



Hotels

50

2020

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

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About Brand Finance.

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

We bridge the gap between marketing and finance

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

We quantify the financial value of brands

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

We offer a unique combination of expertise

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

We pride ourselves on technical credibility

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

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



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Brand Finance® 

Request your own Brand Value Report

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

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



Brand Valuation Summary



Brand Strength Tracking



Royalty Rates



Cost of Capital Analysis



Customer Research Findings



Competitor Benchmarking



Benchmarking



Education



Communication



Understanding



Insight



Strategy

What's in a Brand Value Report?

Benefits of a Brand Value Report

Brandirectory.com



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

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

Visit brandirectory.com to find out more.

Brand Finance Group.

Brand Dialogue



Brand Dialogue

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

BRAND EXCHANGE
WHERE BRANDS MEET FINANCE



Brand Exchange

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

vi360

VI360

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

Brand Finance®



Customer insight drives our valuations

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

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

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

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



Foreword.



David Haigh
CEO, Brand Finance

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

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

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

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

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

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

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

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

World's Top 50 Most Valuable Hotel Brands Could Lose up to US\$14 Billion of Brand Value from COVID-19.

- + Hotels sector heavily impacted by COVID-19 pandemic, brands could lose up to 20% of cumulative brand value, equating to US\$14 billion
- + **Hilton** remains world's most valuable hotel brand, up an impressive 35%
- + **Mercure** is fastest growing brand in ranking, following staggering 57% growth
- + **Premier Inn** claims title of world's strongest hotel brand, Brand Strength Index (BSI) score 89.1/100
- + Leisure & Tourism sector also heavily impacted, brands could lose up to 20% of cumulative brand value
- + **Airbnb** most valuable leisure & tourism brand, brand value US\$10.5 billion

Executive Summary.



Top 50 hotel brands could lose US\$14bn from COVID-19

The world's top 50 most valuable hotel brands could lose up to US\$14 billion worth of brand value as a result of the COVID-19 pandemic. Brand Finance's analysis shows that the hotels sector is one of the most heavily impacted industries globally and could face a potential 20% loss in brand value.

COVID-19 is undoubtedly going to wreak havoc on the sector in the coming year – both financially, as hotels are forced to close and bookings are cancelled, and reputationally, as brands that do not manage to avoid association with COVID-19 may suffer lasting reputational damage.

Looking beyond the hotels sector, 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 US\$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.

Hilton remains most valuable

Hilton has recorded an impressive 35% growth in brand value to US\$10.8 billion, holding on to first place in the ranking. The brand's year-on-year success is due to strong

Unsurprisingly, the COVID-19 pandemic is going to hit the hotels sector hard as holidays are cancelled and people work from home. While Brand Finance has predicted that hotel brands could face an average 20% loss of brand value, the brands that will be less impacted will be properties with strong brands where social distancing protocols will be easier such as resorts and extended stay properties. Unsurprisingly, brands with a larger exposure to primary markets will be impacted more than secondary and tertiary markets as customers move their preference to properties within “drive-to” markets.

Saviord D'Souza
Valuation Director, Brand Finance

revenue growth and a solid reputation, making Hilton a firm-favourite amongst holiday-goers around the world.

While Hilton's revenue will take a hit following COVID-19, the brand is consistently elevating its reputation during the crisis, lighting up its buildings in support of the NHS in London, donating free parking spots to healthcare professionals, and teaming up with American Express to donate 1 million overnight stays to frontline medical workers across the US. Placing people at the heart of its strategy, Hilton has also helped its staff who have been furloughed or let go to connect with job vacancies in essential services sectors. As global lockdown restrictions begin to be reviewed, the brand's gestures of goodwill are likely to pay off, protecting its future revenues and reinforcing Hilton's already solid reputation.

Mercure is fastest growing, up impressive 57%

With a brand value growth of 57% to US\$2.3 billion, **Mercure** is the fastest growing brand in the ranking,

Top 5 Brand Portfolios

	1		2020: \$19,874m 2019: \$14,673m	+35.4%
	2		2020: \$14,838m 2019: \$13,423m	+10.5%
	3		2020: \$8,283m 2019: \$6,588m	+25.7%
	4		2020: \$6,599m 2019: \$7,294m	-9.5%
	5		2020: \$5,565m 2019: \$3,024m	+84.0%

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Top 10 Most Valuable Brands

	1 ← 1		2020: \$10,833m 2019: \$8,023m	+35.0%
	2 ← 2		2020: \$6,028m 2019: \$5,039m	+19.6%
	3 ↑ 4		2020: \$4,532m 2019: \$3,677m	+23.3%
	4 ↓ 3		2020: \$4,496m 2019: \$3,945m	+14.0%
	5 ← 5		2020: \$3,871m 2019: \$3,182m	+21.6%
	6 ← 6		2020: \$2,468m 2019: \$2,513m	-1.8%
	7 ← 7		2020: \$2,399m 2019: \$2,058m	+16.6%
	8 ↑ 11		2020: \$2,332m 2019: \$1,489m	+56.6%
	9 ↓ 8		2020: \$1,768m 2019: \$1,863m	-5.1%
	10 ↑ 12		2020: \$1,747m 2019: \$1,391m	+25.5%

© Brand Finance Plc 2020

jumping 3 spots to 8th position. Accor group has been focussing on strong organic franchise growth across its portfolio with Mercure picked as one of the key brands to deliver this growth. This shift to franchise-based growth has fuelled the brand value growth versus last year.

In line with global trends, Accor-owned Mercure hotels have ceased operations in many of their locations but seem to have taken a long-term view approach to their brand's reputation, demonstrating goodwill by providing rooms for homeless people and other vulnerable communities during COVID-19. Accor's portfolio of brands are likely to benefit from an improved reputation from its rapid and employee-centred response to the Coronavirus crisis, which saw the parent company establish the ALL Heartist Fund to distribute money amongst employees and partners who have seen their income slashed.

Premier Inn named sector'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, **Premier Inn** (up 22% to US\$1.2 billion) is the world's strongest hotel brand with a Brand Strength Index (BSI) score of 89.1 out of 100 and a corresponding AAA brand strength rating.

The last few years have seen Premier Inn strengthen its reputation as a reliable hotel option, reinforced by the brand's humorous advertising campaigns and strong celebrity endorsements. Alongside this well-executed branding strategy, Premier Inn's BSI is driven by its high customer equity and CSR scores, undoubtedly boosted by the brand's commitment to eliminate single-use plastics by 2025 as part of their 'Force for Good' sustainability programme.

In response to the COVID-19 pandemic, Premier Inn has demonstrated its commitment to communities through a series of measures, ranging from closing their phone lines to reduce the number of unnecessary journeys to work, reserving hotel rooms to support the NHS and key workers, and implementing refund policies to non-refundable rooms.

Brand Value by Economy



Economy	Brand Value (USD bn)	% of total	Number of Brands
United States	52.7	75.3%	32
France	5.6	7.9%	7
United Kingdom	5.0	7.2%	4
China	3.9	5.5%	3
Spain	1.4	2.1%	2
Australia	0.9	1.3%	1
Singapore	0.5	0.8%	1
Total	70.0	100.0%	50

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Brand Value Change 2019-2020 (%)



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As the strongest hotel brand in the ranking, Premier Inn's overwhelmingly people-led response to the Coronavirus crisis is likely to reinforce strong customer perceptions of trust and allow the brand to emerge with a relatively unscathed brand strength.

Savio D'Souza
Valuation Director, Brand Finance

Top 10 Strongest Brands

	1 ← 1		2020: 89.1 AAA 2019: 87.0 AAA	+2.1
	2 – NEW		2020: 85.4 AAA 2019: –	NEW
	3 ← 3		2020: 85.4 AAA 2019: 85.9 AAA	-0.5
	4 ↓ 2		2020: 84.2 AAA- 2019: 86.0 AAA	-1.8
	5 ↑ 5		2020: 84.0 AAA- 2019: 84.6 AAA	-0.5
	6 ↑ 7		2020: 83.0 AAA- 2019: 83.1 AAA-	-0.1
	7 ↑ 11		2020: 81.7 AAA- 2019: 80.4 AAA-	+1.3
	8 ↓ 4		2020: 81.6 AAA- 2019: 84.7 AAA	-3.2
	9 ↓ 6		2020: 81.1 AAA- 2019: 83.3 AAA-	-2.2
	10 ↓ 8		2020: 80.9 AAA- 2019: 82.2 AAA-	-1.3

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Brand Finance Hotels 50 (USD m).

Top 50 most valuable hotel brands 1-50

2020 Rank	2019 Rank	Brand	Economy	2020 Brand Value	Brand Value Change	2019 Brand Value	2020 Brand Rating	2019 Brand Rating
1	1	← Hilton	United States	\$10,833	+35.0%	\$8,023	AAA-	AAA-
2	2	← Marriott	United States	\$6,028	+19.6%	\$5,039	AA+	AA+
3	4	↑ Hyatt	United States	\$4,532	+23.3%	\$3,677	AA	AA
4	3	↓ Holiday Inn	United States	\$4,496	+14.0%	\$3,945	AAA-	AAA
5	5	← Hampton Inn	United States	\$3,871	+21.6%	\$3,182	AAA-	AAA-
6	6	← Shangri-La	China (Hong Kong)	\$2,468	-1.8%	\$2,513	AAA-	AAA
7	7	← Double Tree	United States	\$2,399	+16.6%	\$2,058	AA+	AA+
8	11	↑ Mercure	France	\$2,332	+56.6%	\$1,489	AAA	AAA
9	8	↓ Courtyard	United States	\$1,768	-5.1%	\$1,863	AA	AA
10	12	↑ Intercontinental	United Kingdom	\$1,747	+25.5%	\$1,391	AA	AA+
11	9	↓ Wyndham	United States	🔒	🔒	🔒	🔒	🔒
12	13	↑ Crowne Plaza	United Kingdom	🔒	🔒	🔒	🔒	🔒
13	14	↑ Sheraton	United States	🔒	🔒	🔒	🔒	🔒
14	10	↓ Ramada	United States	🔒	🔒	🔒	🔒	🔒
15	18	↑ Premier Inn	United Kingdom	🔒	🔒	🔒	🔒	🔒
16	-	New La Quinta	United States	🔒	🔒	🔒	🔒	🔒
17	19	↑ Embassy Suites	United States	🔒	🔒	🔒	🔒	🔒
18	28	↑ Ibis	France	🔒	🔒	🔒	🔒	🔒
19	25	↑ Homewood Suites	United States	🔒	🔒	🔒	🔒	🔒
20	15	↓ Crown	Australia	🔒	🔒	🔒	🔒	🔒
21	20	↓ Westin	United States	🔒	🔒	🔒	🔒	🔒
22	21	↓ Extended Stay America	United States	🔒	🔒	🔒	🔒	🔒
23	17	↓ Comfort Inn	United States	🔒	🔒	🔒	🔒	🔒
24	35	↑ Novotel	France	🔒	🔒	🔒	🔒	🔒
25	16	↓ Days Inn	United States	🔒	🔒	🔒	🔒	🔒
26	24	↓ Jinjiang	China	🔒	🔒	🔒	🔒	🔒
27	27	← NH Hotels	Spain	🔒	🔒	🔒	🔒	🔒
28	26	↓ Quality	United States	🔒	🔒	🔒	🔒	🔒
29	23	↓ Super 8	United States	🔒	🔒	🔒	🔒	🔒
30	22	↓ Melia	Spain	🔒	🔒	🔒	🔒	🔒
31	32	↑ W	United States	🔒	🔒	🔒	🔒	🔒
32	39	↑ Four Points	United States	🔒	🔒	🔒	🔒	🔒
33	37	↑ Renaissance Hotels	United States	🔒	🔒	🔒	🔒	🔒
34	31	↓ The Ritz-Carlton	United States	🔒	🔒	🔒	🔒	🔒
35	40	↑ Luxury Collection	United States	🔒	🔒	🔒	🔒	🔒
36	30	↓ Hanting Hotel	China	🔒	🔒	🔒	🔒	🔒
37	34	↓ Baymont	United States	🔒	🔒	🔒	🔒	🔒
38	36	↓ Millennium Hotels	Singapore	🔒	🔒	🔒	🔒	🔒
39	50	↑ Home2 Suites	United States	🔒	🔒	🔒	🔒	🔒
40	-	New JW Marriott	United States	🔒	🔒	🔒	🔒	🔒
41	-	New Kimpton	United Kingdom	🔒	🔒	🔒	🔒	🔒
42	41	↓ Residence Inn	United States	🔒	🔒	🔒	🔒	🔒
43	38	↓ Autograph Collection Hotels	United States	🔒	🔒	🔒	🔒	🔒
44	46	↑ Pullman	France	🔒	🔒	🔒	🔒	🔒
45	-	New Waldorf Astoria	United States	🔒	🔒	🔒	🔒	🔒
46	-	New Accor	France	🔒	🔒	🔒	🔒	🔒
47	-	New Ibis Styles	France	🔒	🔒	🔒	🔒	🔒
48	-	New Ibis Budget	France	🔒	🔒	🔒	🔒	🔒
49	47	↓ St. Regis	United States	🔒	🔒	🔒	🔒	🔒
50	43	↓ Howard Johnson	United States	🔒	🔒	🔒	🔒	🔒

Brand Finance Leisure & Tourism 10 (USD m).

Leisure & Tourism heavily impacted by COVID-19

Alongside analysing the world's most valuable hotel brands, Brand Finance also ranks the top 10 most valuable brands in the wider leisure and tourism industry. Brand Finance's analysis shows that leisure and tourism brands could also lose up to 20% of brand value due to COVID-19.

With a brand value of US\$10.5 billion, **Airbnb** is the most valuable leisure and tourism brand. Combining technology and leisure, Airbnb has given traditional hotel brands a worthy opponent since its inception, favoured by homeowners as a hassle-free source of extra income, and by frequent travellers for its affordability and sense of adventure. Despite its business operations grinding to a halt, Airbnb is in a relatively good position to recover from the crisis as the economy slowly re-opens, likely to be favoured by holiday-goers looking for "staycation" options in their own countries.

It is fairly obvious that the leisure and tourism industry is going to take a big hit from the Coronavirus outbreak as varying levels of lockdown are being imposed on nations globally - Brand Finance's analysis demonstrates that leisure and tourism brands could lose up to 20% of their brand value. As with most sectors, however, the damage that will ensue on these brands will greatly depend on how long the pandemic engulfs the world, when borders are opened and how well brands can respond and adapt to the changing market.

Savio D'Souza
Director, Brand Finance

Top 10 Most Valuable Brands

	1 - NEW		2020: \$10,498m 2019: -	NEW
	2 - NEW		2020: \$10,196m 2019: -	NEW
	3 - NEW		2020: \$5,670m 2019: -	NEW
	4 ↓ 1		2020: \$5,002m 2019: \$3,849m	+30.0%
	5 ↓ 3		2020: \$3,708m 2019: \$3,661m	+1.3%
	6 - NEW		2020: \$3,451m 2019: -	NEW
	7 ↓ 2		2020: \$2,947m 2019: \$3,725m	-20.9%
	8 ↓ 4		2020: \$2,919m 2019: \$3,076m	-5.1%
	9 ↓ 5		2020: \$2,662m 2019: \$2,930m	-9.1%
	10 ↓ 8		2020: \$1,639m 2019: \$1,989m	-17.6%

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 relatively straightforward to compare across sectors. This year's global and UK sector rankings from our B2C research are similar to the previous wave.

Reputation dips slightly overall

On a like-for-like basis, reputation scores are lower this year, by a small margin. The average brand score fell from 6.6 to 6.45 out of 10. Categories where a poor reputation is the default position, such as utilities, telecoms, and banks, have failed to convince customers that they are consumer champions – and the average scores for brands in these categories reflects overall feelings towards brands: acceptance and appreciation, but rarely love and devotion.

Autos lead the way

Car brands continue to enjoy strong reputations, both in the UK and globally. The sector also ranks first on other indicators, such as perceived quality, recommendation and word-of-mouth sentiment – people like talking about cars. Top brands are generally German, such as **Audi** (reputation score 7.6/10) and **BMW** (7.5), but **Jaguar** (7.5) competes strongly in its home market. 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.

Tech halo continues to shine in the UK

Consumers continue to hold the tech sector in high regard. This is true globally, even though reputation

Sectors Ranked by Reputation

	1 Auto	7.0 _{/10}
	2 Tech	6.8 _{/10}
	3= Restaurants	6.7 _{/10}
	3= Apparel	6.6 _{/10}
	5= Retail	6.6 _{/10}
	5= Insurance	6.5 _{/10}
	7 Airlines	6.4 _{/10}
	8 Banks	6.1 _{/10}
	9= Utilities	5.9 _{/10}
	10= Telecoms	5.9 _{/10}

Top Sectors per Metric

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

scores have fallen slightly – and in any case this small drop has not occurred in the UK. **Paypal** (8.0), **Netflix** (7.9 – up significantly vs. the previous year), **Amazon** and **Google** (7.6) continue to enjoy strong reputations and buzz – most brands would love to be in their position.

The implications are clear – brands in categories such as retail, media, banking and automotive will continue to be under constant threat of disruption from these tech giants, regardless of concerns about security, tax arrangements and other issues which some have. Hence Netflix's continued growth during the COVID-19 pandemic.

Supermarkets are value champions

Supermarket brands seen as very reputable in most countries, though in the UK their ranking is only mid-table. 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. Consumers are well aware that supermarkets are out to make a profit – but the consumer verdict is that brands such as **Aldi** (68% 'great value'), **Lidl** (62%) and **Asda** (52%) charge fair prices.

Where supermarkets need to raise their game, perhaps, is in innovation. Online grocery shopping has had increasing profile and usage 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?

Banks and Telcos Continue to Struggle

Banking brands and telecoms providers continue to struggle to earn the respect of consumers, both globally and in the UK. Telecoms providers are particularly poorly-perceived in the UK, with no dimension where they score even moderately well – rated lowest of all for overall reputation and quality of service (3.2 out of 5).

Banks fare a little better with some consumers acknowledging service delivery and ease of doing business. In addition, for national and regional brands especially, banks score reasonably well for 'care about the wider community' – a possible pillar for building a defence against encroachment from tech giants and fintech challenger brands.

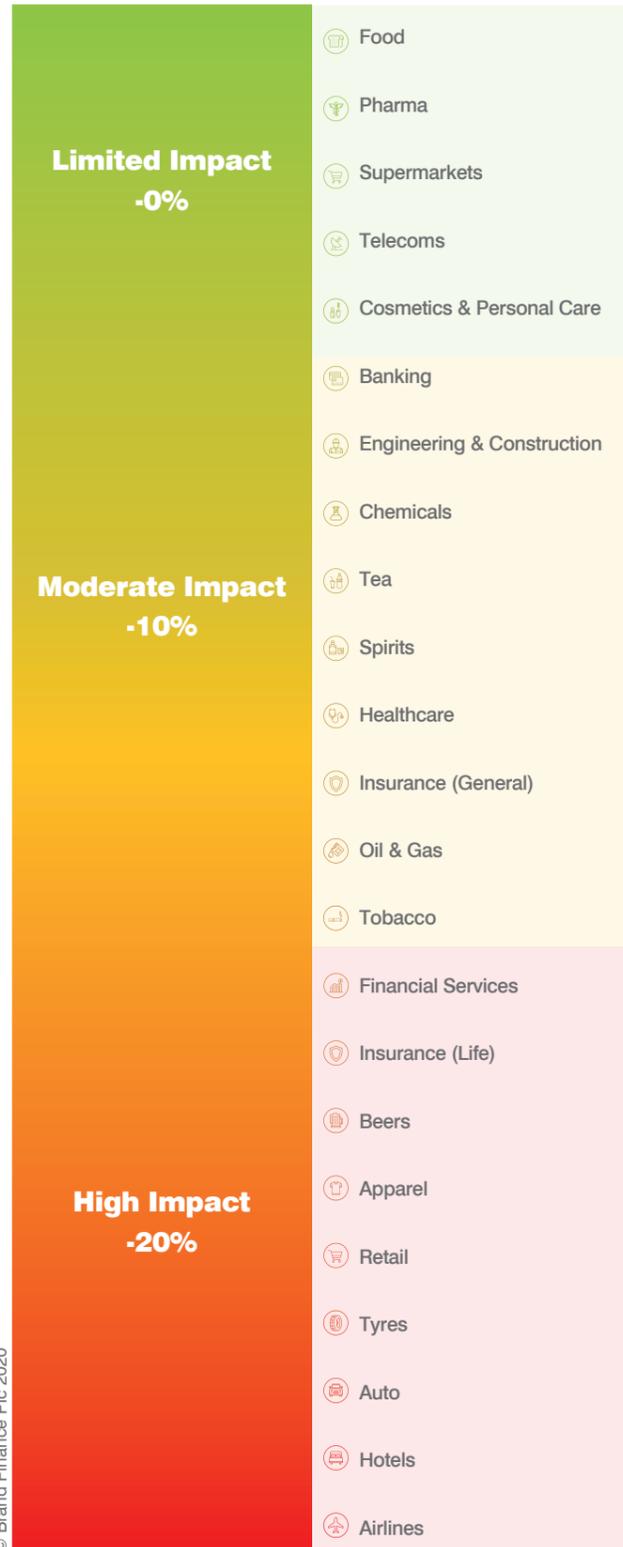
COVID-19 Global Impact Analysis.



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

The brand value of the world’s biggest companies is set to lose an estimated US\$1tn as a result of the Coronavirus outbreak, with the aviation sector being the most affected. The 2003 SARS outbreak, which infected about 8,000 people and killed 774, cost the global economy an estimated US\$50 billion. As of 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 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

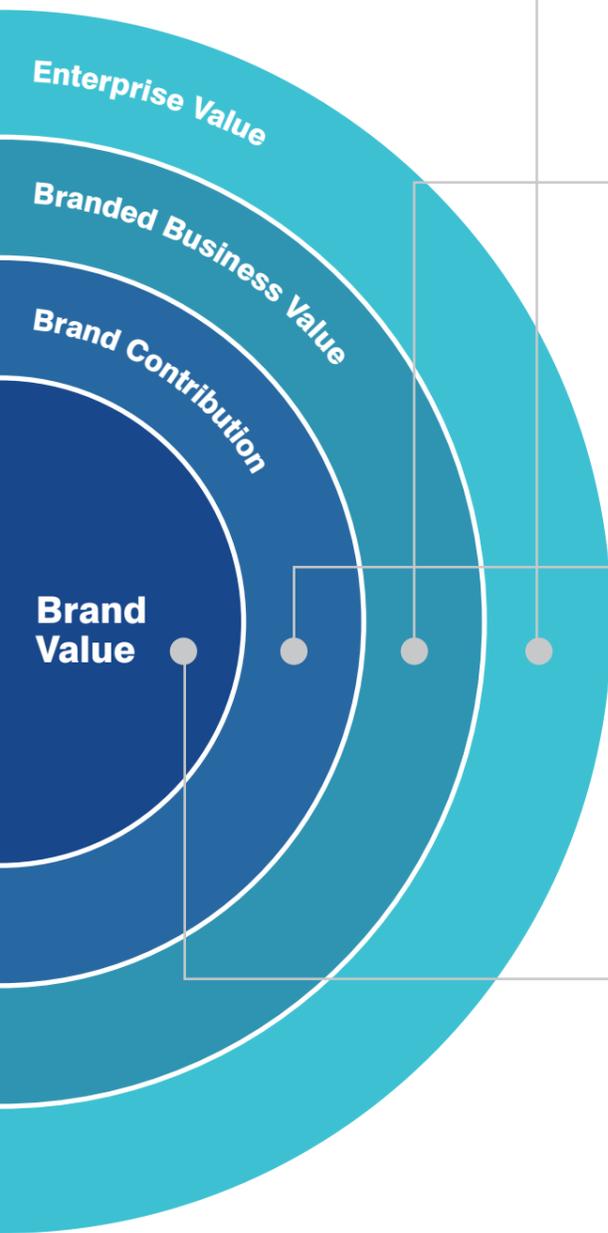
Film production and promotion schedules have been affected by the outbreak, with **Disney** pushing back the release of its remake of *Mulan* as well as *The New Mutants*, part of the X-Men franchise. The effects of social distancing have meant more viewers watching TV, however **Netflix** has had to 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



Definitions.



Brand Value



[Hilton]

+ 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'.



[Hampton Inn]

+ 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.



[Hampton Inn]

+ 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.



[Hampton Inn]

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

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

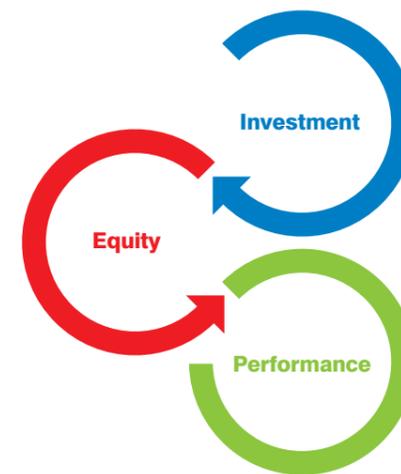
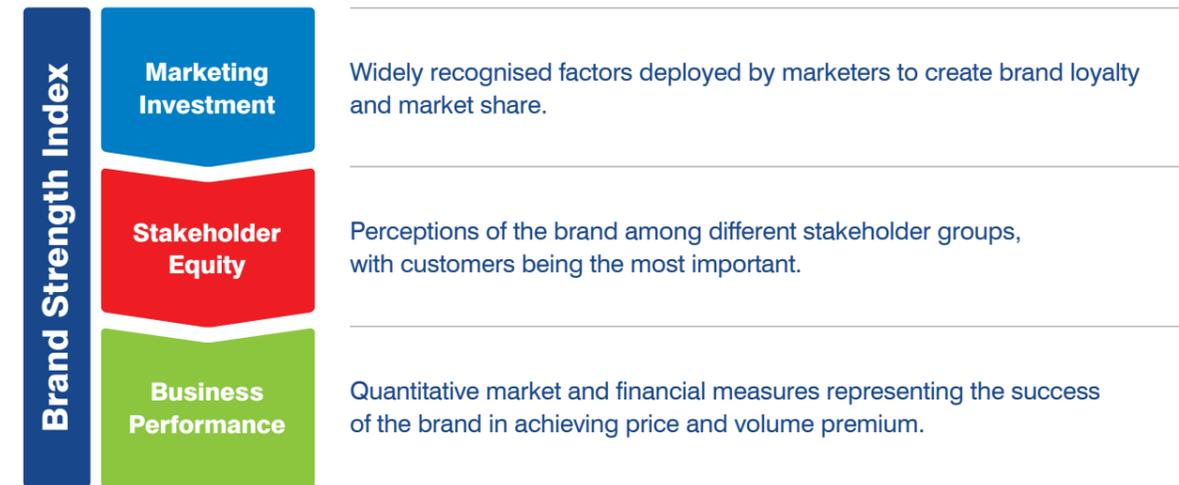
Brand Strength

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

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

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

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



Marketing Investment

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

Stakeholder Equity

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

Business Performance

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

Brand Valuation Methodology.

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

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

The steps in this process are as follows:

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



Disclaimer

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

Market Research Methodology.

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



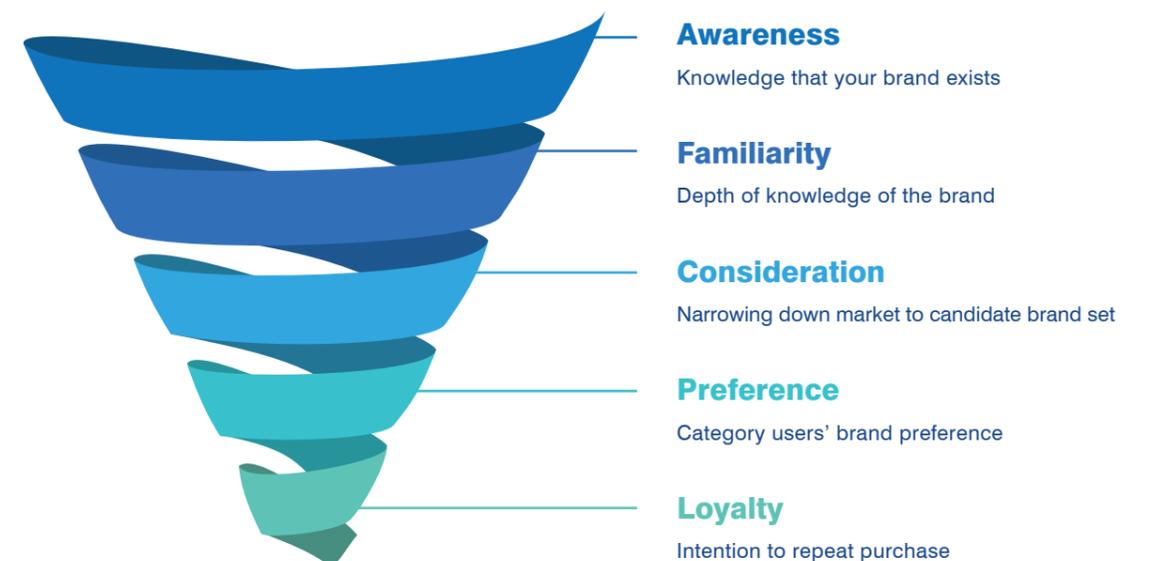
Stakeholder Equity Measures.

Key Metrics

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

Brand conversion funnel

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



Consulting Services.





MARKETING



FINANCE



TAX



LEGAL

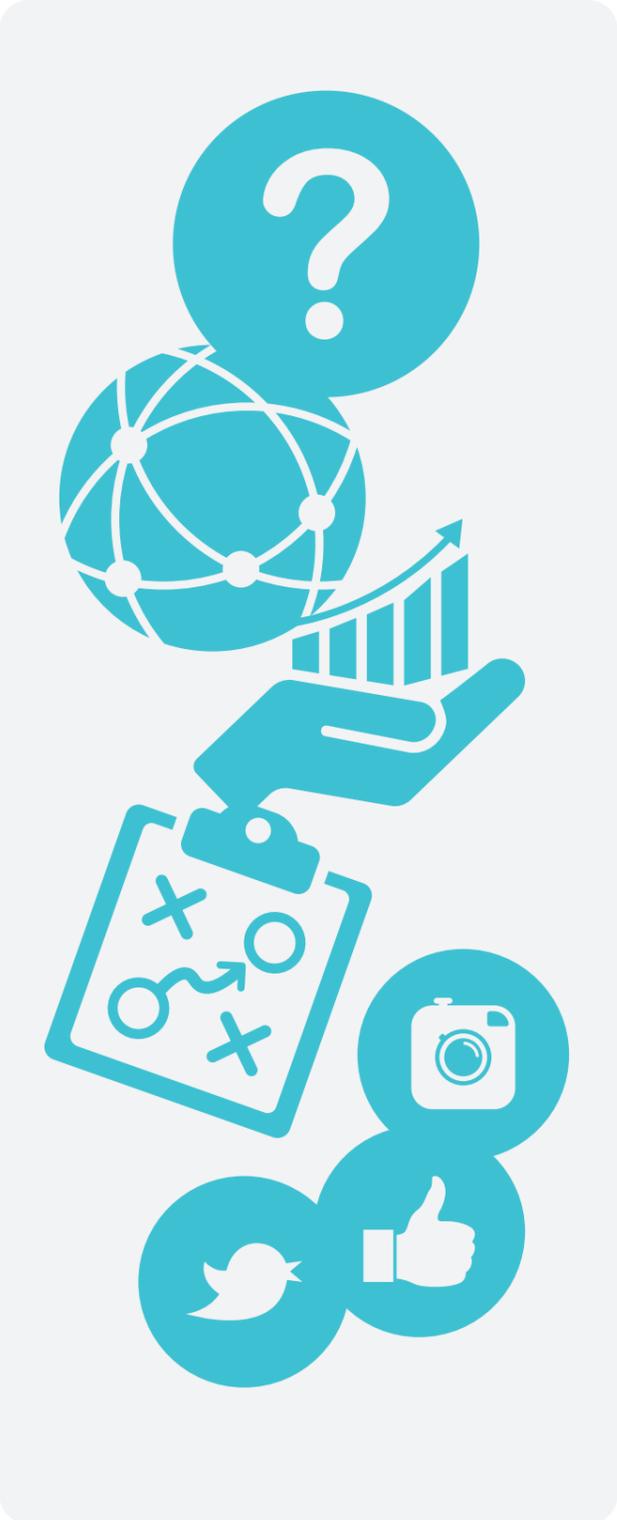
We help marketers to connect their brands to business performance by evaluating the return on investment (ROI) of brand-based decisions and strategies.

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 HOTEL BRAND



MOST VALUABLE HOTEL BRAND



STRONGEST HOTEL 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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