



# Restaurants

# 25

# 2020

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

---

# Contents.

---

<b>About Brand Finance</b>	<b>4</b>
<b>Get in Touch</b>	<b>4</b>
<b>Brandirectory.com</b>	<b>6</b>
<b>Brand Finance Group</b>	<b>6</b>
<b>Foreword</b>	<b>8</b>
<b>Executive Summary</b>	<b>10</b>
<b>Brand Finance Restaurants 25 (USD m)</b>	<b>13</b>
<b>Sector Reputation Analysis</b>	<b>14</b>
<b>COVID-19 Global Impact Analysis</b>	<b>18</b>
<b>Definitions</b>	<b>22</b>
<b>Brand Valuation Methodology</b>	<b>24</b>
<b>Market Research Methodology</b>	<b>25</b>
<b>Stakeholder Equity Measures</b>	<b>25</b>
<b>Consulting Services</b>	<b>26</b>
<b>Brand Evaluation Services</b>	<b>27</b>
<b>Communications Services</b>	<b>28</b>
<b>Brand Finance Network</b>	<b>30</b>

# 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.

**For business enquiries, please contact:**

**Richard Haigh**  
Managing Director  
+44 (0)7725 314400  
rd.haigh@brandfinance.com

**For media enquiries, please contact:**

**Florina Cormack-Loyd**  
Senior Communications Manager  
+44 7939 118932  
f.cormackloyd@brandfinance.com

**For all other enquiries, please contact:**

enquiries@brandfinance.com  
+44 (0)207 389 9400

**For more information, please visit our website:**  
www.brandfinance.com

 [linkedin.com/company/brand-finance](https://www.linkedin.com/company/brand-finance)

 [twitter.com/brandfinance](https://twitter.com/brandfinance)

 [facebook.com/brandfinance](https://www.facebook.com/brandfinance)

 [instagram.com/brand.finance](https://www.instagram.com/brand.finance)

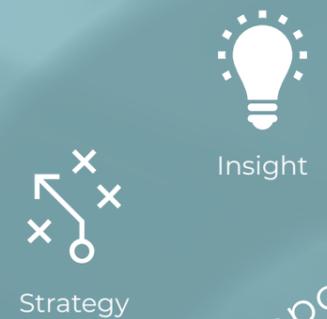
Brand Finance®



# 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

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](http://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 4<sup>th</sup> 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 25 Most Valuable Restaurant Brands Could Lose up to US\$33 Billion of Brand Value from COVID-19.

- + Restaurant sector heavily impacted by COVID-19 pandemic, brands could lose up to 20% of brand value, equating to a US\$33 billion loss cumulatively
- + **Starbucks** has retained title of world's most valuable restaurant brand, brand value up 5% to US\$41.0 billion
- + China's **Haidilao** is sector's fastest growing, up a staggering 136%
- + Ones to watch: **Chick-fil-A**, **Popeyes** and **Wetherspoons**
- + **McDonald's** is world's strongest restaurant brand, Brand Strength Index (BSI) score 87.9 out of 100

# Executive Summary.



## Top 25 restaurant brands could lose up to \$33bn from COVID-19

The world's top 25 most valuable restaurant brands could lose up to US\$33 billion worth of brand value as a result of the COVID-19 pandemic. Brand Finance's analysis shows that the restaurant sector is a heavily impacted industry globally and could face a potential 20% loss in brand value.

Looking beyond the restaurant 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 1<sup>st</sup> 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.

## Déjà Brew for Starbucks in top spot

**Starbucks** has retained the title of the world's most valuable restaurant brand following a 5% brand value increase to US\$41.0 billion. The multinational coffee house chain leads the way for a further 19 US brands in the ranking, with all 20 brands reaching a total brand value of over US\$150 billion.

**It is no surprise that the restaurant sector has borne the brunt of the global coronavirus lockdown, with closures destroying sales and social distancing measures changing the way in which customers dine for the foreseeable future. With consumer habits changing towards delivery and collection, it is yet to be seen how the industry will look in the coming year. More dynamic brands that respond and transform in response to this shift, should record a more positive movement in their brand value than those that are slow or reluctant to change.**

**Richard Haigh**  
Managing Director, Brand Finance

Starbucks' growth-at-scale agenda – which includes innovation in its technology and development of its rewards programme – has paid off, with the brand posting solid sales growth over the last year, particularly in the US and Chinese markets, which saw a 6% and 5% increase respectively. Starbucks has, however, accelerated plans to close 400 restaurants due to COVID-19, as part of its store transformation strategy.

## China's Haidilao grows 136%

China's most popular hot pot restaurant, **Haidilao**, is the fastest growing brand in this year's ranking, up a staggering 136% to US\$4.7 billion, simultaneously jumping 6th spots in the ranking from 9<sup>th</sup> to 15<sup>th</sup>. Serving more than 100 million customers a year, Haidilao prides itself on its best in class customer service, a key driver towards the brand's pursuit of perfecting the dining experience.

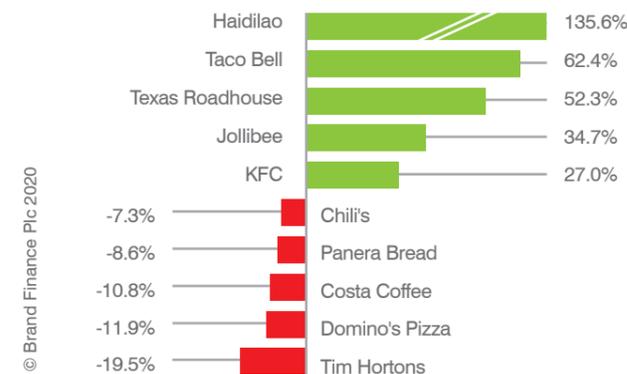
The brand has continued to focus on its expansion programme, both at home and abroad, with over 300 stores opening globally last year, with Haidilao aiming to have 1,000 stores worldwide by the end of 2020.

## Ones to watch

There are three news entries in this year's ranking: **Chick-fil-A** (brand value US\$3.5 billion), **Wetherspoons** (brand value US\$1.0 billion) and **Popeyes** (brand value US\$898 million) entering in 13<sup>th</sup>, 21<sup>st</sup> and 24<sup>th</sup> positions respectively.

Chick-fil-A posted record revenues in 2019 - up an impressive 48%. The brand was, however, forced to

## Brand Value Change 2019-2020 (%)



## Top 10 Most Valuable Brands

	<b>1</b> ← 1		2020: \$41,043m 2019: \$39,268m	+4.5%
	<b>2</b> ← 2		2020: \$37,449m 2019: \$31,487m	+18.9%
	<b>3</b> ← 3		2020: \$17,105m 2019: \$13,472m	+27.0%
	<b>4</b> ← 4		2020: \$7,998m 2019: \$7,767m	+3.0%
	<b>5</b> ← 5		2020: \$5,676m 2019: \$6,439m	-11.9%
	<b>6</b> ↑ 7		2020: \$5,434m 2019: \$5,359m	+1.4%
	<b>7</b> ↑ 11		2020: \$5,419m 2019: \$3,336m	+62.4%
	<b>8</b> ← 8		2020: \$5,214m 2019: \$4,631m	+12.6%
	<b>9</b> ↑ 15		2020: \$4,704m 2019: \$1,997m	+135.6%
	<b>10</b> ↓ 6		2020: \$4,439m 2019: \$5,514m	-19.5%

Top 5 Strongest Brands

	<b>1</b> ← 1	
2020: <b>87.9</b> AAA	2019: <b>90.3</b> AAA+	<b>+0.5</b>
	<b>2</b> ↑ 3	
2020: <b>82.5</b> AAA-	2019: <b>86.2</b> AAA	<b>+1.4</b>
	<b>3</b> ↑ 5	
2020: <b>82.0</b> AAA-	2019: <b>83.3</b> AAA-	<b>+1.4</b>
	<b>4</b> ↓ 2	
2020: <b>81.4</b> AAA-	2019: <b>87.8</b> AAA	<b>-0.9</b>
	<b>5</b> ↑ 23	
2020: <b>80.9</b> AAA-	2019: <b>63.1</b> A+	<b>+1.6</b>

close its UK restaurant a mere 6 months after opening its doors following controversy surrounding the brand's stance on LGBTQ+ rights. Rival Popeyes' entrance in the ranking can somewhat be attributed to its viral chicken sandwich, which sold out in less than a month.

Celebrating its 40<sup>th</sup> birthday in 2019, Wetherspoons now boasts a vast portfolio of over 900 pubs and hotels spanning the UK - an impressive feat as pubs continue to diminish, with one pub shutting its doors permanently every 12 hours across the country. Renowned for its bargain booze and often spectacular buildings, Spoons has thus far been able to buck the trend across the sector. Unsurprisingly, however, Wetherspoons has a rough journey ahead as it negotiates months of nationwide pub closures amid the COVID-19 pandemic.

McDonald's is sector's strongest

In addition to measuring overall brand value, Brand Finance also evaluates the relative strength of brands, based on factors such as marketing investment, customer familiarity, staff satisfaction, and corporate reputation. Alongside revenue forecasts, brand strength is a crucial driver of brand value. According to these criteria, **McDonald's** (up 19% to US\$37.4 billion) is the world's strongest restaurant brand with a Brand Strength Index (BSI) score of 87.9 out of 100 and a corresponding AAA brand strength rating.

McDonald's Velocity Growth Plan has continued to reap results and the brand boasts strong financial performances, last year achieving the highest global comparable sales growth in over a decade. Despite retaining the title of the sector's strongest brand, the global fast food behemoth, has dropped in 2.4 points in its BSI score year-on-year, as the brand grapples with a drop in recommendation metrics, as well as a general drop in its web visits and social media following. Brand Finance's global brand monitor study has unearthed this trend across fellow fast food restaurants signalling, perhaps, a shift in the public's attitude towards fast and unhealthy food options.

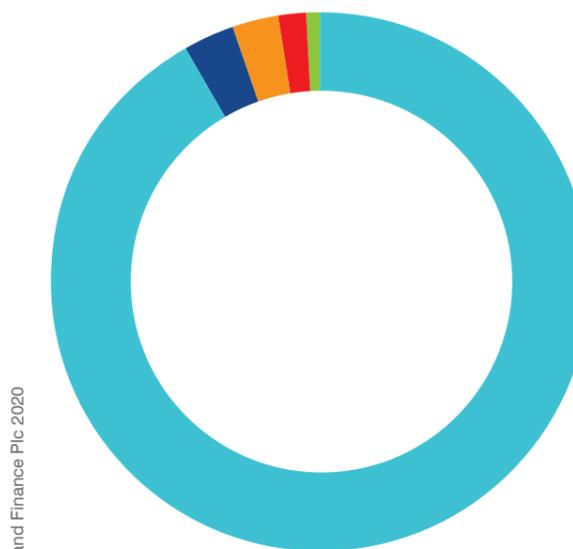
Despite 75% of the brand's restaurants remaining open during the coronavirus pandemic, CEO Chris Kempczinski cited significant disruption to the business from limited operations and a shift in consumer behaviour, which has dented sales significantly. With the brand since returning to 95% store operation – as of June 2020 – the brand hopes to see a marked increase in sales again.

# Brand Finance Restaurants 25 (USD m).

Top 25 most valuable restaurant brands

2020 Rank	2019 Rank	Brand	Economy	2020 Brand Value	Brand Value Change	2019 Brand Value	2020 Brand Rating	2019 Brand Rating
1	1	← Starbucks	United States	\$41,043	+4.5%	\$39,268	AAA-	AAA
2	2	← McDonald's	United States	\$37,449	+18.9%	\$31,487	AAA	AAA+
3	3	← KFC	United States	\$17,105	+27.0%	\$13,472	AAA-	AAA-
4	4	← Subway	United States	\$7,998	+3.0%	\$7,767	AA	AAA-
5	5	← Domino's Pizza	United States	\$5,676	-11.9%	\$6,439	AA	AA+
6	7	↑ Pizza Hut	United States	\$5,434	+1.4%	\$5,359	AA	AAA-
7	11	↑ Taco Bell	United States	\$5,419	+62.4%	\$3,336	AAA-	AAA-
8	8	← Dunkin'	United States	\$5,214	+12.6%	\$4,631	AA	AA-
9	15	↑ Haidilao	China	\$4,704	+135.6%	\$1,997	AAA-	A+
10	6	↓ Tim Hortons	Canada	\$4,439	-19.5%	\$5,514	AAA-	AAA-
11	9	↓ Burger King	United States	🔒	🔒	🔒	🔒	🔒
12	10	↓ Wendy's	United States	🔒	🔒	🔒	🔒	🔒
13	-	New Chick-fil-A	United States	🔒	🔒	🔒	🔒	🔒
14	12	↓ Chipotle	United States	🔒	🔒	🔒	🔒	🔒
15	13	↓ Panera Bread	United States	🔒	🔒	🔒	🔒	🔒
16	14	↓ Costa Coffee	United Kingdom	🔒	🔒	🔒	🔒	🔒
17	16	↓ Olive Garden	United States	🔒	🔒	🔒	🔒	🔒
18	18	← Jollibee	Philippines	🔒	🔒	🔒	🔒	🔒
19	22	↑ Texas Roadhouse	United States	🔒	🔒	🔒	🔒	🔒
20	17	↓ Chili's	United States	🔒	🔒	🔒	🔒	🔒
21	-	New Wetherspoons	United Kingdom	🔒	🔒	🔒	🔒	🔒
22	19	↓ SONIC	United States	🔒	🔒	🔒	🔒	🔒
23	23	← Jack In The Box	United States	🔒	🔒	🔒	🔒	🔒
24	-	New Popeyes	United States	🔒	🔒	🔒	🔒	🔒
25	27	↑ Unilever	Food	🔒	🔒	🔒	🔒	🔒

Brand Value by Economy



Economy	Brand Value (USD bn)	% of total	Number of Brands
United States	150.6	91.9%	20
China	4.7	2.9%	1
Canada	4.4	2.7%	1
United Kingdom	2.9	1.7%	2
Philippines	1.3	0.8%	1
<b>Total</b>	<b>163.9</b>	<b>100.0%</b>	<b>25</b>

# Sector Reputation Analysis.

## Benchmarking against the best

While restaurants will usually compare themselves within the category, broader benchmarking against brands across a range of categories provides a more rounded assessment of brand strength. This is also increasingly important as the landscape of restaurants is evolving, with food delivery companies disrupting the market and changing the way customers make purchase decisions. This trend has been accelerated by the COVID-19 crisis.

The restaurant sector ranks first in Recommendation, a metric directly linked to Customer Experience. In addition to this, the sector also ranks second on Word of Mouth, another metric that is a key avenue for growth for restaurant brands. The sector ranks amongst the top four for reputation, after autos, tech, and apparel.

However, where the restaurant sector lags behind is in Innovation, and perceptions about Website and Apps, with tech brands taking the lead. In the midst of a global pandemic - with restaurants as one of the worst hit sectors - innovation and high quality website and apps that facilitate delivery and takeaway services can play a vital role in winning new customers and maintaining existing customers' loyalty.

## Big chain and small regional restaurant brands

Our research analysis highlights an interesting shift where in many cases smaller regional and local restaurants have stronger bonds with consumers than international chains. Shifting attitudes towards mass production fast food chains are possibly encouraging customers to opt for local, home grown brands, a trend which has again been accelerated by COVID-19. It's easier to rally customers to support local restaurants as opposed to multinational corporations. Customers have shown greater affinity towards their local restaurants, supporting through the crisis with takeaway meals and other support.

## Changing Landscape - online delivery

While the pandemic has crippled the restaurant industry with global lockdowns, it has boosted demand for food delivery services. Online delivery

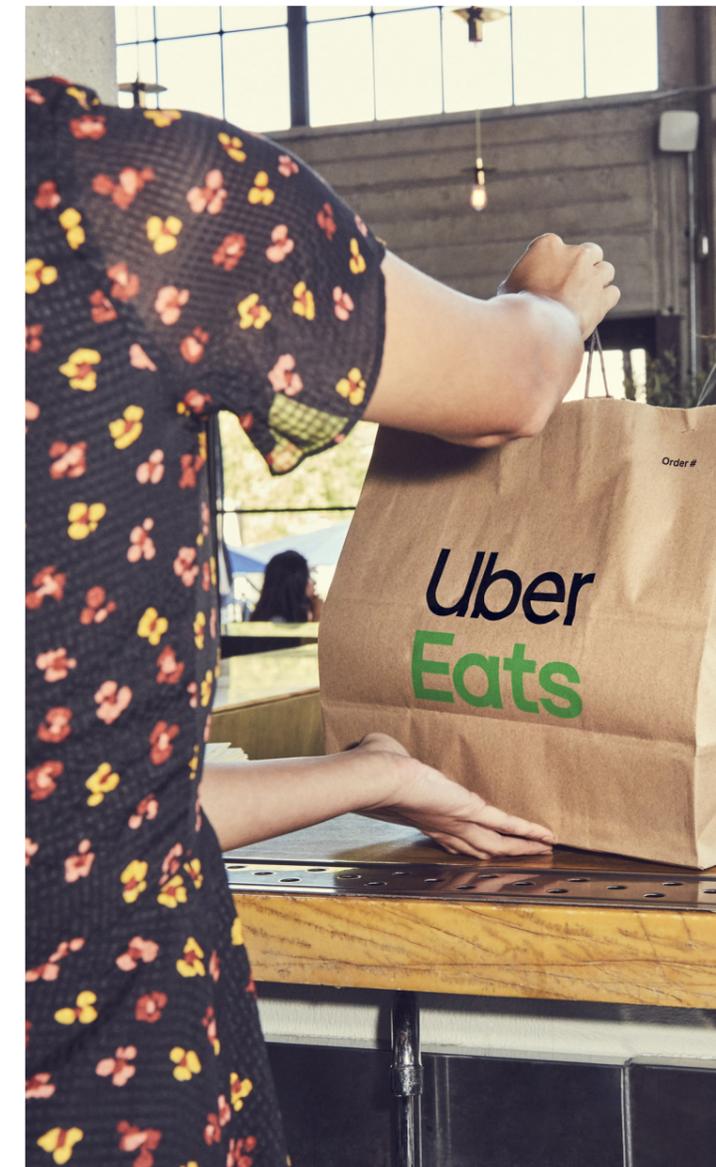
## Sectors Ranked by Reputation

	<b>1</b> Auto	<b>6.9</b> <sub>/10</sub>
	<b>2</b> Tech	<b>6.8</b> <sub>/10</sub>
	<b>3</b> Apparel	<b>6.6</b> <sub>/10</sub>
	<b>4</b> Restaurants	<b>6.6</b> <sub>/10</sub>
	<b>5</b> Airlines	<b>6.6</b> <sub>/10</sub>
	<b>6</b> Retail	<b>6.5</b> <sub>/10</sub>
	<b>7</b> Insurance	<b>6.4</b> <sub>/10</sub>
	<b>8</b> Utilities	<b>6.3</b> <sub>/10</sub>
	<b>9</b> Banks	<b>6.1</b> <sub>/10</sub>
	<b>10</b> Telecoms	<b>6.0</b> <sub>/10</sub>

## 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

platforms like **Deliveroo**, **Postmates**, and **UberEats** are experiencing a surge in demand. This shift may well change the landscape for restaurants in the short to medium term. It remains a question whether customers will feel safe dining in restaurants despite the protection measures. With this shift, the success of restaurant brands relies on improving their awareness, brand engagement and reach on these platforms, as well as innovating to compete differently. Sheer physical presence in the street or mall counts for less. Several restaurants are adapting by selling home cooking kits such as **Pizza Pilgrims**, and sharing their coveted recipes on social media.



# Consumer Research Highlights.

## UK – Greggs captures nation's heart

One of the best performing brands in the UK market is bakery chain **Greggs**. The brand scores 1<sup>st</sup> for reputation and closeness in our UK research, reflective of its branding as an accessible and affordable option. The brand's cheeky PR campaigns and good humoured marketing, coupled with the introduction of vegan menu items have made the brand even more accessible and firmly established as a national favourite.

As one of the UK's most popular café brands, **Costa Coffee**, performs best in customer service and quality amongst brands asked about in the UK. The brand also ranks second in reputation in the country, while one its biggest competitors Starbucks is perceived as being an expensive and overpriced brand among UK customers. The internationally popular **Starbucks**, although considered 'cool', scoring higher than Costa Coffee, is outperformed on most other measures.

Wetherspoons, one of the leading pub chains in the UK, has great performance on Recommendation. Respondents think it is great value for money and offers good range of products to choose from, an impressive feat as the past decade has seen huge numbers of pub closures in the UK. Renowned for its bargain booze and often spectacular buildings, Spoons has thus far been able to buck the trend across the sector. However, Wetherspoons' somewhat uncompromising founder's politics presents a challenge in the era of nationwide pub closures amid the COVID-19 pandemic.

## USA – Smaller brands outpacing multinationals

Looking at American fast food brands, **Chick-Fil-A**, **Wendy's**, **Popeyes**, and **Louisiana Chicken**, perform better than multinationals like **McDonald's**, **KFC** and **Pizza Hut** on certain key metrics such as reputation, quality, and innovation - a reflection

of the global shift away from larger international chains even in their home market.

**Texas Roadhouse**, the chain steakhouse, scored highest on reputation and quality. The casual dining brand is actively engaging with their consumers on social media during the global pandemic, a positive step to maintaining high closeness scores. The brand has kept up engagement with customers bringing the Texas Roadhouse unique in-store experience home, including a Spotify playlist with all the jukebox songs typically played in the restaurant.

## Canada – Homegrown brands come out top

The steakhouse chain, **The Keg**, wins its reputation by its high-quality service and food. It ranked highest in some key measures like reputation and quality, although it is also seen as being expensive and overpriced.

Home of Canada's favourite coffee, **Tim Hortons**, is the most preferred brand in Canada, outperforming Starbucks on quality and closeness as Canadians favour the home-grown café over its American competitor.

## China – Haidilao's unusual marketing approach pays off

**Haidilao**, the most popular Chinese hotpot restaurant, received great feedback among customers even though the brand does not use any marketing promotion in its overall marketing strategy. This unusual approach seems to have worked for the brand as it scores highest on word of mouth in China. Haidilao also leads on closeness and recommendation, which has worked to its advantage in attracting new customers relying on existing customers as brand ambassadors recommending its restaurants.

However, an interesting feature of the Chinese market is that it favours international restaurant chains like KFC, McDonald's, and Starbucks, conversely to the trend seen in other markets. The multinational chains perform better than national franchise brands like **Café de Coral**, **Dicos**, **Real Kungfu** on reputation, quality, and closeness. The Western brands have connected well with Chinese customers and an aspiration for foreign brands in the nation has helped their growth.



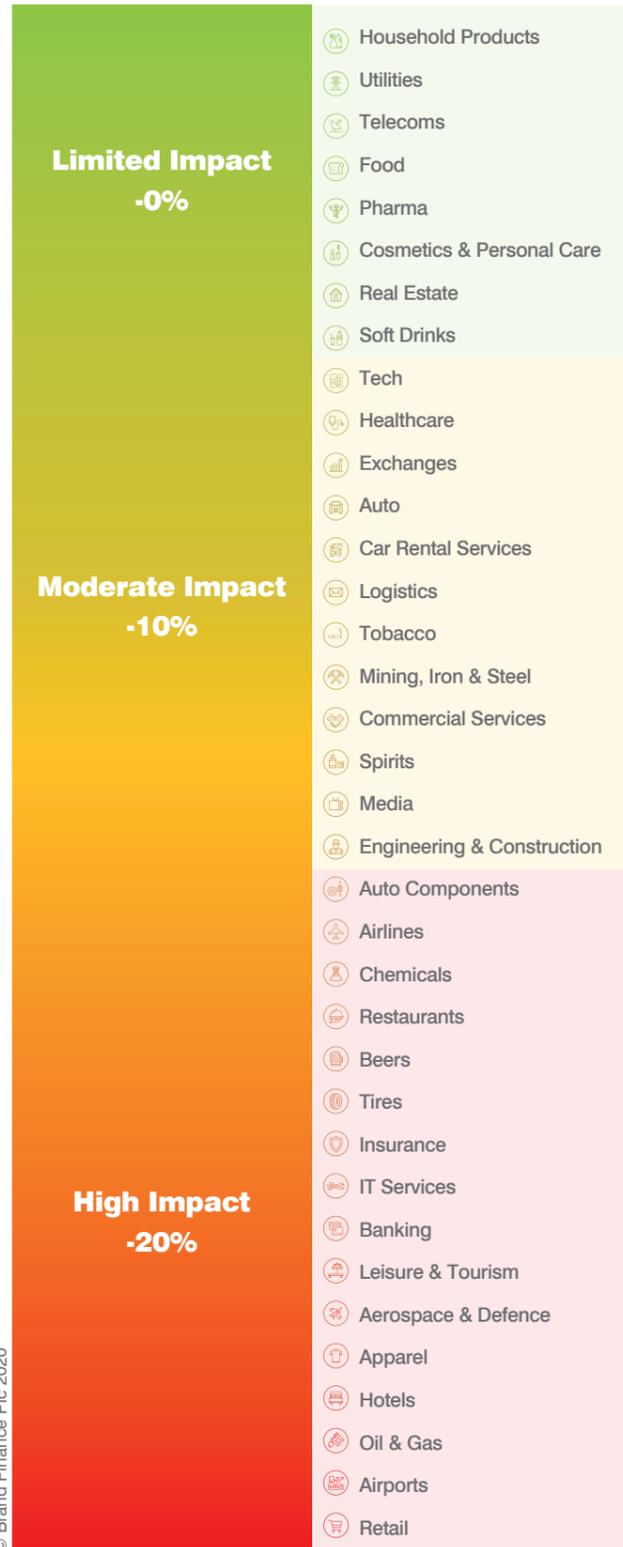
# COVID-19 Global Impact Analysis.



## 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 13<sup>th</sup> July 2020, there have been 13,062,999 cases and 572,234 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 1<sup>st</sup> 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**

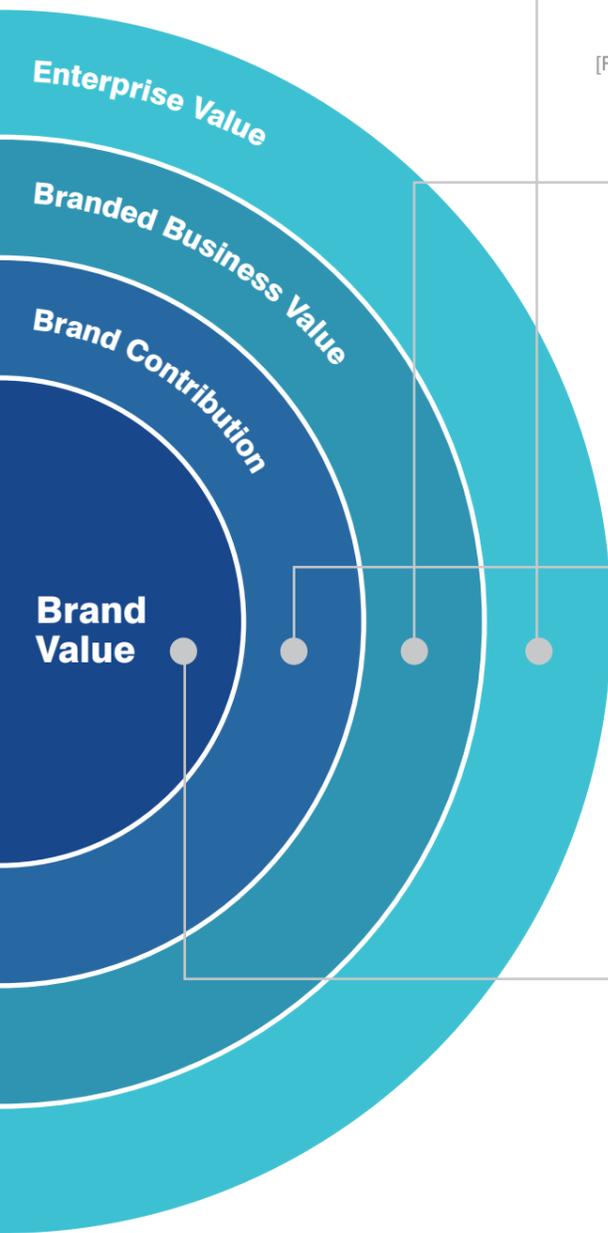
Film production and promotion schedules have been affected by the outbreak, with **Disney** pushing back the release of its remake of *Mulan* as well as *The New Mutants*, part of the *X-Men* franchise. The effects of social distancing have meant more viewers watching TV, however **Netflix** has had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



[Restaurant Brands International]

**+ 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'.



[Burger King]

**+ 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.



[Burger King]

**+ 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.



[Burger King]

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

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

## Brand Strength

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

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

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

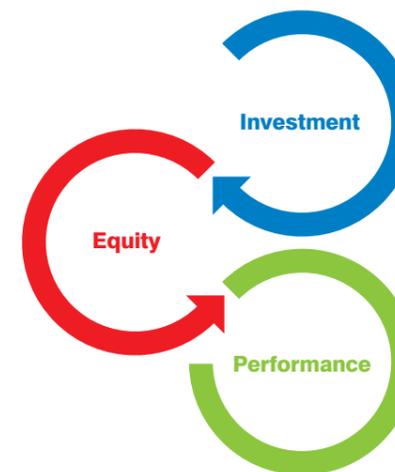
Analysing the three brand strength measures helps inform managers of a brand's potential for future success.



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

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

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



### Marketing Investment

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

### Stakeholder Equity

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

### Business Performance

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

# Brand Valuation Methodology.

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

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

## The steps in this process are as follows:

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



### Disclaimer

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

# Market Research Methodology.

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



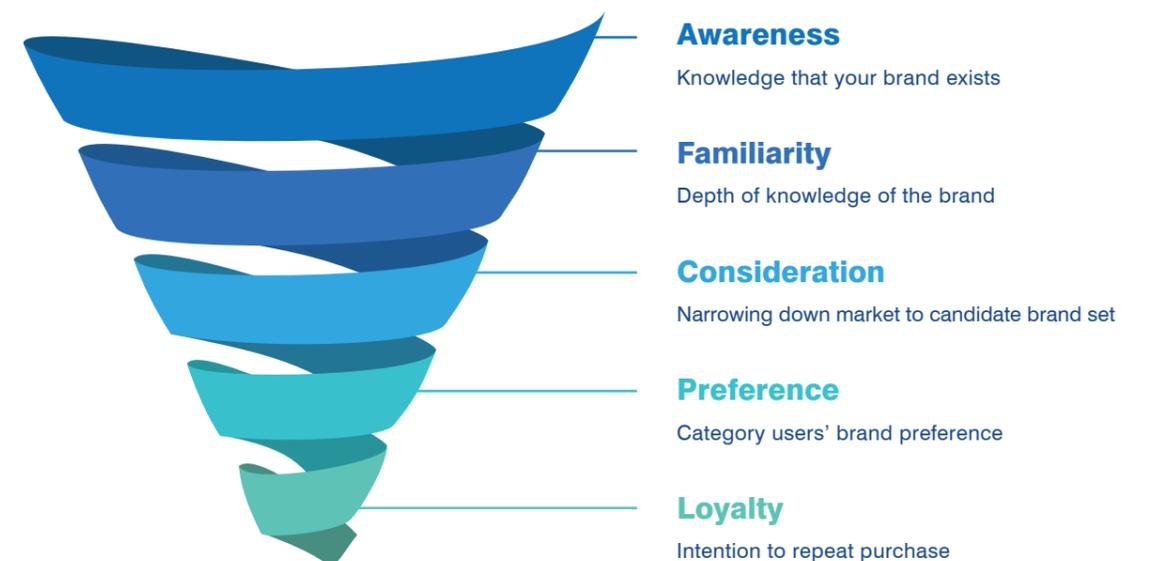
# Stakeholder Equity Measures.

## Key Metrics

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

## Brand conversion funnel

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



# Consulting Services.





MARKETING



FINANCE



TAX



LEGAL

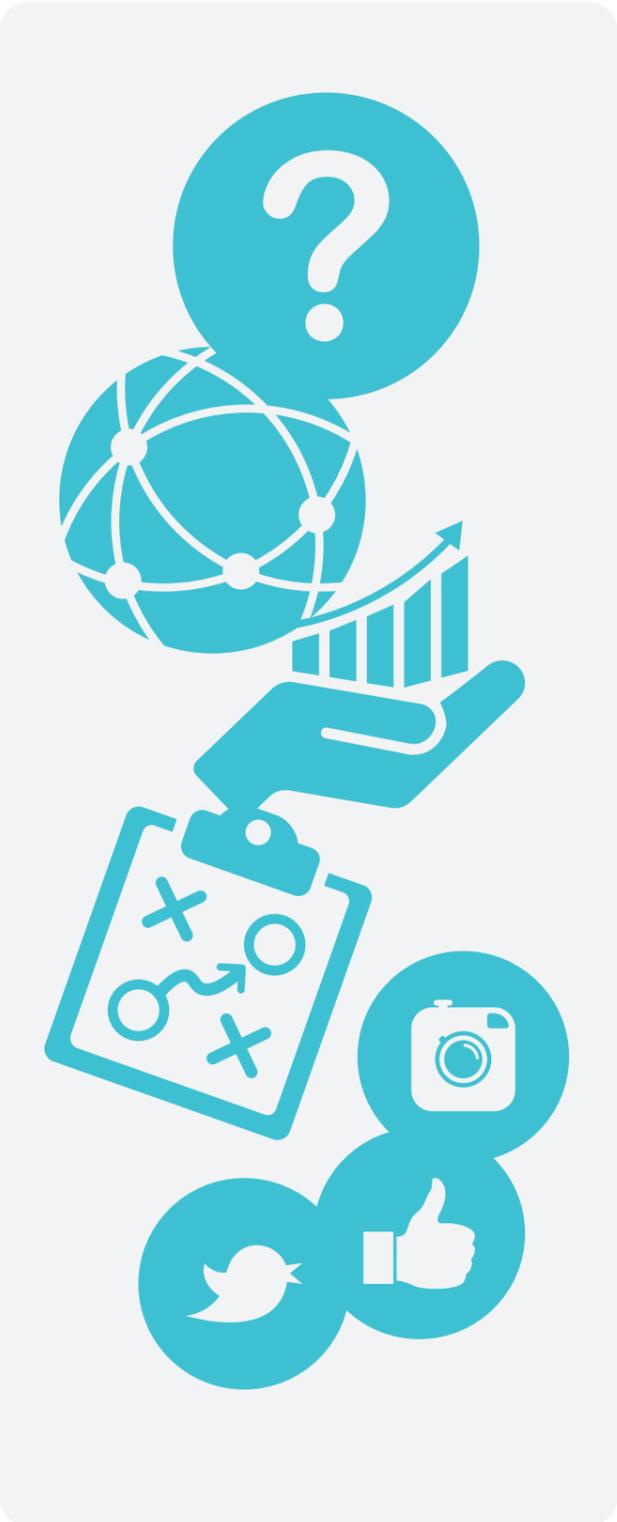
We help marketers to connect their brands to business performance by evaluating the return on investment (ROI) of brand-based decisions and strategies.

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 25 RESTAURANT BRAND**



**MOST VALUABLE RESTAURANT BRAND**



**STRONGEST RESTAURANT 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<sup>®</sup>



### 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](mailto:enquiries@brand-dialogue.co.uk) or visit [www.brand-dialogue.co.uk](http://www.brand-dialogue.co.uk)

Brand Dialogue is a member of the Brand Finance plc group of companies



**BRAND EXCHANGE<sup>®</sup>**

WHERE BRANDS MEET FINANCE

## BECOME A MEMBER TODAY

A CONTEMPORARY AND EXCLUSIVE  
MEMBERS' CLUB  
IN THE HEART OF THE CITY OF LONDON

CHARACTERFUL SPACE  
*for*  
**MEETINGS**  
&  
PRIVATE EVENTS

MEMBERS' EVENTS  
*with*  
FOCUS ON MARKETING  
&  
**BRANDING**

DISCOUNTED  
*for*  
ROOM HIRE  
**MEMBERS**

3 Birchin Lane, London, EC3V 9B +44 (0)207 389 9410 [enquiries@brandexchange.com](mailto:enquiries@brandexchange.com)

Brand Exchange is a member of the Brand Finance plc group of companies

# Brand Finance Network.

For further information on our services and valuation experience, please contact your local representative:

Market	Contact	Email	Telephone
Africa	Jeremy Sampson	j.sampson@brandfinance.com	+27 82 885 7300
Asia Pacific	Samir Dixit	s.dixit@brandfinance.com	+65 906 98 651
Australia	Mark Crowe	m.crowe@brandfinance.com	+61 282 498 320
Canada	Charles Scarlett-Smith	c.scarlett-smith@brandfinance.com	+1 514 991 5101
Caribbean	Nigel Cooper	n.cooper@brandfinance.com	+1 876 825 6598
China	Scott Chen	s.chen@brandfinance.com	+86 186 0118 8821
France	Bertrand Chovet	b.chovet@brandfinance.com	+33 6 86 63 46 44
Germany	Holger Muehlbauer	h.muehlbauer@brandfinance.com	+49 151 54 749 834
India	Ajimon Francis	a.francis@brandfinance.com	+91 989 208 5951
Indonesia	Jimmy Halim	j.halim@brandfinance.com	+62 215 3678 064
Ireland	Simon Haigh	s.haigh@brandfinance.com	+353 087 669 5881
Italy	Massimo Pizzo	m.pizzo@brandfinance.com	+39 02 303 125 105
Japan	Jun Tanaka	j.tanaka@brandfinance.com	+81 90 7116 1881
Mexico & LatAm	Laurence Newell	l.newell@brandfinance.com	+52 55 9197 1925
Middle East	Andrew Campbell	a.campbell@brandfinance.com	+971 508 113 341
Nigeria	Tunde Odumeru	t.odumeru@brandfinance.com	+234 012 911 988
Romania	Mihai Bogdan	m.bogdan@brandfinance.com	+40 728 702 705
Spain	Teresa de Lemus	t.delemus@brandfinance.com	+34 654 481 043
Sri Lanka	Ruchi Gunewardene	r.gunewardene@brandfinance.com	+94 11 770 9991
Turkey	Muhterem Ilgüner	m.ilguner@brandfinance.com	+90 216 352 67 29
UK	Richard Haigh	rd.haigh@brandfinance.com	+44 207 389 9400
USA	Laurence Newell	l.newell@brandfinance.com	+214 803 3424
Vietnam	Lai Tien Manh	m.lai@brandfinance.com	+84 90 259 82 28





## Contact us.

---

**The World's Leading Independent Brand Valuation Consultancy**

**T:** +44 (0)20 7389 9400

**E:** [enquiries@brandfinance.com](mailto:enquiries@brandfinance.com)

[www.brandfinance.com](http://www.brandfinance.com)