



# Russia

# 50

# 2020

**The annual report on the most valuable and strongest Russian brands**  
August 2020

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# About Brand Finance.

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

**We bridge the gap between marketing and finance**

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

**We quantify the financial value of brands**

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

**We offer a unique combination of expertise**

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

**We pride ourselves on technical credibility**

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

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



## Get in Touch.

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Brand Finance® 

# 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



Communication



Understanding

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**<sup>®</sup>



### 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**<sup>®</sup>  
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<sup>®</sup>



# 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.

# Nearly RUB 750 Billion of Brand Value at Risk from COVID-19 Pandemic.

- + The top 50 Russian brands could lose up to RUB 743.5 billion worth of brand value as a result of the COVID-19 pandemic
- + **Sberbank** dominates the Brand Finance Russia 50 2020 ranking as Russia's most valuable brand for the fourth consecutive year
- + **Aeroflot** has become the nation's strongest brand, followed closely by **Sberbank** and **MTS** – the only two other Russian brands securing the elite AAA+ rating
- + The nation's fastest-growing brand this year, **PIK's** brand value has increased over 50%
- + Among six new entrants, **Tinkoff Bank** is the only banking brand to join the ranking, while **Evraz** (34<sup>th</sup>) and **Metalloinvest** (47<sup>th</sup>) present themselves as viable competitors to incumbent top Russian mining brands

# Executive Summary.



## Russian brands could lose \$1tn from COVID-19

Looking beyond Russia, 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.

## Sberbank – One-Stop Shop

**Sberbank** has maintained its leading position in the annual Brand Finance Russia 50 ranking of the nation's most valuable brands, with a staggering brand value of RUB 840.2 billion.

Sberbank continues to exceed its customers' expectations by actively expanding its digital ecosystems platform. Through strategic partnerships and M&A activity, Sberbank has become a one-stop shop for its customers, as it expanded its Consumer and IB services into logistics, shopping, entertainment, corporate education, healthcare, legal, and business services. Such diversification creates convenience to

The COVID-19 pandemic is a major global health threat and its impact on global markets is very real. Worldwide, brands across every sector need to adapt to the reality changed by **Coronavirus, with a massive impact on their business activities, supply chains, and revenues in a way that eclipses the 2003 SARS outbreak. The effects will be felt well into 2021.**

David Haigh  
CEO, Brand Finance

Sberbank's customers and helps to reduce revenue volatility in the long run. Moreover, integration of business processes creates opportunities to further reduce the costs, as synergies are created between various departments. Integration of other services in Sberbank's product offerings was successful due to the strong brand image of Sberbank.

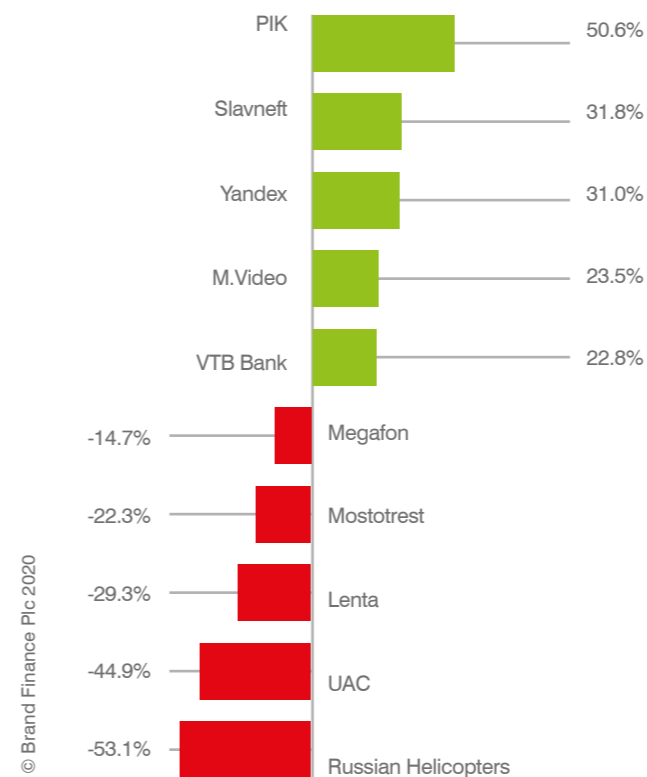
**Sberbank has earned unparalleled trust in its domestic market and is a bedrock of the Russian financial system. The bank is an excellent example of how customer relationships can build a compelling brand that commands great loyalty.**

David Haigh  
CEO, Brand Finance

## Top 10 Most Valuable Brands





















	<b>1</b> ← 1	2020: ₹840,196m 2019: ₹842,160m	-0.2%
	<b>2</b> ← 2	2020: ₹481,279m 2019: ₹552,269m	-12.9%
	<b>3</b> ← 3	2020: ₹370,874m 2019: ₹397,260m	-6.6%
	<b>4</b> ← 4	2020: ₹245,300m 2019: ₹246,918m	-0.7%
	<b>5</b> ← 5	2020: ₹198,801m 2019: ₹185,882m	+7.0%
	<b>6</b> ↑ 7	2020: ₹177,927m 2019: ₹144,889m	+22.8%
	<b>7</b> ↓ 6	2020: ₹172,680m 2019: ₹170,388m	+1.3%
	<b>8</b> ↑ 9	2020: ₹147,962m 2019: ₹121,502m	+21.8%
	<b>9</b> ↑ 10	2020: ₹135,581m 2019: ₹119,976m	+13.0%
	<b>10</b> ↓ 8	2020: ₹130,203m 2019: ₹132,494m	-1.7%

## Brand Value Change 2019-2020 (%)





Top 10 Strongest Brands

	<b>1</b> ↑ 2	
	2020: <b>92.1</b> AAA+ +2.2 2019: <b>89.9</b> AAA+	
	<b>2</b> ↓ 1	
	2020: <b>91.6</b> AAA+ -1.5 2019: <b>93.1</b> AAA+	
	<b>3</b> ↑ 4	
	2020: <b>90.9</b> AAA+ +5.6 2019: <b>85.3</b> AAA	
	<b>4</b> ↓ 3	
	2020: <b>84.3</b> AAA- -4.0 2019: <b>88.4</b> AAA	
	<b>5</b> ← 5	
	2020: <b>83.8</b> AAA- -0.7 2019: <b>84.5</b> AAA-	
	<b>6</b> ← 6	
	2020: <b>80.5</b> AAA- -3.2 2019: <b>83.7</b> AAA-	
	<b>7</b> ↑ 9	
	2020: <b>80.2</b> AAA- +3.3 2019: <b>76.9</b> AA+	
	<b>8</b> ↑ 11	
	2020: <b>79.4</b> AA+ +3.6 2019: <b>75.8</b> AA+	
	<b>9</b> ↓ 7	
	2020: <b>76.7</b> AA+ -5.7 2019: <b>82.4</b> AAA-	
	<b>10</b> ↑ 12	
	2020: <b>76.6</b> AA+ +2.3 2019: <b>74.3</b> AA	

Aeroflot – Nation’s Strongest Brand

Aside from calculating overall brand value, Brand Finance also determines the relative strength of brands through a balanced scorecard of metrics evaluating marketing investment, stakeholder equity, and business performance. Along with the level of revenues, brand strength is a crucial driver of brand value.

According to these criteria, **Aeroflot** has retained the title of the world’s strongest airline brand and has also become the strongest brand in Russia, with a score of 92.1 out of 100 and a corresponding AAA+ rating. Sberbank (91.6) and **MTS** (90.9) follow closely as the only two other Russian brands to have secured the elite AAA+ brand strength rating. Aeroflot is one of just a few airline brands across the globe that have recorded an improvement in brand strength year-on-year, a testament to the brand’s exceptional reputation and popularity among its core customers. Aeroflot’s strong brand will put it in a strong position to help the business recover from a turbulent 2020.

Despite headwinds in the industry, Aeroflot had managed to capitalise on its strong brand to achieve extraordinary financial performance before the COVID-19 crisis, recording a 6% rise in brand value to RUB 107.8 billion. The brand’s revenue was boosted by a combination of increased demand over the course of 2019 and its strategic pricing, both of which have protected the brand as ground handling and airport costs continue to rise.

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

**David Haigh**  
CEO, Brand Finance

Fastest-Growing Brands

After successful acquisition of **Morton Group** in 2017, **PIK Group** has become the largest real estate developer in Russia, and reaping the benefits of the acquisition, it is the fastest-growing brand in Russia this year, up 51% to RUB 33.5 billion and jumping 10 ranks up to 30<sup>th</sup>. Like most prominent companies in Russia, PIK is looking ahead to create value to its shareholders by further expanding its offerings.

As the result of extraordinary financial performance, **Yandex Group** – Russia’s largest search engine – has increased its brand value by 31%, making it the third fastest growing brand in the ranking, following PIK and Slavneft which recorded a 32% increase year-on-year. Yandex.Taxi revenues grew at an astonishing 98%, making it one of the most prominent growth segments after Bets and Media Services within the Group.

Prominent New Entrants

**Tinkoff Bank** – Russia’s only neobank – has entered the ranking for the first time, managing to secure 39th position. The bank has achieved above average familiarity scores, as well as scored relatively high on innovation and quality of services.

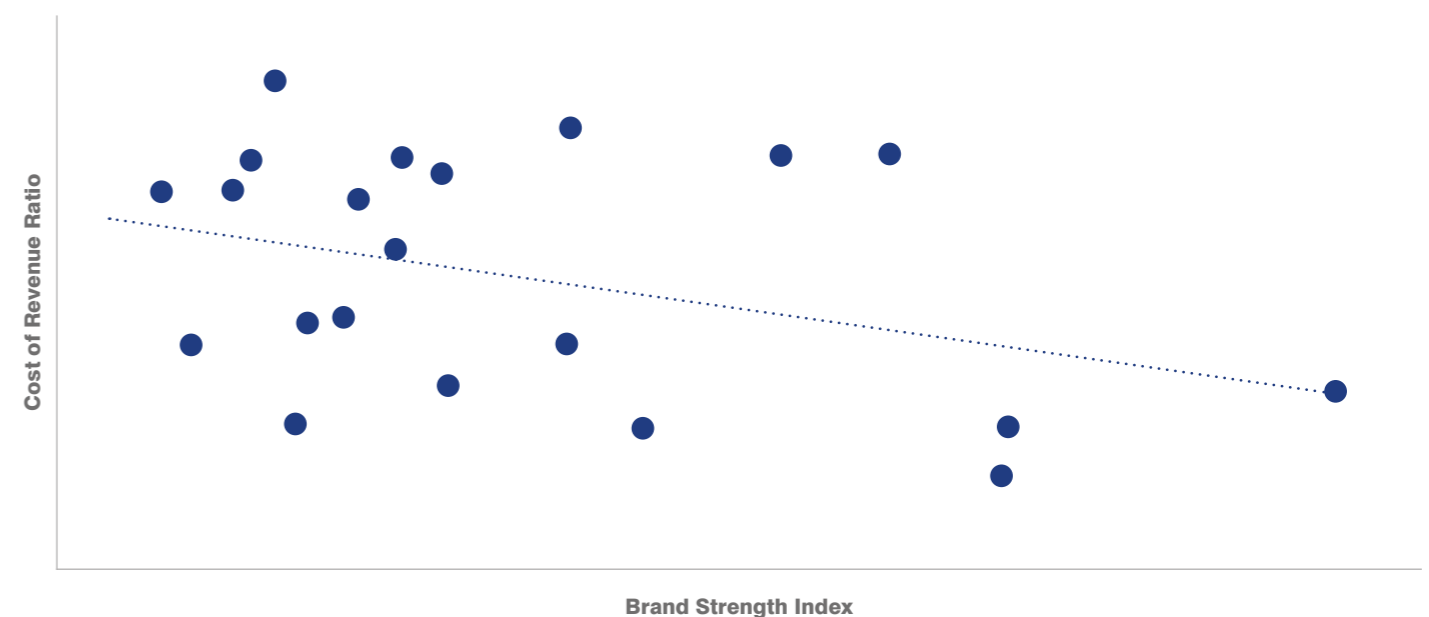
**Evraz** – London-listed mining company and a constituent of the FTSE 100 index – has been valued by Brand Finance for the first time in 2020. The company is the most valuable new entrant to the top 50 this year, taking 34<sup>th</sup> place in the ranking, and presenting itself as a viable competitor to other Mining, Metal & Steel companies – NLMK, Severstal, and another new entrant – **Metalloinvest**. With shifting preferences among shareholders towards ESG investments, mining companies have to ensure that – besides profitability – appropriate systems of checks and balances are in place regarding environmental concerns.

Brand Strength & Brand Value Analysis

As part of this year’s ranking, Brand Finance has conducted additional analysis on brand strength, brand value, and creation of value for key stakeholders among the top 50 most valuable Russian brands.

One important observation relates to the fact that companies with higher brand strength tend to have lower cost of goods sold to revenue ratio. This could be caused partially due to the better relations with suppliers, effective management, and ability to attract and retain cost effective talent to the company. This effect is more prominent in industries like telecoms and retail.

Brand Strength vs. COGS to Revenue Ratio



The matrix below unveils some important observations regarding brands in the Brand Finance Russia 50 2020 ranking. In the upper left quadrant are the brands that have managed to achieve high brand strength, but this was not yet translated into higher brand value. Such companies have high potential to capitalise on its brand strength gains and increase the value of its brands in the future.

Sberbank, Aeroflot, MTS and a few other brands in the upper right quadrant are in the sweet spot and continued investment in brand development will ensure their continued presence in this segment.

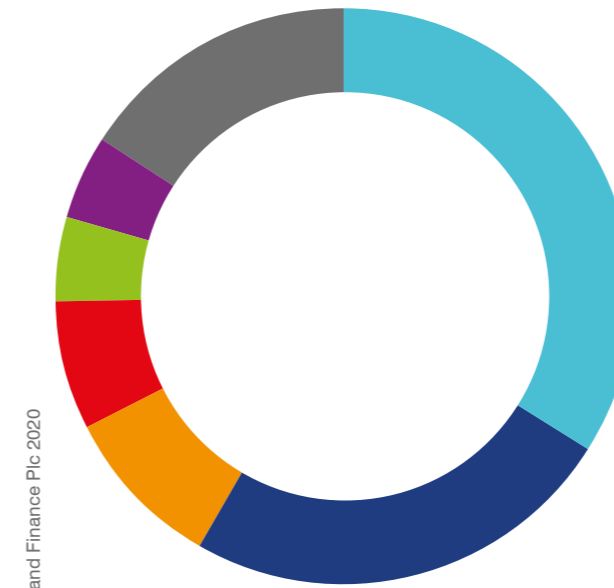
Brands in the lower right quadrant achieved high brand value, but for this situation to continue in the future, management should dedicate additional resources for brand development. Stronger brand recognition will help to build customer loyalty and attract talent.

The lower left quadrant consists of brands that have a lot of unrealised potential in brand strength and brand value alike. Management of these companies should prioritise development of strong and recognisable brands, as this will help to drive their branded business value in the long term.

**Brand Strength vs. Brand Value**



**Brand Value by Sector**



Sector	Brand Value (RUB bn)	% of total	Number of Brands
Oil & Gas	1585.9	34.1%	9
Banks	1131.2	24.3%	5
Retail	428.1	9.2%	7
Telecoms	340.2	7.3%	4
Utilities	217.8	4.7%	4
Mining	217.4	4.7%	7
Other	727.9	15.7%	14
<b>Total</b>	<b>4648.6</b>	<b>100.0%</b>	<b>50</b>

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# Brand Finance Russia 50 (RUB m).

## Top 50 most valuable Russian brands

2020 Rank	2019 Rank	Brand	Sector	2020 Brand Value	Brand Value Change	2019 Brand Value	2020 Brand Rating	2019 Brand Rating
1	1	← Sberbank	Banks	₽840,196	-0.2%	₽842,160	AAA+	AAA+
2	2	← Gazprom	Oil & Gas	₽481,279	-12.9%	₽552,269	AAA-	AAA
3	3	← Lukoil	Oil & Gas	₽370,874	-6.6%	₽397,260	AAA-	AAA-
4	4	← Rosneft	Oil & Gas	₽245,300	-0.7%	₽246,918	AA+	AA+
5	5	← Russian Railways	Logistics	₽198,801	+7.0%	₽185,882	A	A
6	7	↑ VTB Bank	Banks	₽177,927	+22.8%	₽144,889	AA	AA
7	6	↓ Magnit	Retail	₽172,680	+1.3%	₽170,388	AA	AA+
8	9	↑ MTS	Telecoms	₽147,962	+21.8%	₽121,502	AAA+	AAA
9	10	↑ Novatek	Oil & Gas	₽135,581	+13.0%	₽119,976	A+	A+
10	8	↓ Tatneft	Oil & Gas	₽130,203	-1.7%	₽132,494	AA-	AA-
11	11	← Pyaterochka	Retail	🔒	🔒	🔒	🔒	🔒
12	13	↑ Yandex	Media	🔒	🔒	🔒	🔒	🔒
13	12	↓ Aeroflot	Airlines	🔒	🔒	🔒	🔒	🔒
14	15	↑ ROSATOM	Utilities	🔒	🔒	🔒	🔒	🔒
15	17	↑ Surgutneftegas	Oil & Gas	🔒	🔒	🔒	🔒	🔒
16	14	↓ Megafon	Telecoms	🔒	🔒	🔒	🔒	🔒
17	16	↓ Transneft	Oil & Gas	🔒	🔒	🔒	🔒	🔒
18	19	↑ Beeline	Telecoms	🔒	🔒	🔒	🔒	🔒
19	20	↑ Nor Nickel	Mining	🔒	🔒	🔒	🔒	🔒
20	21	↑ Gazprombank	Banks	🔒	🔒	🔒	🔒	🔒
21	22	↑ Rosseti	Utilities	🔒	🔒	🔒	🔒	🔒
22	24	↑ Rostelecom	Telecoms	🔒	🔒	🔒	🔒	🔒
23	23	← Inter RAO	Utilities	🔒	🔒	🔒	🔒	🔒
24	18	↓ Lenta	Retail	🔒	🔒	🔒	🔒	🔒
25	26	↑ Baltika	Beers	🔒	🔒	🔒	🔒	🔒
26	27	↑ Sibur	Chemicals	🔒	🔒	🔒	🔒	🔒
27	35	↑ Slavneft	Oil & Gas	🔒	🔒	🔒	🔒	🔒
28	29	↑ Bashneft	Oil & Gas	🔒	🔒	🔒	🔒	🔒
29	31	↑ NLMK	Mining	🔒	🔒	🔒	🔒	🔒
30	40	↑ PIK	Real Estate Services	🔒	🔒	🔒	🔒	🔒
31	32	↑ Alfa Bank	Banks	🔒	🔒	🔒	🔒	🔒
32	33	↑ Rusal	Mining	🔒	🔒	🔒	🔒	🔒
33	34	↑ Lada	Automobiles	🔒	🔒	🔒	🔒	🔒
34	-	New Evraz	Mining	🔒	🔒	🔒	🔒	🔒
35	-	New Rofl	Automobiles	🔒	🔒	🔒	🔒	🔒
36	36	← Rushydro	Utilities	🔒	🔒	🔒	🔒	🔒
37	37	← Perekrestok	Retail	🔒	🔒	🔒	🔒	🔒
38	25	↓ UAC	Aerospace & Defence	🔒	🔒	🔒	🔒	🔒
39	-	New Tinkoff Bank	Banks	🔒	🔒	🔒	🔒	🔒
40	-	New RUSAGRO	Food	🔒	🔒	🔒	🔒	🔒
41	38	↓ Alrosa	Mining	🔒	🔒	🔒	🔒	🔒
42	46	↑ M.Video	Retail	🔒	🔒	🔒	🔒	🔒
43	42	↓ Detsky Mir	Retail	🔒	🔒	🔒	🔒	🔒
44	-	New Kamaz	Automobiles	🔒	🔒	🔒	🔒	🔒
45	43	↓ Severstal	Mining	🔒	🔒	🔒	🔒	🔒
46	45	↓ S7 Airlines	Airlines	🔒	🔒	🔒	🔒	🔒
47	-	New Metalloinvest	Mining	🔒	🔒	🔒	🔒	🔒
48	44	↓ DIXY	Retail	🔒	🔒	🔒	🔒	🔒
49	28	↓ Russian Helicopters	Aerospace & Defence	🔒	🔒	🔒	🔒	🔒
50	41	↓ Mostotrest	Engineering & Construction	🔒	🔒	🔒	🔒	🔒





# Sector Reputation Analysis.

## Benchmarking against the best

Every brand owner will want to compare brand equity against immediate competitors and peers. But broader benchmarking against brands across a range of categories provides a more rounded assessment of brand strength.

This perspective is also important as brand categories converge, with new technologies enabling disruption and brands seeking tactical entry into neighbouring categories, like a trusted supermarket offering financial services.

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

## Reputation dips slightly overall











On a like-for-like basis, reputation scores are lower this year, but only by a very small margin as the average brand score fell from 6.6 to 6.4 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 global average score reflects overall feelings towards brands: acceptance and appreciation, but rarely love and devotion.

## Autos lead the way









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

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

## Sectors Ranked by Reputation

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

## Tech halo shining less brightly

Consumers continue to hold the tech sector in high regard, even though reputation scores have fallen slightly. In part, any decline may be because issues in the public spotlight are finally impacting the reputation of some industry giants. Reputation scores for **Facebook** (6.3) and **Uber** (5.7) are all lower by 0.5 points, and **Huawei** (6.2) is under the global spotlight.

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

## Retail & Restaurants

Supermarkets and casual dining brands have moderately positive reputations overall, but these two are category leaders in terms of delivering value for money. Consumers are well aware that brands in these categories are out to make a profit – but unlike for instance banks, the consumer verdict is that brands such as **McDonalds** (39% 'great value') and **Tim Hortons** (38%) charge a fair price, though **Starbucks** (15%) is a notable exception.

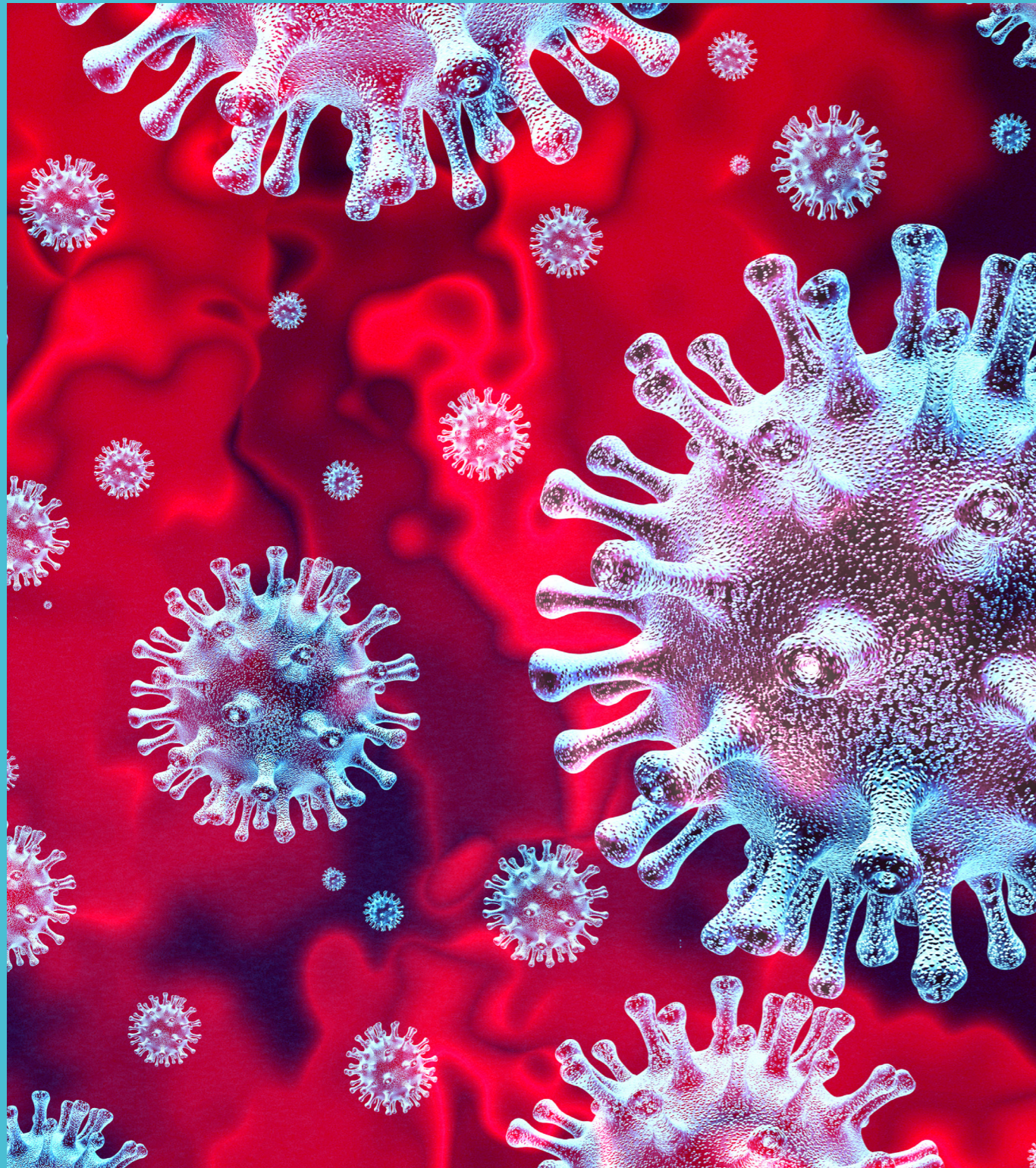
## Banks still in the red

Banking brands continue to struggle to earn the respect of consumers and are seen as offering poor value for money. However, ratings have generally stabilised – the key challenge is to show growth.

The broader set of scores in our research shows glimmers of opportunity. Banks fare reasonably well on customer service, caring about the community, and for website/app quality. For national and regional banks especially, a community-centred positioning in an age where in many places globalisation is being rejected, may be worth considering.



# COVID-19 Global Impact Analysis.

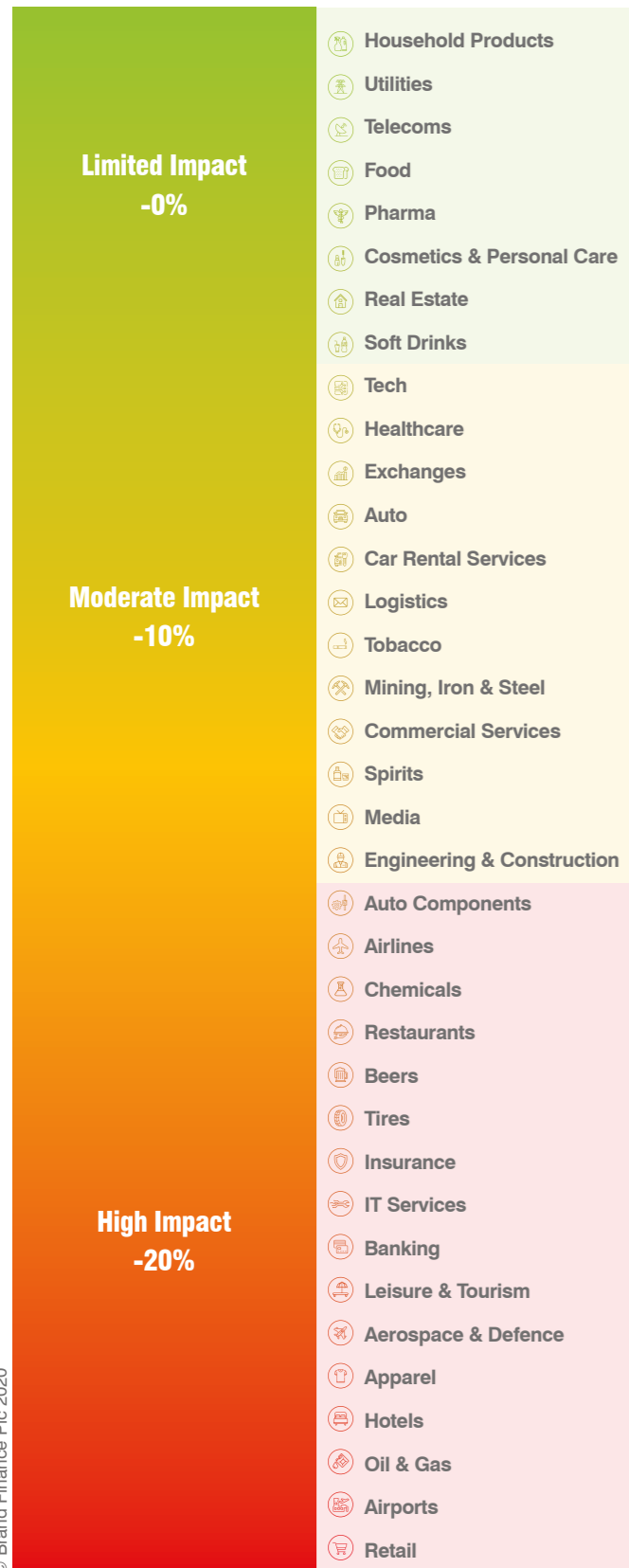


## Companies likely to lose up to \$1tn in Brand Value as Direct Impact of COVID-19 Outbreak, Effects to be Felt Well into Next Year.

- + 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 14<sup>th</sup> 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 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.

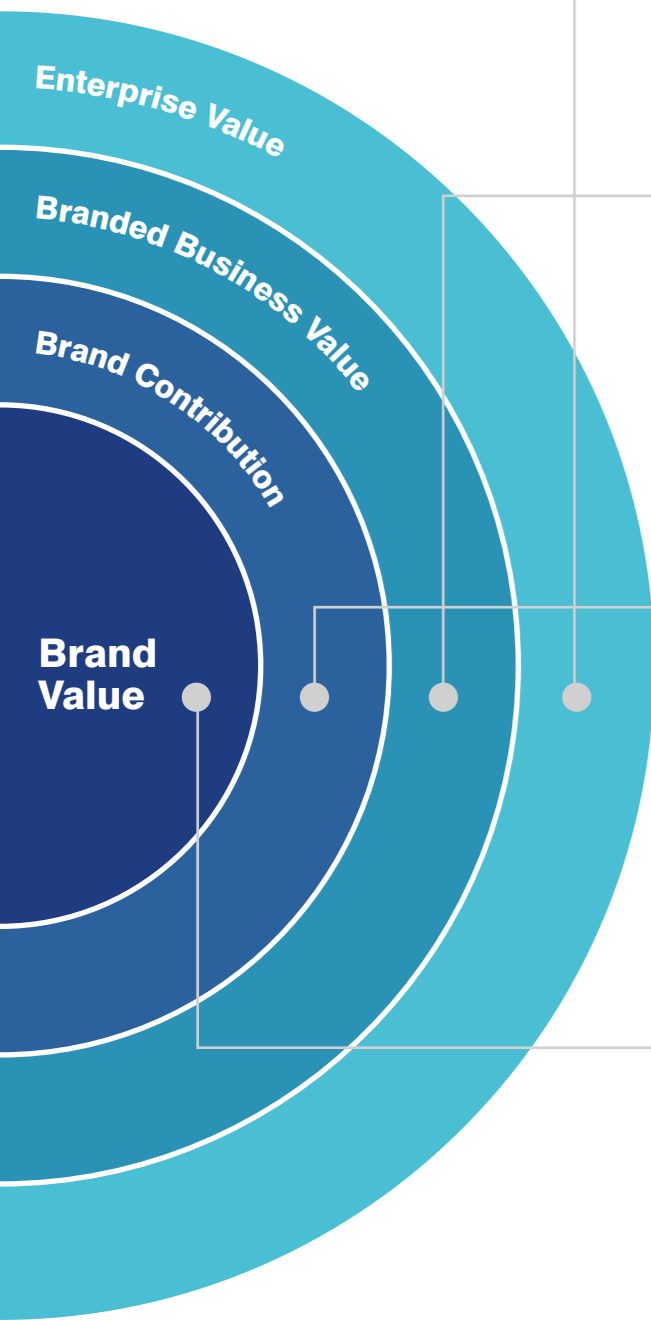
**However it is not all doom and gloom. Some brands will fare better under COVID-19: Amazon, Netflix, WhatsApp, Skype, BBC and BUPA are all booming.**

**David Haigh,**  
CEO, Brand Finance





# Definitions.



## Brand Value



**+ 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'.



**+ 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.



**+ 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.



**+ 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.

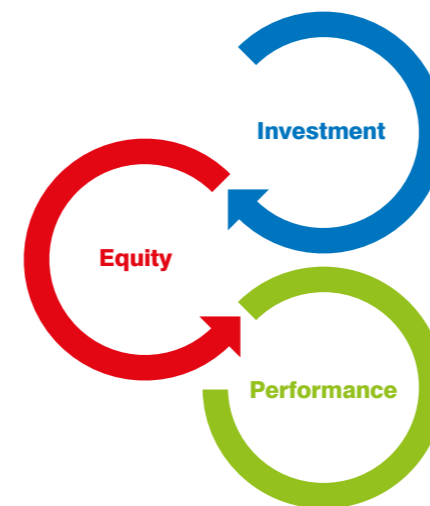
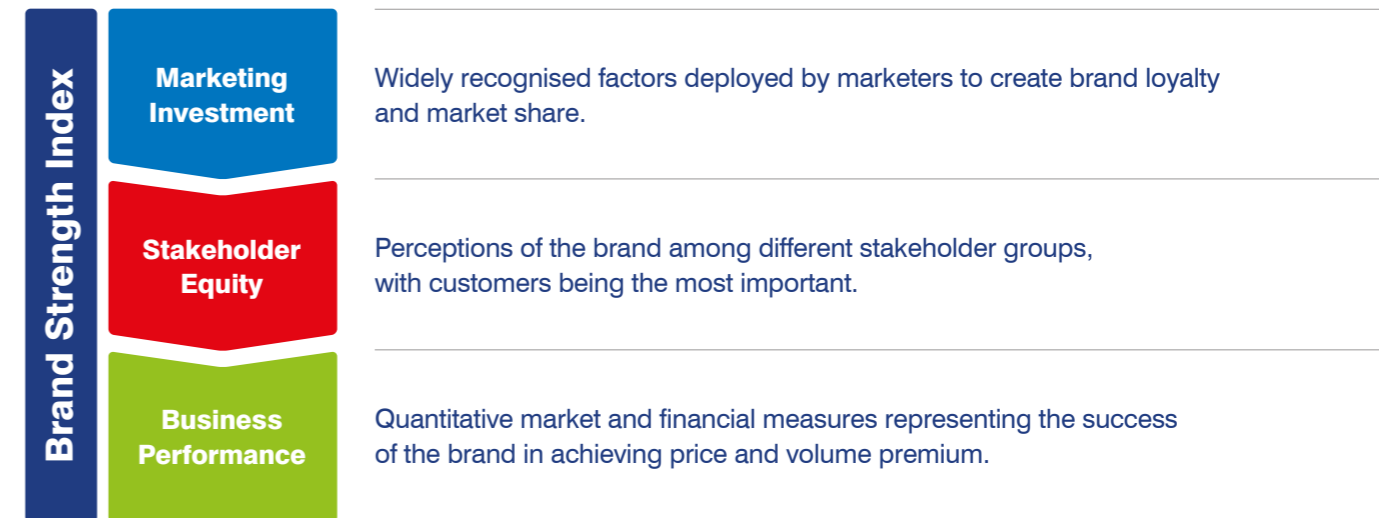
## Brand Strength

**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.

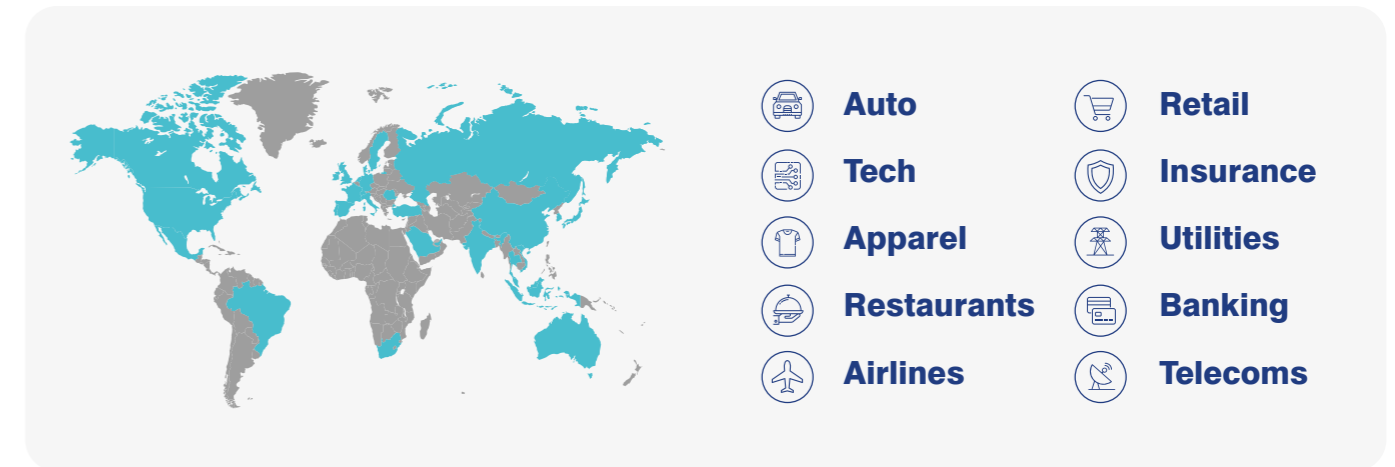


### Disclaimer

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.



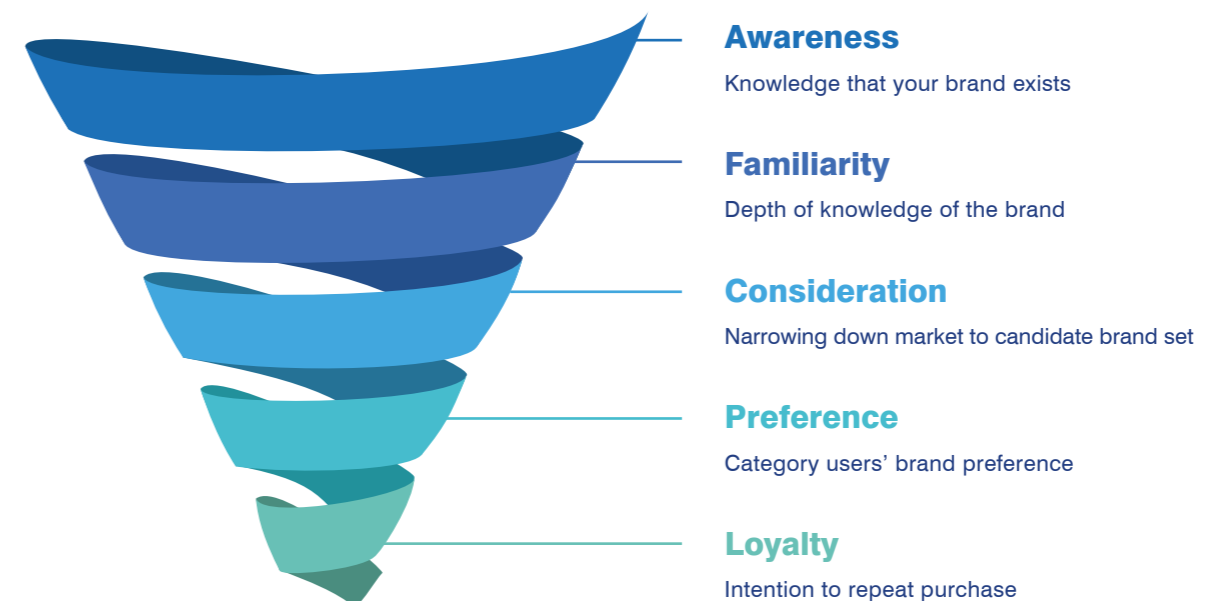
# Stakeholder Equity Measures.

## 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  
RUSSIAN  
BRAND**



**MOST VALUABLE  
RUSSIAN  
BRAND**



**STRONGEST  
RUSSIAN  
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)

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