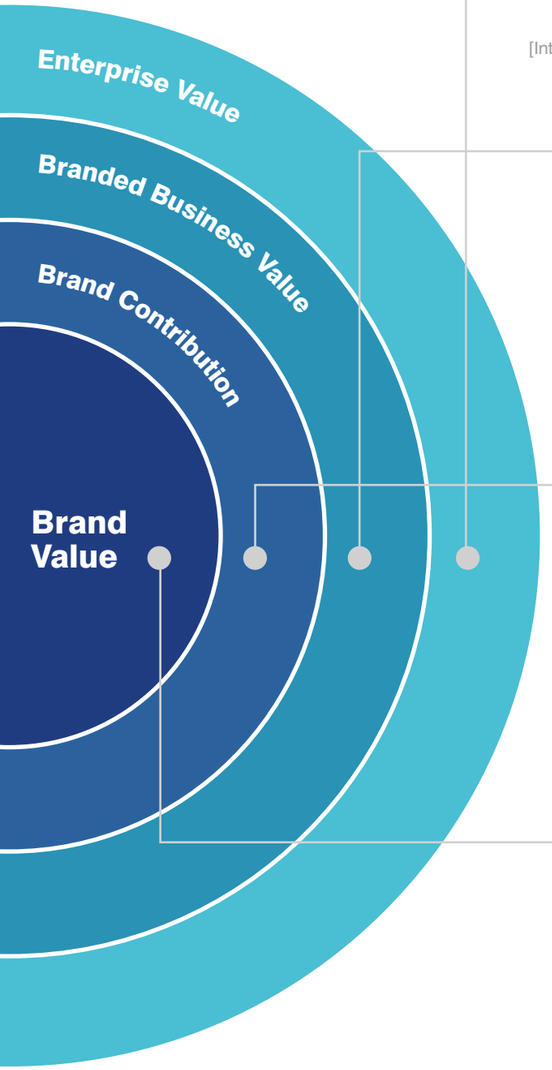
| Metric | Top Sector |
|---|---|
| Reputation | AUTO |
| Quality | AUTO |
| Recommendation (NPS) | RESTAURANTS |
| Loyalty | TECH |
| Innovation | TECH |
| Website/App | TECH |
| Value for money | RETAIL |
| OVERALL STAKEHOLDER EQUITY | TECH |

# Brand Finance Airlines 50 (USD m).

## Top 50 most valuable airline 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 | ⬅ | Delta | United States | $9,229 | -8.7% | $10,105 | AA+ | AAA- |
| 2 | 2 | ⬅ | American Airlines | United States | $8,882 | -7.0% | $9,553 | AA+ | AAA- |
| 3 | 3 | ⬅ | United Airlines | United States | $8,227 | -2.8% | $8,460 | AA | AA+ |
| 4 | 5 | ⬆ | Emirates | UAE | $6,860 | +9.4% | $6,268 | AAA | AAA |
| 5 | 4 | ⬇ | Southwest Airlines | United States | $5,980 | -9.3% | $6,596 | AAA- | AAA |
| 6 | 9 | ⬆ | Air China | China | $4,370 | +6.1% | $4,118 | AA+ | AA+ |
| 7 | 6 | ⬇ | China Southern | China | $4,054 | -9.1% | $4,461 | AA+ | AAA- |
| 8 | 12 | ⬆ | Air Canada | Canada | $3,708 | +25.1% | $2,965 | AA+ | AAA- |
| 9 | 8 | ⬇ | British Airways | United Kingdom | $3,660 | -12.2% | $4,168 | AA+ | AA+ |
| 10 | 7 | ⬇ | China Eastern | China | $3,218 | -23.9% | $4,227 | AA | AAA- |
| 11 | 10 | ⬇ | Lufthansa | Germany | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 12 | 11 | ⬇ | Japan Airlines | Japan | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 13 | 14 | ⬆ | ANA | Japan | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 14 | 17 | ⬆ | Qatar Airways | Qatar | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 15 | 13 | ⬇ | Qantas | Australia | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 16 | 15 | ⬇ | Ryanair | Ireland | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 17 | 22 | ⬆ | Turkish Airlines | Turkey | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 18 | 19 | ⬆ | Jetblue Airways | United States | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 19 | 16 | ⬇ | Air France | France | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 20 | 23 | ⬆ | Singapore Airlines | Singapore | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 21 | 20 | ⬇ | Korean Air | South Korea | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 22 | 18 | ⬇ | Easyjet | United Kingdom | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 23 | 21 | ⬇ | Alaska Airlines | United States | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 24 | 25 | ⬆ | Aeroflot | Russia | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 25 | 27 | ⬆ | AirAsia | Malaysia | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 26 | 24 | ⬇ | LATAM Airlines | Chile | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 27 | 26 | ⬇ | Thai Airways | Thailand | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 28 | 32 | ⬆ | Cathay Pacific | China (Hong Kong) | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 29 | 29 | ⬅ | Hainan Airlines | China | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 30 | 33 | ⬆ | KLM | Netherlands | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 31 | 30 | ⬇ | Xiamen Airlines | China | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 32 | 31 | ⬇ | Shenzhen Airlines | China | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 33 | 37 | ⬆ | Asiana Airlines | South Korea | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 34 | 35 | ⬆ | Iberia | Spain | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 35 | 28 | ⬇ | Etihad Airways | UAE | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 36 | 43 | ⬆ | Jet2.com | United Kingdom | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 37 | 38 | ⬆ | Spirit Airlines | United States | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 38 | 45 | ⬆ | Wizz Air | Hungary | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 39 | 40 | ⬆ | WestJet | Canada | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 40 | 41 | ⬆ | Juneyao Airlines | China | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 41 | 39 | ⬇ | Eva Airways | China (Taiwan) | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 42 | 42 | ⬅ | China Airlines | China (Taiwan) | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 43 | - | New | Indigo | India | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 44 | - | New | Shanghai Airlines | China | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 45 | 48 | ⬆ | Garuda Indonesia | Indonesia | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 46 | 47 | ⬆ | Swiss | Germany | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 47 | 44 | ⬇ | Air New Zealand | New Zealand | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 48 | 36 | ⬇ | Norwegian Air | Norway | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 49 | 50 | ⬆ | Spring Airlines | China | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |
| 50 | - | New | Vueling | Spain | 🔒 | 🔒 | 🔒 | 🔒 | 🔒 |

# Definitions.




## Brand Value

[International Airlines Group]

### + 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'.

[British Airways]

### + 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.

[British Airways]

### + 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.

[British Airways]

### + 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.

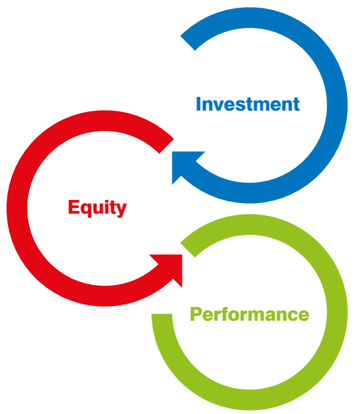
Each brand is assigned a Brand Strength Index (BSI) score out of 100, which feeds into the brand value calculation. Based on the score, each brand is assigned a corresponding rating up to AAA+ in a format similar to a credit rating.

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

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

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

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.

### Brand Strength Index (BSI)

Brand strength expressed as a BSI score out of 100.

### Brand Royalty Rate

BSI score applied to an appropriate sector royalty range.

### Brand Revenues

Royalty rate applied to forecast revenues to derive brand value.

### Brand Value

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

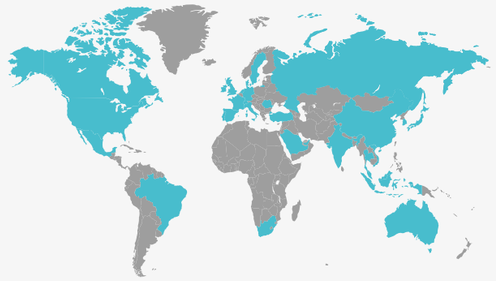
**Disclaimer**

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.**



- Auto
- Tech
- Apparel
- Restaurants
- Airlines
- Retail
- Insurance
- Utilities
- Banking
- Telecoms

# 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.

### Awareness

Knowledge that your brand exists

### Familiarity

Depth of knowledge of the brand

### Consideration

Narrowing down market to candidate brand set

### Preference

Category users' brand preference

### Loyalty

Intention to repeat 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 +

### 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.

2020 Brand Finance® Awards
**TOP 50 AIRLINE BRAND**

2020 Brand Finance® Awards
**MOST VALUABLE AIRLINE BRAND**

2020 Brand Finance® Awards
**STRONGEST AIRLINE 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.



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

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- 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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