



South Africa 50 2019

The annual report on the most valuable and strongest South African brands
July 2019

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Inspiring new ways

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About Brand Finance.

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

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 pride ourselves on four key strengths:
 + Independence + Transparency
 + Technical Credibility + Expertise

We put thousands of the world's biggest brands to the test every year, evaluating which are the strongest and most valuable.

Brand Finance helped craft the internationally recognised standard on Brand Valuation – ISO 10668, and the recently approved standard on Brand Evaluation – ISO 20671.



Get in Touch.

For business enquiries, please contact:

Jeremy Sampson
 Managing Director, Brand Finance Africa
 j.sampson@brandfinance.com
 +27 82 8857300

Declan Ahern
 Director, Brand Finance Africa
 d.ahern@brandfinance.com
 +44 20 7389 9400

For media enquiries, please contact:
Konrad Jagodzinski
 Communications Director, Brand Finance Plc
 k.jagodzinski@brandfinance.com

For more information, please visit our website:
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Request Your 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.

What is a Brand Value Report?

Brand Valuation Summary

- + Internal understanding of brand
- + Brand value tracking
- + Competitor benchmarking
- + Historical brand value

Brand Strength Index

- + Brand strength tracking
- + Brand strength analysis
- + Management KPIs
- + Competitor benchmarking

Royalty Rates

- + Transfer pricing
- + Licensing/franchising negotiation
- + International licensing
- + Competitor benchmarking

Cost of Capital

- + Independent view of cost of capital for internal valuations and project appraisal exercises

Customer Research

- | | |
|-------------|-------------|
| + Utilities | + Tech |
| + Insurance | + Auto |
| + Banks | + Hotels |
| + Telecoms | + Beers |
| + Airlines | + Oil & Gas |

For more information regarding our Brand Value Reports, please contact:

Jeremy Sampson
 Managing Director, Brand Finance Africa
 j.sampson@brandfinance.com
 +27 82 8857300

What are the benefits of a Brand Value Report?

- 
Insight
- 
Strategy
- 
Benchmarking
- 
Education
- 
Communication
- 
Understanding

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.

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



Jeremy Sampson
Managing Director,
Brand Finance Africa

Around the world, brands and branding have never been more important. Yet there remain some who still sniff at the mention of intangibles and goodwill. Today, the value of the intangibles of a company invariably far outweighs the value of the tangibles, and brand value is usually the major contributor. The Brand Finance Global 500 ranking is dominated by the tech companies.

The International Organization for Standardization (ISO) issued a media release last month which starts by saying: 'A brand can be a company's most valuable asset – yet how do you know what it is really worth? Measuring the value of a brand starts with knowing what to measure – and how'. ISO 20671 'Brand evaluation – Principals and fundamentals' has just been published, and alongside ISO 10668 'Brand valuation – Requirements for monetary brand valuation' aims to add rigour and accuracy to the whole process.

In South Africa, like in many emerging markets (EMs), telcos and finance are the dominant forces. It might come as a surprise that China is classified as an emerging market, and untypically they long ago embraced technology. The best performing counter on the Johannesburg Stock Exchange is Naspers, long a producer of printed newspapers and magazines who had the good fortune to have a CEO with the vision to invest in the latest in technology including China's Tencent.

Marketing should always be seen as an investment rather than a cost, and once you know the value of your brands, you can better manage them and monitor the effectiveness of the investment. After all, if brands are the most valuable assets of a company, they had better be given the care and attention they deserve, starting with what are they really worth?

Top South African Brands Outpace Struggling Economy.

- + Top 50 South African brands outpace GDP, growing 5.8% in real terms year on year
- + Telcos lead the way: MTN and Vodacom retain 1st and 2nd position
- + Banking sector is nation's most valuable, 4 brands claim spots in top 10
- + In contrast, healthcare sector is struggling, with brands recording significant decline in value
- + Castle has entered top 10 for first time, brand value R16.6 billion
- + Engen, Clicks and Discovery are nation's fastest-growing brands, up 67%, 59%, and 58% respectively
- + Tongaat Hulett falls out of rankings, amid accounting scandal
- + Capitec is strongest, BSI score 88.7 out of 100

Executive Summary.



South African brands outpace the economy

Brands that feature in the Brand Finance South Africa 50 report are defying the flat South African economy and recording healthy brand value growth. The nation's 50 most valuable brands are outpacing the country's GDP, recording 5.8% brand value growth in real terms year on year since 2018, compared to only 1.2% GDP growth over the same period.

Telcos lead the way

Telecommunications brands, **MTN** and **Vodacom**, lead the way in the rankings claiming first and second position respectively. Africa's biggest telcos company, MTN (brand value up 14% to R50.3 billion), has grown its subscriber level steadily over the last year and boosted revenue.

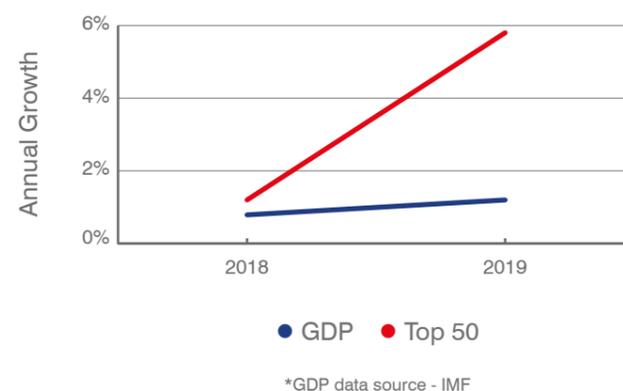
Vodacom's brand value increased by 21% to R33.3 billion, despite the brand recording revenue losses in its South African business. The strong results from Vodacom's international operations and the benefits reaped from the 2017 Safaricom acquisition, however, have provided solid growth for the brand over the last year.

The MTN-Vodacom duopoly is continuously grappling for greater market share across the country, resulting in data price wars, and thus leaving smaller brands struggling to compete, including, **Telkom** (up 15% to R5.9 billion) and **Cell C** (up 5% to R3.9 billion).

The impressive performance of South Africa's most valuable brands poses a potential source of growth for the economy that, in turn, could lead to increased job creation and funds flowing to the fiscus.

David Haigh
CEO, Brand Finance

Brand Value vs GDP Growth (Real Terms)



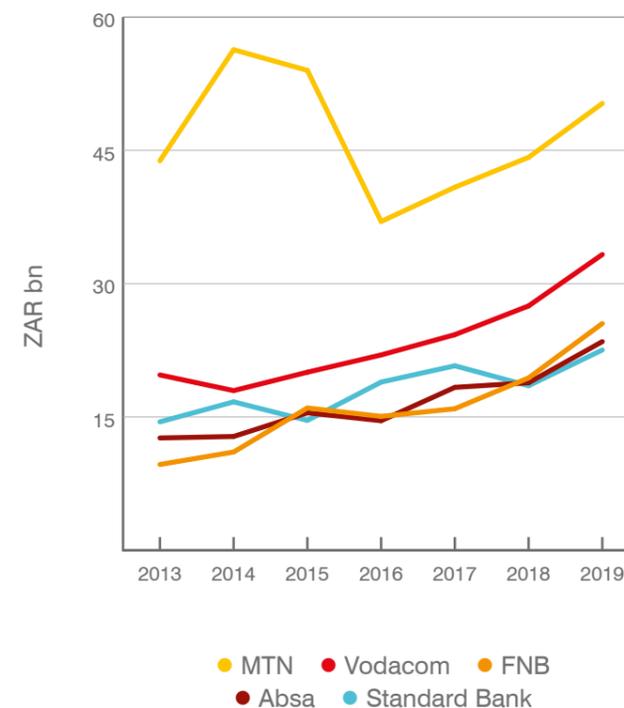
Although both brands have recorded modest growth compared with other brands across the ranking, they have achieved good results against the backdrop of falling telco brand values around the world, as they contend with the increased commoditisation of core carrier services and the need to implement new technologies requiring significant capital investment, such as the 5G mobile telephony.

Banks cash in as most valuable sector

The banking sector is the most valuable sector in the country with **First National Bank**, **Absa** and **Standard Bank** completing the top 5.

FNB has sustained strong brand value growth after it broke into the top 3 last year, its brand value increasing a healthy 32% to R25.5 billion. The bank's retail division has expanded its customer base, extended its credit line to top clients and recorded high levels of transactions through its app, all demonstrating its defiance to the economic troubles in the country.

Brand Value over Time



Top 10 Most Valuable Brands

	1 ← 1	2019: R50,280m 2018: R44,210m	+13.7%
	2 ← 2	2019: R33,281m 2018: R27,493m	+21.1%
	3 ← 3	2019: R25,515m 2018: R19,389m	+31.6%
	4 ← 4	2019: R23,474m 2018: R18,852m	+24.5%
	5 ← 5	2019: R22,539m 2018: R18,515m	+21.7%
	6 ← 6	2019: R20,956m 2018: R15,689m	+33.6%
	7 ↑ 10	2019: R18,779m 2018: R14,322m	+31.1%
	8 ↓ 7	2019: R16,722m 2018: R15,458m	+8.2%
	9 ↑ 11	2019: R16,632m 2018: R13,947m	+19.3%
	10 ↓ 9	2019: R15,817m 2018: R14,828m	+6.7%

Following Barclays' sale of its final stake in Absa in 2017, it has begun its return to the global banking marketplace. Absa (up 25% to R23.5 billion) has opened offices in the US and UK in a bid to support growth on the continent, as more businesses are looking towards Africa for investment amid Brexit uncertainty.

Standard Bank (up 22% to R22.5 billion), sitting in 5th place, has delivered sustainable earnings growth, which the brand attributes to the strength and breadth of its client franchise.

Beer brands bubble up

Castle, the National Beer of South Africa, has jumped into the top 10 for the first time, its brand value increasing 19% to R16.6 billion. 100% grown and produced in the country, Castle is a much-loved drink at home in South Africa, as well abroad, sold in over 40 countries worldwide.

The brand continues to benefit from its multiple sports sponsorship partnerships and from successful marketing drives, most notably the #SmashTheLabel campaign, which encouraged South Africans to unite against discrimination.

We can celebrate that the top South African brands are consistently recording high brand value growth rates, in stark contrast to the nation's sick economy, which is currently falling short of other countries' growth across the continent.

Jeremy Sampson
Managing Director, Brand Finance Africa

Brand Value by Sector



Sector	Brand Value (ZAR bn)	% of total
Banking	119.0	24.6%
Telecoms	95.1	19.7%
Retail	65.3	13.5%
Insurance	51.4	10.6%
Beers	36.4	7.5%
Oil & Gas	27.6	5.7%
Others	88.7	18.3%
Total	483.5	100.0%

Besides Castle, three further beer brands have entered the ranking for the first time: **Carling Black Label** (up 26% to R12.7 billion); **Hansa Pilsner** (up 13% to R4.2 billion); and **Soweto Gold Superior** (up 35% to R2.9 billion).

Healthcare sector struggling

In contrast, healthcare brands have suffered across the board with **MediClinic** (down 50% to R5.8 billion), **Netcare** (down 40% to R3.2 billion) and **Life Healthcare** (down 17% to R1.9 billion) recording high brand value losses. These three hospital group brands have a combined market share of 83% of the national private facilities and have therefore faced criticism that the sector is too concentrated.

Following the release of the Competition Commission's Health Market Inquiry's report, the sector has come under scrutiny for rising consumer costs and lack of transparency, both no doubt impacting brand values.

MediClinic, which has suffered the biggest knock to its brand value, has seen a dismal performance from its Swiss arm following regulatory changes in the country.

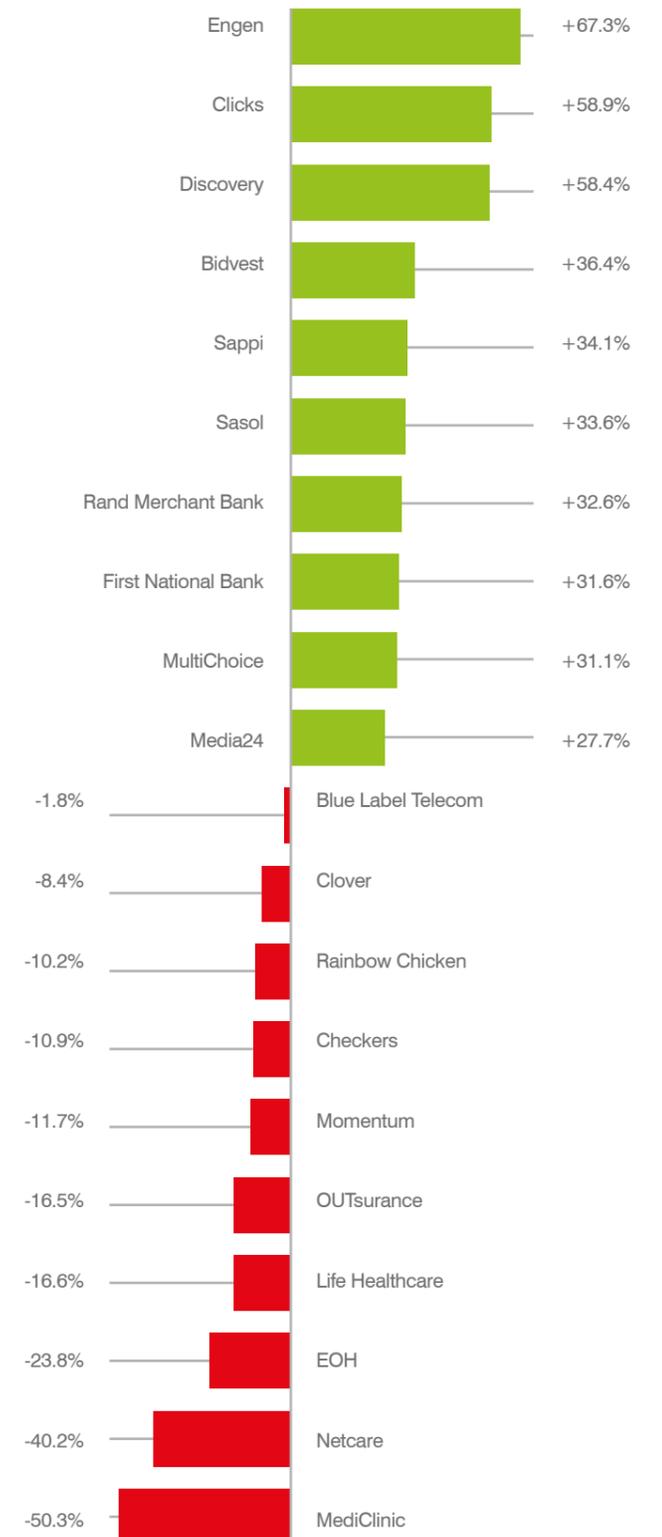
Ones to watch: Engen, Clicks & Discovery

Oil company, **Engen**, is the fastest-growing brand in South Africa, recording an impressive 67% rise in brand value to R6.7 billion. In 2018, Engen built 15 new service stations across the country, a record for the brand, and partnered with doughnut giant Krispy Kreme to launch its new forecourts, part of the brand's efforts to remain an attractive stop-over.

Clicks also boasts a significant rise in brand value, increasing 59% to R6.1 billion. The retailer has committed to its expansion programme over the last year, and with dozens of new stores in the pipeline, the company shows no signs of slowing down as it aims to hit its 900-store target.

Discovery (up 58% to R13.1 billion) is the nation's largest health-insurance administrator and has seen major success through its Vitality rewards scheme which awards points for completing various online health assessments and routine medical checks.

Brand Value Change 2018-2019 (%)



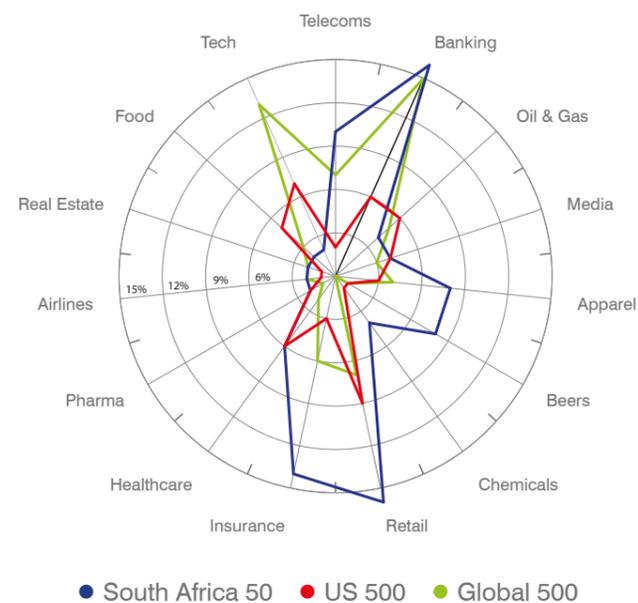


Aside from calculating overall brand value, Brand Finance also determines the relative strength of brands through a balanced scorecard of metrics evaluating marketing investment, stakeholder equity, and business performance. Alongside revenue forecasts, brand strength is a crucial driver of brand value.

According to these criteria, Discovery is the world's second strongest insurance brand, behind China's Ping An, and the nation's 5th strongest brand across all sectors, with a Brand Strength Index (BSI) score of 86.0 out of 100 and a corresponding AAA brand strength rating.

Despite there being a variety of sectors included in the ranking, tech is a sector that is greatly underrepresented. There is a need to develop brands within this sector if South Africa wants to close the gap with leading economies.

Top 50 Brands by Industry (%)



Trouble for Tongaat

South Africa's largest sugar producer, **Tongaat Hulett**, has dropped out of this year's ranking, following an accounting scandal in which the brand is currently being investigated for overstating its 2018 results. It

was recently announced that Tongaat has withdrawn its listing on the stock exchange and 5,000 employees have been sent retrenchment letters.

This is not the first time a South African brand has hit the headlines for accounting fraud. In late 2017, it was uncovered that Steinhoff had recorded fictitious and irregular transactions, which substantially inflated the brand's profits, and resulted in the brand's market value wiping out and the CEO's resignation.

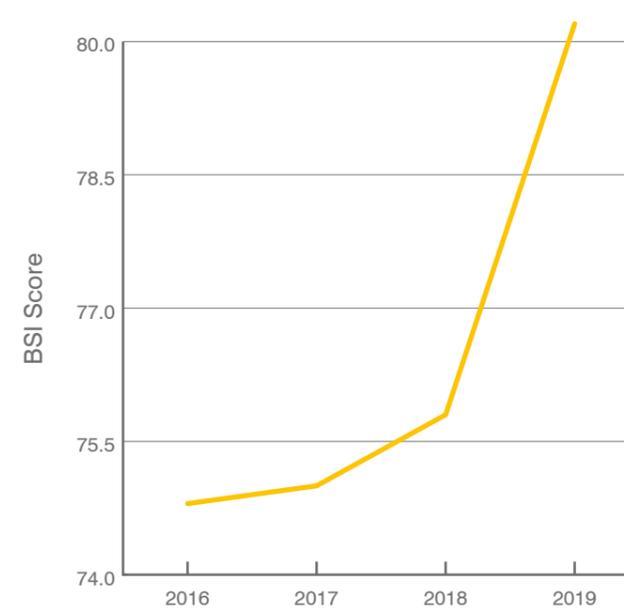
Capitec is the nation's strongest

Capitec (up 15% to R7.8 billion) defends its position as South Africa's strongest brand with a BSI score of 88.7 out of 100 and a corresponding AAA brand strength rating.

Since the bank's inception nearly two decades ago, Capitec has disrupted the country's financial services sector and traditional banks, through removing barriers to entry for everyday customers.

This approach has led to the brand boasting a vast customer base, with 44% of South Africans banking with them. This number is growing exponentially as more people turn to the brand for its reliability, transparency and reduced fees.

Average BSI of Top 10 Most Valuable Brands



Top 10 Strongest Brands

	1 ← 1		2019: 88.7 AAA 2018: 85.0 AAA	+3.7
	2 ↑ 21		2019: 87.5 AAA 2018: 68.9 AA-	+18.6
	3 ↑ 4		2019: 87.3 AAA 2018: 81.7 AAA-	+5.6
	4 – NEW		2019: 86.4 AAA 2018:	-
	5 ↑ 15		2019: 86.0 AAA 2018: 70.4 AA	+15.6
	6 ↑ 8		2019: 85.8 AAA 2018: 77.8 AA+	+7.9
	7 ↑ 20		2019: 83.1 AAA- 2018: 68.9 AA-	+14.2
	8 ↑ 13		2019: 82.6 AAA- 2018: 71.3 AA	+11.3
	9 ← 9		2019: 81.4 AAA- 2018: 76.4 AA+	+5.0
	10 ↓ 3		2019: 80.5 AAA- 2018: 81.9 AAA-	-1.4

Sector Reputation Analysis.



Declan Ahern
Director,
Brand Finance Africa

How brand reputation matters

Comparing brand reputation across sectors is a valuable process. Brand categories are converging in different ways, with new technologies disrupting many industries.

No banking, utility or oil and gas brand should take comfort in being the 'best of a bad bunch' – a poor reputation across the entire sector leaves brands vulnerable to challenges.

Confidence in tech is high

Tech brands' ability to disrupt categories is enhanced because consumers continue to hold the tech sector in high regard – despite scandals tarnishing the reputation of some industry giants.

In South Africa, the sector ranks first for overall reputation out of the 7 sectors covered in Brand Finance's research, and globally, tech is in the top 3.

Also on important brand equity drivers such as trust, consideration, recommendation, and – unsurprisingly – innovation, the tech sector ranks #1 in South Africa.

Brands such as **Google** (scoring 8.8 out of 10) and **Samsung** (8.6), enjoy very strong reputations in the country, with several others in the top 20 of all brands covered. These brands deliver on their promises, and their scores for trust are also well above the country average.

Sectors Ranked by Reputation South Africa



1
Tech **7.3**



2
Beers **7.2**



3
Airlines **6.8**



4
Oil & Gas **6.6**



5
Insurance **6.5**



6
Banking **6.2**



7
Telecoms **6.1**

Sectors Ranked by Reputation World



3=
Tech **7.0**



3=
Beers **7.0**



5=
Airlines **6.8**



5=
Oil & Gas **6.8**



7
Insurance **6.6**



9=
Banking **6.2**



9=
Telecoms **6.2**

Globally and in South Africa, consumers generally hold the big tech players in high regard, despite reputational challenges regarding data privacy and other corporate practices. Misgivings that some consumers and activists might have about brands such as Facebook and Uber are not universal, and in any case have not eroded trust in the sector as a whole.

Declan Ahern
Director, Brand Finance Africa

Banks and telcos lag behind

Banking brands and telecoms providers continue to struggle to earn the respect of consumers, taking the lowest places globally and in South Africa. Brands in these sectors are rated lowest of all for overall reputation, trust and quality of service, and little improvement is evident over the past 12 months.

Two banks that are bucking the general reputational trend in the banking industry are **Capitec** (7.8) and **First National Bank** (7.6), who are the 8th and 11th most reputable banks in the world. Both brands consistently rank within the top 10 globally for measures such as innovation, quality of products and services, as well as value for money, with Capitec regarded as delivering the highest value for money for any financial services brand worldwide.

Discovery stands out

Discovery (7.7) is the 3rd most reputable insurer in the world. High scores for key reputational drivers in financial services such as trust and quality are warning signs to the incumbent banks in South Africa that Discovery bank (and other challengers) pose a real threat to the industry.

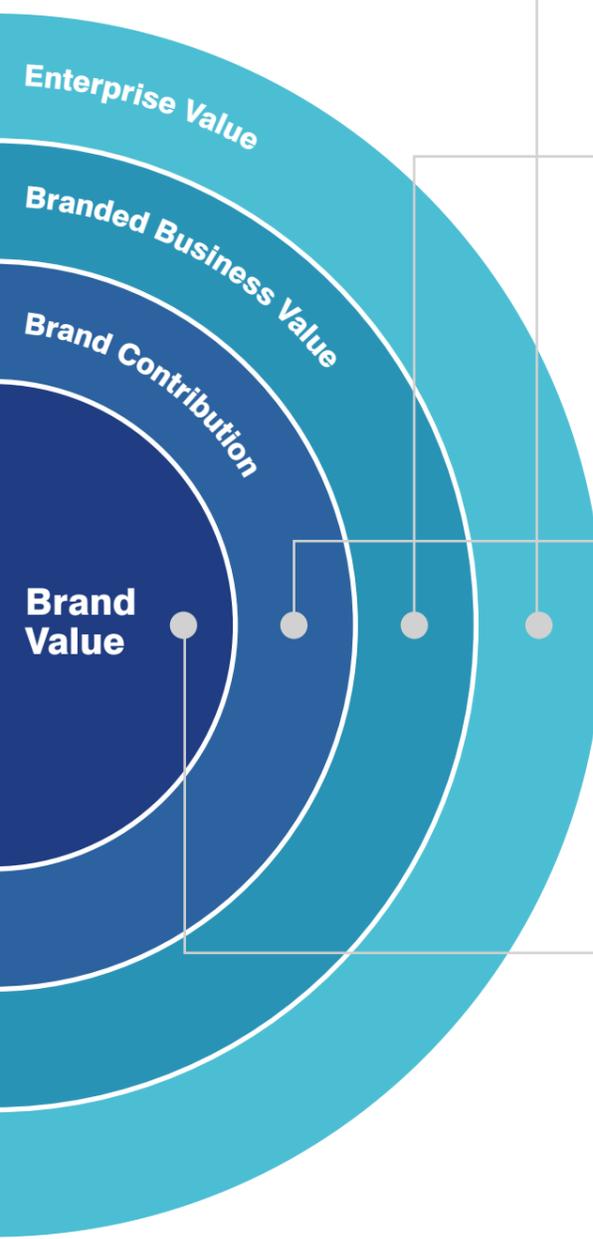
Brand Finance South Africa 50 (ZAR m).

Top 50 most valuable South African brands

2019 Rank	2018 Rank	Brand	Country	2019 Brand Value	Brand Value Change	2018 Brand Value	2019 Brand Rating	2018 Brand Rating
1	1	← MTN	Telecoms	R50,280	+13.7%	R44,210	AAA-	AAA-
2	2	← Vodacom	Telecoms	R33,281	+21.1%	R27,493	AA+	AAA
3	3	← First National Bank	Banking	R25,515	+31.6%	R19,389	AAA-	AAA
4	4	← Absa	Banking	R23,474	+24.5%	R18,852	AA+	AA+
5	5	← Standard Bank	Banking	R22,539	+21.7%	R18,515	AAA-	AA+
6	6	← Sasol	Oil & Gas	R20,956	+33.6%	R15,689	AA-	AAA-
7	10	↑ MultiChoice	Media	R18,779	+31.1%	R14,322	AA-	AA-
8	7	↓ Woolworths	Retail	R16,722	+8.2%	R15,458	AA+	AA+
9	11	↑ Castle	Beers	R16,632	+19.3%	R13,947	AA-	AAA
10	9	↓ Nedbank	Banking	R15,817	+6.7%	R14,828	AA+	AA+
11	8	↓ Investec	Banking	🔒	🔒	🔒	🔒	🔒
12	13	↑ Mondi	Chemicals	🔒	🔒	🔒	🔒	🔒
13	12	↓ Shoprite	Retail	🔒	🔒	🔒	🔒	🔒
14	18	↑ Discovery	Insurance	🔒	🔒	🔒	🔒	🔒
15	-	New Carling Black Label	Beers	🔒	🔒	🔒	🔒	🔒
16	15	↓ Old Mutual	Insurance	🔒	🔒	🔒	🔒	🔒
17	17	← Sanlam	Insurance	🔒	🔒	🔒	🔒	🔒
18	22	↑ Sappi	Chemicals	🔒	🔒	🔒	🔒	🔒
19	19	← Pick n Pay	Retail	🔒	🔒	🔒	🔒	🔒
20	21	↑ Capitec Bank	Banking	🔒	🔒	🔒	🔒	🔒
21	28	↑ Bidvest	Retail	🔒	🔒	🔒	🔒	🔒
22	31	↑ Engen	Oil & Gas	🔒	🔒	🔒	🔒	🔒
23	25	↑ Liberty	Insurance	🔒	🔒	🔒	🔒	🔒
24	23	↓ MRP	Apparel	🔒	🔒	🔒	🔒	🔒
25	20	↓ Checkers	Retail	🔒	🔒	🔒	🔒	🔒
26	32	↑ Clicks	Retail	🔒	🔒	🔒	🔒	🔒
27	26	↓ Telkom	Telecoms	🔒	🔒	🔒	🔒	🔒
28	14	↓ MediClinic	Healthcare	🔒	🔒	🔒	🔒	🔒
29	29	← Truworth	Apparel	🔒	🔒	🔒	🔒	🔒
30	30	← Media24	Media	🔒	🔒	🔒	🔒	🔒
31	33	↑ Rand Merchant Bank	Banking	🔒	🔒	🔒	🔒	🔒
32	27	↓ Rainbow Chicken	Retail	🔒	🔒	🔒	🔒	🔒
33	-	New Hansa Pilsner	Beers	🔒	🔒	🔒	🔒	🔒
34	35	↑ Country Road	Apparel	🔒	🔒	🔒	🔒	🔒
35	34	↓ Cell C	Telecoms	🔒	🔒	🔒	🔒	🔒
36	37	↑ Santam	Insurance	🔒	🔒	🔒	🔒	🔒
37	38	↑ Wesbank	Banking	🔒	🔒	🔒	🔒	🔒
38	-	New Pep Stores	Retail	🔒	🔒	🔒	🔒	🔒
39	24	↓ Netcare	Healthcare	🔒	🔒	🔒	🔒	🔒
40	-	New Soweto Gold Superior	Beers	🔒	🔒	🔒	🔒	🔒
41	39	↓ Foschini	Apparel	🔒	🔒	🔒	🔒	🔒
42	36	↓ Momentum	Insurance	🔒	🔒	🔒	🔒	🔒
43	40	↓ Aspen Holdings	Pharma	🔒	🔒	🔒	🔒	🔒
44	42	↓ South African Airways	Airlines	🔒	🔒	🔒	🔒	🔒
45	48	↑ Growthpoint Properties	Real Estate	🔒	🔒	🔒	🔒	🔒
46	41	↓ OUTsurance	Insurance	🔒	🔒	🔒	🔒	🔒
47	47	← Clover	Food	🔒	🔒	🔒	🔒	🔒
48	43	↓ Life Healthcare	Healthcare	🔒	🔒	🔒	🔒	🔒
49	50	↑ Blue Label Telecom	Telecoms	🔒	🔒	🔒	🔒	🔒
50	45	↓ EOH	Tech	🔒	🔒	🔒	🔒	🔒



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

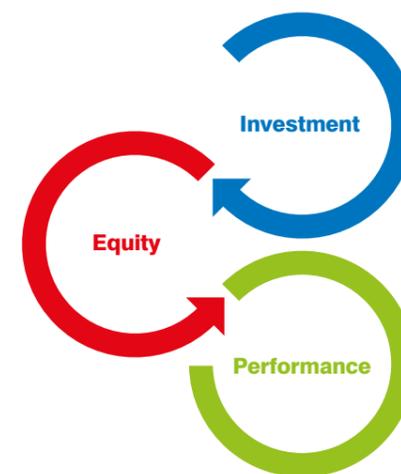
Widely recognised factors deployed by marketers to create brand loyalty and market share.

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 31 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 2018.



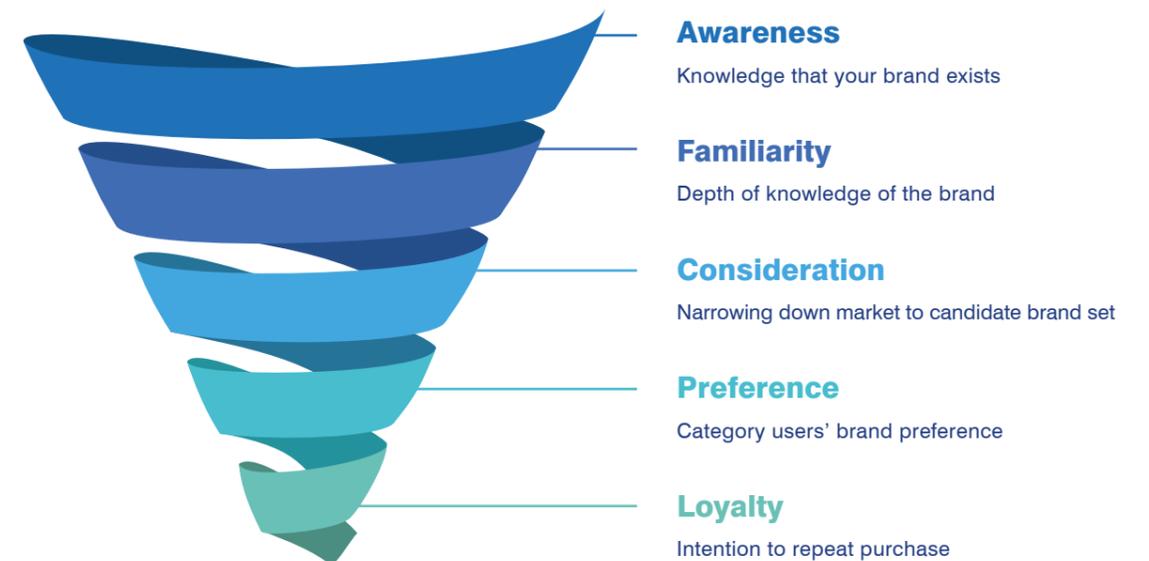
Stakeholder Equity Measures.

Key Metrics

- + Reputation
- + Innovation
- + Trust
- + 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 over 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 SOUTH AFRICAN BRAND



MOST VALUABLE SOUTH AFRICAN BRAND



STRONGEST SOUTH AFRICAN 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.

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

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

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

Market	Contact	Email	Telephone
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
East Africa	Jawad Jaffer	j.jaffer@brandfinance.com	+254 204 440 053
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	Savio D'Souza	s.dsouza@brandfinance.com	+44 207 389 9400
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 1559 197 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
South Africa	Jeremy Sampson	j.sampson@brandfinance.com	+27 82 885 7300
Spain	Teresa de Lemus	t.delemus@brandfinance.com	+34 654 481 043
Sri Lanka	Ruchi Gunewardene	r.gunewardene@brandfinance.com	+94 114 941670
Turkey	Muhterem Ilgüner	m.ilguner@brandfinance.com	+90 216 352 67 29
UK	Richard Haigh	rd.haigh@brandfinance.com	+44 207 389 9400
USA	Charles Scarlett-Smith	c.scarlett-smith@brandfinance.com	+1 514 991 5101
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

www.brandfinance.com