



Germany

100

2020

The annual report on the most valuable and strongest German brands
May 2020

Contents.

About Brand Finance	4
Get in Touch	4
Brandirectory.com	6
Brand Finance Group	6
Foreword	8
Executive Summary	10
Sector Reputation Analysis	14
Brand Finance Germany 100 (EUR m)	16
COVID-19 Global Impact Analysis	18
Definitions	22
Brand Valuation Methodology	24
Market Research Methodology	25
Stakeholder Equity Measures	25
Consulting Services	26
Brand Evaluation Services	27
Communications Services	28
Brand Finance Network	30

About Brand Finance.

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

We bridge the gap between marketing and finance

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

We quantify the financial value of brands

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

We offer a unique combination of expertise

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

We pride ourselves on technical credibility

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

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



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Brand Finance®



Request your own Brand Value Report

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

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



Brand Valuation Summary



Brand Strength Tracking



Royalty Rates



Cost of Capital Analysis



Education



Communication



Customer Research Findings



Understanding



Competitor Benchmarking

What's in a Brand Value Report?

Benefits of a Brand Value Report

Brandirectory.com



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

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

Visit brandirectory.com to find out more.

Brand Finance®



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.

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.

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



Foreword.



David Haigh
CEO, Brand Finance

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

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

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

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

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

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

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

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

Top German Brands Could Lose Up to €50 Billion of Brand Value from COVID-19.

- + Top 100 most valuable German brands from Brand Finance Germany 100 2020 ranking stand to lose up to 11% of brand value – over €49 billion – following devastating COVID-19 pandemic
- + **Mercedes-Benz** retains titles of Germany's most valuable brand, brand value €58.7 billion
- + Germany's fastest growing brand, **RWE**, jumps 32 spots in ranking following staggering 96% brand value growth
- + Chemicals giant **BASF** is nation's strongest brand, Brand Strength Index (BSI) score 85.9 out of 100

Executive Summary.



COVID-19

As the COVID-19 pandemic wreaks havoc on the global and national economy, Germany's top 100 most valuable brands could lose up to 11% of brand value cumulatively, a potential drop of €49 billion compared to the original valuation date of 1st January 2020.

Looking beyond Germany, 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 €1 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. The likely impact on brand value was estimated 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.

Mercedes speeds ahead

Mercedes-Benz has retained the title of Germany's most valuable brand and the most valuable auto brand in the world, with a brand value of €58.7 billion. The auto giant has been investing strongly in R&D in the anticipation of new trends – particularly electric and autonomous vehicles – as well as implementing innovative new business models, including the recently expanded Mercedes Collection subscription service.

The COVID-19 pandemic has undoubtedly hit German auto brands hard as they negotiate the shrinking global economy and manufacturing is disrupted and halted. We are already witnessing German car stocks making a slow recovery, however, as Germany begins to ease restrictions and auto brands begin a gradual return to production.

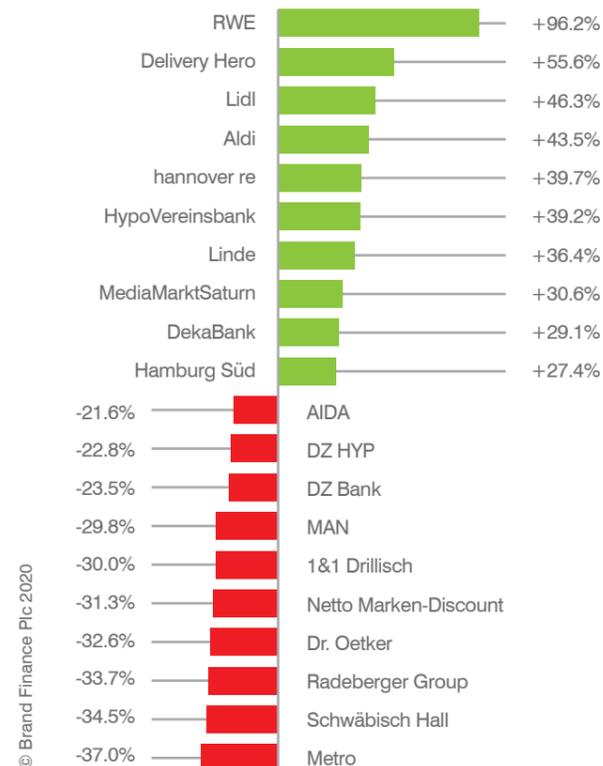
Richard Haigh
Managing Director, Brand Finance

Four further auto brands feature in the top 10: **Volkswagen** in 2nd (brand value up 13% to €40.5 billion); **BMW** in 3rd (up 5% to €36.6 billion); **Porsche** in 5th (up 21% to €30.6 billion); and **Audi** in 9th (down 9% to €15.3 billion). VW's sheer size, global reach and wide range of diverse products differentiate the brand from its peers across the industry. VW commands higher margins than many of its competitors which contributes significantly to its favourable credit profile.

RWE jumps 32 spots in ranking

RWE has recorded the largest brand value increase in this year's ranking, following an impressive 96% growth to €886 million. RWE's portfolio has seen significant changes over the last few years, with the finalisation of its asset swap with E.ON at the end of 2019. As a result of the transaction, RWE is now one of the leading companies in renewable energy in Europe and USA, ranking 3rd in renewables in Europe and 2nd in offshore wind worldwide. The approval and completion of this transaction has boosted investor confidence and contributed to the growth of the brand's financial expectations.

Brand Value Change 2019-2020 (%)



Top 10 Most Valuable Brands

	1 ← 1	
Mercedes-Benz	2020: € 58,728 2019: € 51,972	+13.0%
	2 ↑ 3	
	2020: € 40,539 2019: € 35,942	+12.8%
	3 ↑ 4	
	2020: € 36,554 2019: € 34,876	+4.8%
	4 ↓ 2	
	2020: € 36,078 2019: € 39,834	-9.4%
	5 ← 5	
PORSCHE	2020: € 30,619 2019: € 25,271	+21.2%
	6 ← 6	
Allianz	2020: € 22,427 2019: € 19,896	+12.7%
	7 ↑ 8	
SIEMENS <i>Ingenuity for Life</i>	2020: € 18,110 2019: € 18,605	-2.7%
	8 ↓ 7	
BOSCH <i>Invented for live</i>	2020: € 17,694 2019: € 19,755	-10.4%
	9 ← 9	
	2020: € 15,326 2019: € 16,911	-9.4%
	10 ↑ 11	
SAP	2020: € 14,943 2019: € 13,459	+11.0%

The new portfolio - referred to as the 'New RWE' - is set to have a major focus on energy transition with security of supply. Along with this organisational transformation, the brand has also undertaken a corporate redesign and refresh, supporting the company's strategic realignment. The company's updated brand identity reflects the organisational shift towards innovation, change, transparency and sustainability.

The utilities sector is one of the few that should escape the far-reaching damage of the COVID-19 pandemic as the global population continues to rely on their services, according to Brand Finance's analysis. As with fellow utilities brands, however, RWE has been negotiating concerns around its operations and supply.

BASF is nation's strongest

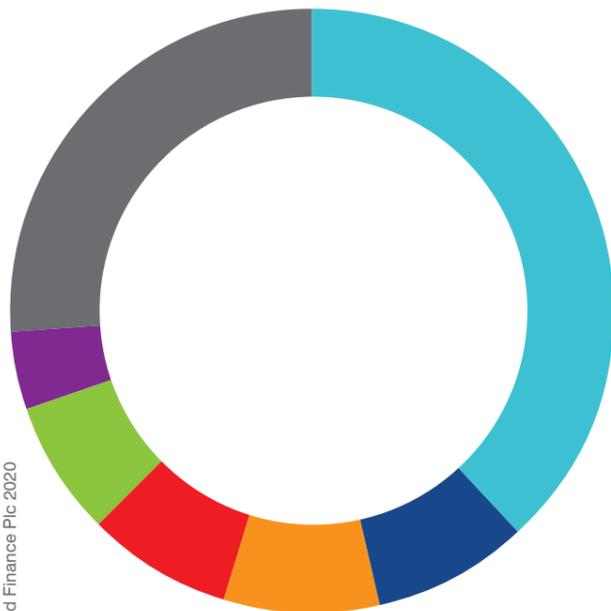
In addition to measuring overall brand value, Brand Finance determines the relative strength of brands through a balanced scorecard of metrics evaluating marketing investment, stakeholder equity, and business performance. According to these criteria, **BASF** (brand value €7.1 billion) is Germany's strongest brand with a

Brand Strength Index (BSI) score of 85.9 out of 100 and a corresponding AAA brand strength rating.

The chemical giant's decision to realign the organisation has not only created the conditions for greater customer proximity, but has also boosted customer competitiveness, thus resulting in more profitable growth. BASF has retained its reputation of being a stable brand in the market, a position only strengthened as its main competitors, Dow and DuPont, have been rearranging their capabilities following the demerger.

BASF has been expanding its business endeavours in Asia-Pacific, focusing on developing agricultural solutions in the region and encouraging climate-friendly farming methods, in line with BASF's sustainable brand ethos. Construction of the brand's new plant complex in Zhanjiang, China, however, was halted in February 2020 due to the COVID-19 pandemic. Brand Finance has calculated that the chemicals sector is likely to be one of the worst hit from the virus and chemicals brands could lose up to 20% of their brand values.

Brand Value by Sector



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Top 10 Strongest Brands

	1 ↑ 12	
	2020: 85.9 AAA 2019: 81.6 AAA-	+4.3
	2 ↑ 5	
	2020: 85.2 AAA 2019: 84.0 AAA-	+1.2
	3 ↑ 7	
	2020: 85.1 AAA 2019: 83.6 AAA-	+1.5
	4 ↓ 3	
	2020: 84.2 AAA- 2019: 84.2 AAA-	+0.1
	5 ↑ 22	
	2020: 83.5 AAA- 2019: 79.1 AA+	+4.4
	6 ↓ 4	
	2020: 82.8 AAA- 2019: 84.0 AAA-	-1.2
	7 ↓ 1	
	2020: 82.7 AAA- 2019: 86.0 AAA	-3.3
	8 ↑ 9	
	2020: 82.0 AAA- 2019: 82.8 AAA-	-0.8
	9 ↑ 15	
	2020: 82.0 AAA- 2019: 80.5 AAA-	+1.5
	10 ↓ 2	
	2020: 81.8 AAA- 2019: 84.6 AAA	-2.8

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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 or telecoms services (but are themselves under threat from Amazon and other disruptors).

Brand reputation is valid and broadly straightforward to compare across sectors. This year's global and German sector rankings from our B2C research are similar to the previous wave – strong brand reputations are generally stable and resilient, while weak brand image cannot be turned around overnight.

German consumers continue to rate (most) tech brands highly

Ahead of COVID-19, German consumers continue to hold the tech sector in high regard, even though reputation scores have fallen slightly. Brands such as **Paypal** (Reputation score 7.8 out of 10), **Samsung** (7.5) and **Netflix** (7.5) continue to enjoy strong reputations and recommendation/buzz – most brands would love to be in their position.

Their appeal is more than simply shiny new toys. These brands deliver on their promises and connect emotionally with consumers (the sector scores high for 'Closeness'). When new products and services emerge, or people's needs and circumstances change (as in 2020), many big tech brands generally have a level of trust and relevance that leaves them well-placed to extend their footprint. However, not all brands are in rude health, and **Facebook** (5.5) and **Uber** (5.3) continue to be mistrusted by significant numbers of German people.

Supermarkets are value champions

German supermarket brands **Aldi** and **Lidl** have strong reputations (and business performance) in many countries, and unsurprisingly in their home market this is also the case. But the whole sector is generally well-regarded, with **Rewe** (7.3) the category leader in terms of reputation. With such a fiercely competitive home market, German supermarket brands

Sectors Ranked by Reputation

	1 Tech	6.7 _{/10}
	2 Supermarkets	6.7 _{/10}
	3= Apparel	6.6 _{/10}
	3= Auto	6.5 _{/10}
	5= Restaurants	6.5 _{/10}
	5= Airlines	6.4 _{/10}
	7 Insurance	6.2 _{/10}
	8 Utilities	6.2 _{/10}
	9= Telecoms	5.7 _{/10}
	10= Banks	5.5 _{/10}

Top Sectors per Metric

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

cannot compromise on quality or value, and their ratings reflect that. They are category leaders in terms of delivering value for money, and for 'caring about the wider community', and it may be that their handling of the COVID-19 crisis may well result in an improvement in the next wave's scores. German consumers are well aware that supermarkets are out to make a profit – but the consumer verdict is that brands such as Lidl (64% 'great value') and Aldi (57%/62% Nord/Süd) charge fair prices, and this keeps other brands on their toes.

Where supermarkets need to raise their game, perhaps, is in innovation. Online grocery shopping has had increasing profile and usage (before and during the pandemic) and is increasingly routine and relied-on. Hence to be innovative means offering more than an efficient online platform – what else can supermarkets offer?

Germans love their cars

Car brands continue to enjoy strong reputations, both in Germany and globally. The sector also ranks first on other indicators, such as awareness and perceived. Top brands are generally German (of course!), led by **Porsche** (reputation score 8.0/10) and **Mercedes** (7.8), but VW (6.0) is something of an exception. In Germany the **VW** brand has seemingly not recovered its reputation fully after the 'Dieselgate' scandal, and reputation and trust are lower here than in other key markets.

Importantly, the automotive 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. Note here we refer to the brands – traditional auto companies themselves have huge legacy issues to overcome (which upstarts like Tesla do not) – but the key here is that the brands themselves can successfully transfer to new technologies, such as IBM moved seamlessly from typewriters to computing.

Banks and Telcos Continue to Struggle

Banking and Insurance brands and telecoms providers continue to struggle to earn the respect of consumers, both globally and in Germany. Banks are particularly poorly-perceived in Germany – rated lowest of all for overall reputation, quality of service, recommendation, and value. There is clear vulnerability to disruption from fintech brands and other sources.

Brand Finance Germany 100 (EUR m).

Top 100 most valuable German brands 1-50

2020 Rank	2019 Rank	Brand	Sector	2020 Brand Value	Brand Value Change	2019 Brand Value	2020 Brand Rating	2019 Brand Rating
1	1	Mercedes-Benz	Automobiles	€ 58,728	+13.0%	€ 51,972	AAA-	AAA-
2	3	Volkswagen	Automobiles	€ 40,539	+12.8%	€ 35,942	AA+	AA+
3	4	BMW	Automobiles	€ 36,554	+4.8%	€ 34,876	AAA-	AAA-
4	2	Deutsche Telekom	Telecoms	€ 36,078	-9.4%	€ 39,834	AA+	AAA-
5	5	Porsche	Automobiles	€ 30,619	+21.2%	€ 25,271	AAA-	AAA-
6	6	Allianz	Insurance	€ 22,427	+12.7%	€ 19,896	AAA-	AA+
7	8	Siemens	Engineering & Construction	€ 18,110	-2.7%	€ 18,605	AAA	AAA-
8	7	Bosch	Engineering & Construction	€ 17,694	-10.4%	€ 19,755	AA+	AAA-
9	9	Audi	Automobiles	€ 15,326	-9.4%	€ 16,911	AAA-	AAA-
10	11	SAP	Tech	€ 14,943	+11.0%	€ 13,459	AA-	AA-
11	10	Adidas	Apparel	€	€	€	€	€
12	13	Aldi	Retail	€	€	€	€	€
13	14	Lidl	Retail	€	€	€	€	€
14	12	DHL	Logistics	€	€	€	€	€
15	15	BASF	Chemicals	€	€	€	€	€
16	17	NIVEA	Cosmetics & Personal Care	€	€	€	€	€
17	16	Fresenius	Healthcare	€	€	€	€	€
18	18	Bayer	Pharma	€	€	€	€	€
19	22	Munich RE	Insurance	€	€	€	€	€
20	19	Innogy	Utilities	€	€	€	€	€
21	20	Deutsche Post	Logistics	€	€	€	€	€
22	26	Uniper	Utilities	€	€	€	€	€
23	23	Hochtief	Engineering & Construction	€	€	€	€	€
24	25	Edeka	Retail	€	€	€	€	€
25	37	hannover re	Insurance	€	€	€	€	€
26	21	Deutsche Bank	Banking	€	€	€	€	€
27	28	DB	Logistics	€	€	€	€	€
28	29	Ergo	Insurance	€	€	€	€	€
29	32	Kaufland	Retail	€	€	€	€	€
30	31	Continental	Tyres	€	€	€	€	€
31	35	Zalando	Retail	€	€	€	€	€
32	34	Puma	Apparel	€	€	€	€	€
33	33	E.ON	Utilities	€	€	€	€	€
34	24	TUI	Leisure & Tourism	€	€	€	€	€
35	47	Linde	Chemicals	€	€	€	€	€
36	36	Lufthansa	Airlines	€	€	€	€	€
37	40	Knorr	Food	€	€	€	€	€
38	30	MAN	Automobiles	€	€	€	€	€
39	38	Infineon Technologies	Tech	€	€	€	€	€
40	50	BayWa	Food	€	€	€	€	€
41	41	Schwarzkopf	Cosmetics & Personal Care	€	€	€	€	€
42	39	Thyssenkrupp	Mining, Iron & Steel	€	€	€	€	€
43	44	Hugo Boss	Apparel	€	€	€	€	€
44	-	New Versicherungskammer Bayern	Insurance	€	€	€	€	€
45	42	1&1 IONOS	Tech	€	€	€	€	€
46	55	Opel	Automobiles	€	€	€	€	€
47	46	DZ Bank	Banking	€	€	€	€	€
48	48	Commerzbank	Banking	€	€	€	€	€
49	43	1&1 Drillisch	Telecoms	€	€	€	€	€
50	72	Delivery Hero	Retail	€	€	€	€	€

Top 100 most valuable German brands 51-100

2020 Rank	2019 Rank	Brand	Sector	2020 Brand Value	Brand Value Change	2019 Brand Value	2020 Brand Rating	2019 Brand Rating
51	57	HeidelbergCement	Engineering & Construction	€	€	€	€	€
52	52	EnBW	Utilities	€	€	€	€	€
53	67	MediaMarktSaturn	Retail	€	€	€	€	€
54	49	Netto Marken-Discount	Retail	€	€	€	€	€
55	45	Metro	Retail	€	€	€	€	€
56	54	Evonik	Chemicals	€	€	€	€	€
57	59	Bonprix	Retail	€	€	€	€	€
58	58	Jacobs	Soft Drinks	€	€	€	€	€
59	56	Schaeffler	Auto Components	€	€	€	€	€
60	65	Merck KGaA	Pharma	€	€	€	€	€
61	62	Covestro	Chemicals	€	€	€	€	€
62	61	Prosieben	Media	€	€	€	€	€
63	51	Radeberger Group	Food	€	€	€	€	€
64	64	Vonovia	Real Estate	€	€	€	€	€
65	75	Persil	Household Products	€	€	€	€	€
66	53	Dr. Oetker	Food	€	€	€	€	€
67	99	RWE	Utilities	€	€	€	€	€
68	68	Brenntag	Chemicals	€	€	€	€	€
69	74	Sixt	Car Rental Services	€	€	€	€	€
70	63	Hapag-Lloyd	Logistics	€	€	€	€	€
71	76	Montblanc	Apparel	€	€	€	€	€
72	71	Rheinmetall	Aerospace & Defence	€	€	€	€	€
73	78	MTU Aero Engines	Aerospace & Defence	€	€	€	€	€
74	60	Schwäbisch Hall	Banking	€	€	€	€	€
75	91	Hamburg Süd	Logistics	€	€	€	€	€
76	66	DZ HYP	Banking	€	€	€	€	€
77	70	Dial	Household Products	€	€	€	€	€
78	77	ProsiebenSat.1	Media	€	€	€	€	€
79	93	HypoVereinsbank	Banking	€	€	€	€	€
80	69	OSRAM	Tech	€	€	€	€	€
81	73	AIDA	Leisure & Tourism	€	€	€	€	€
82	82	Syoss	Cosmetics & Personal Care	€	€	€	€	€
83	80	Deutsche Postbank	Banking	€	€	€	€	€
84	87	Otto	Retail	€	€	€	€	€
85	84	Beck's	Beers	€	€	€	€	€
86	97	DekaBank	Banking	€	€	€	€	€
87	88	Freenet	Telecoms	€	€	€	€	€
88	79	Sandoz	Pharma	€	€	€	€	€
89	89	Sat.1	Media	€	€	€	€	€
90	83	TeamBank	Banking	€	€	€	€	€
91	81	Linde Material Handling	Tech	€	€	€	€	€
92	85	Leoni	Tech	€	€	€	€	€
93	86	Hella	Auto Components	€	€	€	€	€
94	90	Fa	Cosmetics & Personal Care	€	€	€	€	€
95	92	Landesbank Baden Württemberg	Banking	€	€	€	€	€
96	-	New Bechtle	IT Services	€	€	€	€	€
97	95	Jägermeister	Spirits	€	€	€	€	€
98	-	New Cancom	IT Services	€	€	€	€	€
99	-	New Henkell & Co. Sektellerei	Champagne & Wine	€	€	€	€	€
100	96	Frankfurt Airport	Airports	€	€	€	€	€

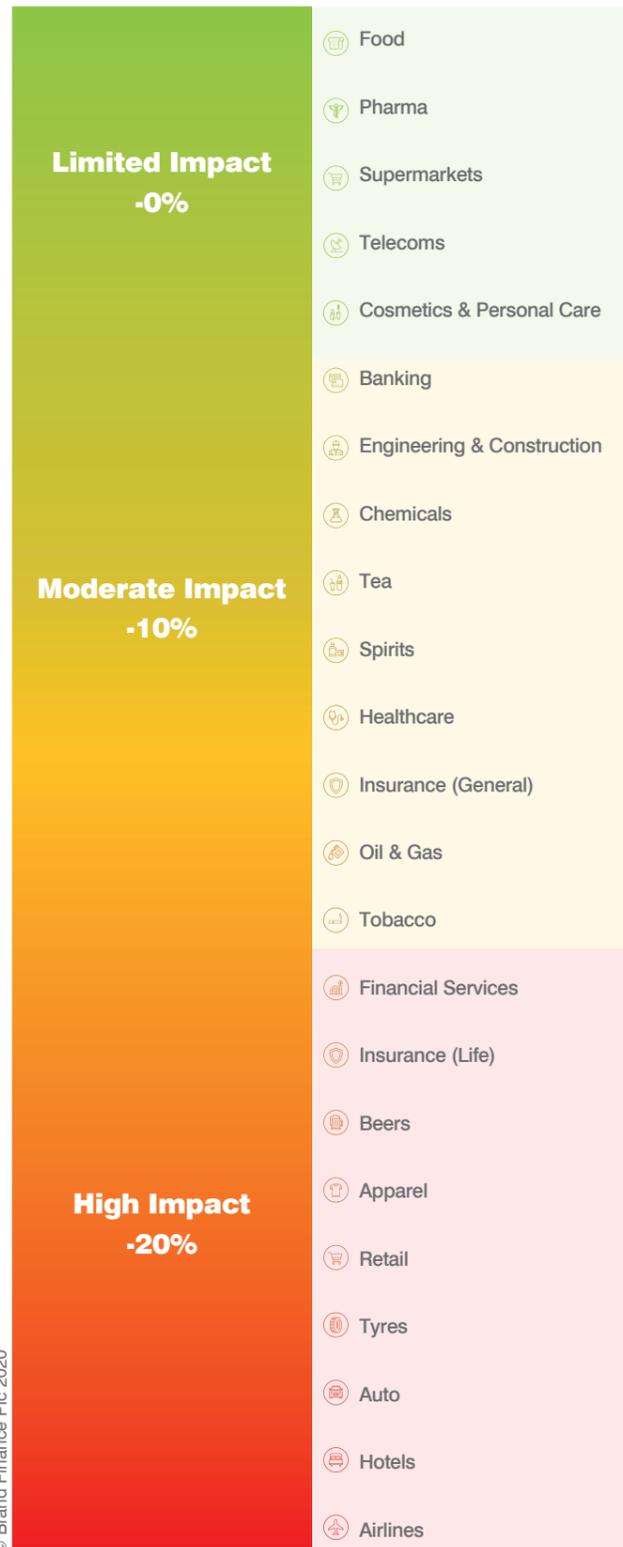
COVID-19 Global Impact Analysis.



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

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

Brand Value at Risk



Up to €1 trillion estimated brand value loss from COVID-19 globally

The brand value of the world's biggest companies is set to drop by an estimated €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 €50 billion. As of 14th May 2020, there have been 4,466,625 cases and 299,483 deaths of COVID-19 confirmed worldwide. Global spread has been rapid, with 146 countries now having reported at least one case.

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

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

David Haigh,
CEO, Brand Finance

Work from home revolution

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

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

Media and film industry feel effects

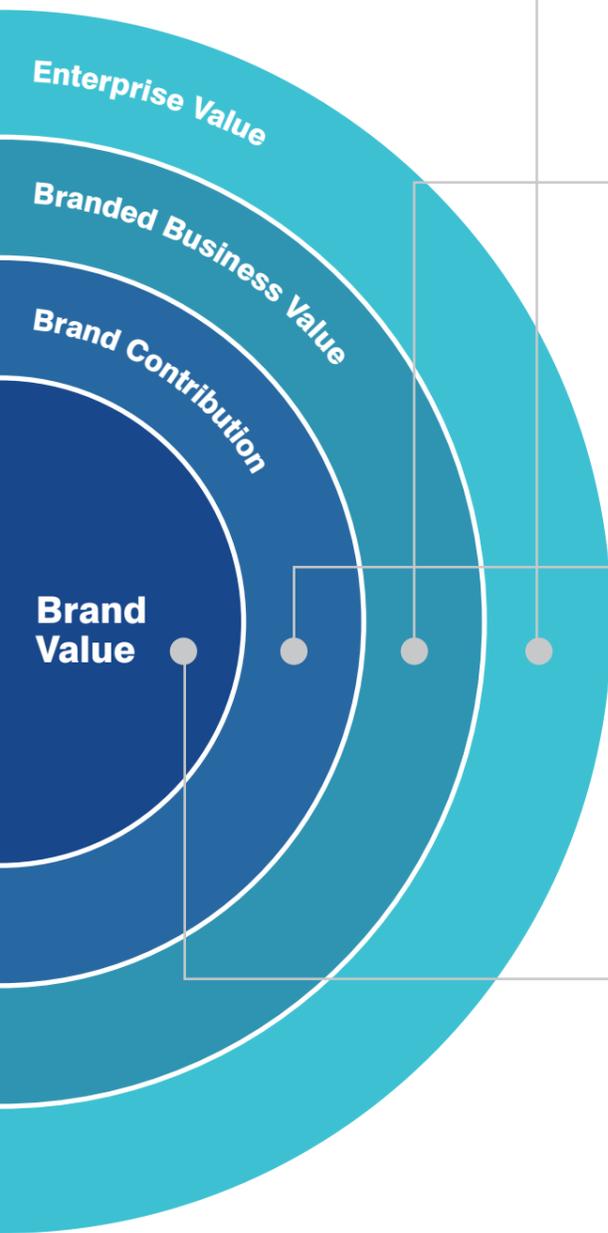
Film production and promotion schedules have been affected by the outbreak, with **Disney** pushing back the release of its remake of *Mulan* as well as *The New Mutants*, part of the *X-Men* franchise. The effects of social distancing have meant more viewers watching TV, however **Netflix** has had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

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

David Haigh,
CEO, Brand Finance



Definitions.



Brand Value

Beiersdorf

[Beiersdorf]

+ 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'.



[NIVEA]

+ 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.



[NIVEA]

+ 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.



[NIVEA]

+ 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.

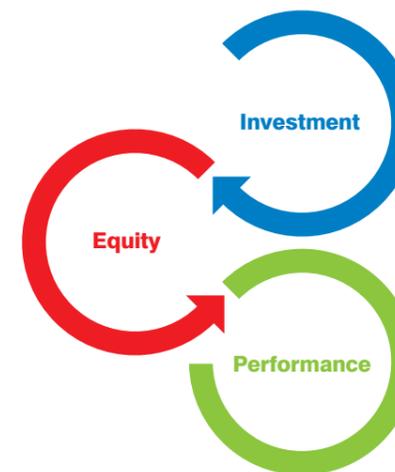
Analysing the three brand strength measures helps inform managers of a brand's potential for future success.



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.



Disclaimer

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

Market Research Methodology.

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



Stakeholder Equity Measures.

Key Metrics

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

Brand conversion funnel

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



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.





MARKETING



FINANCE



TAX



LEGAL

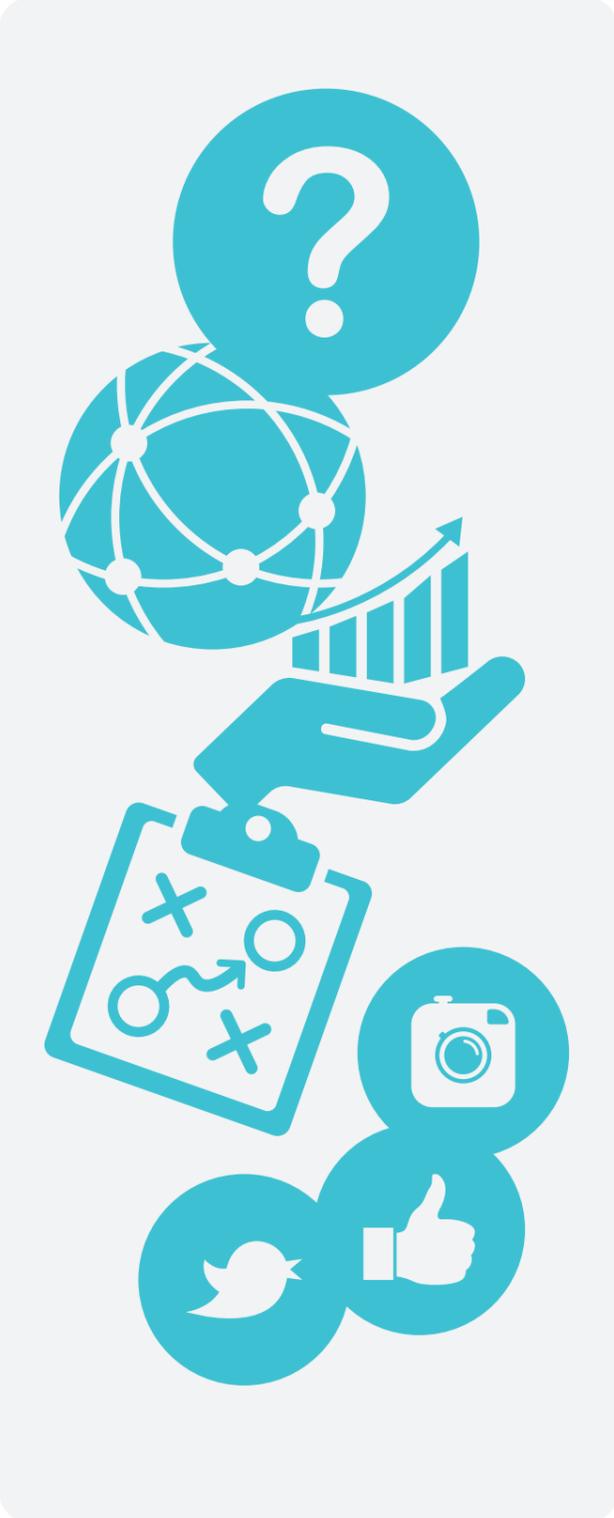
We help marketers to connect their brands to business performance by evaluating the return on investment (ROI) of brand-based decisions and strategies.

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 100
GERMAN
BRAND**



**MOST VALUABLE
GERMAN
BRAND**



**STRONGEST
GERMAN
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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