



Luxury & Premium 50 2019

The annual report on the most valuable and strongest luxury & premium brands

October 2019

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.



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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:

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What are the benefits of a Brand Value Report?



Insight



Strategy



Benchmarking



Education



Communication



Understanding

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.



Brand Strength Index (BSI)

Brand strength expressed as a BSI score out of 100.



Brand Royalty Rate

BSI score applied to an appropriate sector royalty range.



Brand Revenues

Royalty rate applied to forecast revenues to derive brand value.



Brand Value

Post-tax brand revenues discounted to a net present value (NPV) which equals the brand value.

Foreword.



Alex Haigh
Director, 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.

Porsche Speeds Ahead as World's Most Valuable Luxury and Premium Brand.

- + Porsche is world's number 1 luxury and premium brand, brand value US\$29.3 billion
- + Louis Vuitton knocked off second spot by Cartier, up 39% to US\$13.6 billion
- + British luxury brands drum up support in New York during Walpole Trade Delegation promoting best of Britain
- + Chanel inching way up, growing 95% to US\$11.5 billion
- + SK-II Japanese cosmetics brand is fastest growing, a tribute to brand's digital marketing success across social channels
- + Celebrity endorsement and digital marketing spend trump traditional billboard and TV campaigns
- + Ferrari is world's strongest luxury and premium brand, clocking elite AAA+ brand strength rating and 94.8 out of 100 Brand Strength Index (BSI) score

Executive Summary.



Porsche cements itself once again as the world's most valuable luxury and premium brand, increasing its brand value by 54% to US\$29.3 billion.

For over 70 years, the Porsche brand has been synonymous with world-class and superior quality sports car manufacturing. Steeped in tradition, Porsche's unwavering reputation has meant the brand has achieved solid sales growth reflected in an impressive 54% increase in brand value. The brand has recently announced the launch of its first pure-electric production car, the Taycan, demonstrating its commitment to innovation and development in an increasingly eco-conscious society.

Brexit Britain flies flag in New York

As the United Kingdom prepares to leave Europe ahead of the looming Brexit day of 31st October, it is the premium auto brands which have dominated British representation. With 4 of 5 brands coming from the luxury car sector: **Aston Martin** (down 8% to US\$3.3 billion), **Bentley** (down 8% to US\$2.3 billion), **Rolls-Royce** (up 52% to US\$1.6 billion) and **McLaren** (up 66% to US\$1.3 billion) it is only **Burberry** (up 2% to US\$4.7 billion) representing the British fashion sector and leading the way for British luxury and premium brands.

With this week's ongoing Walpole Trade Delegation in New York, the heads of 18 of Britain's biggest luxury goods brands such as winemaker Chapel Down and department store Harrods have joined the trade mission, which is hoping to improve relations after US President

Connotations of luxury extend far beyond fashion brands with this becoming ever more apparent since Porsche yet again tops the Brand Finance Luxury & Premium 50 2019 ranking of the world's most valuable luxury and premium brands. The combination of Porsche's trusted and long-standing heritage, a commitment to diversification, innovation and after sales-services is what really sets the auto titan apart from its competitors.

Alex Haigh
Director of Brand Finance

Donald Trump slapped a 25pc tariff on \$7.5bn of European Union goods. In a bid to strengthen transatlantic trade and investment ties in New York, it is also hoped that the mission will propel further luxury brands into next year's Brand Finance Luxury & Premium 50 ranking.

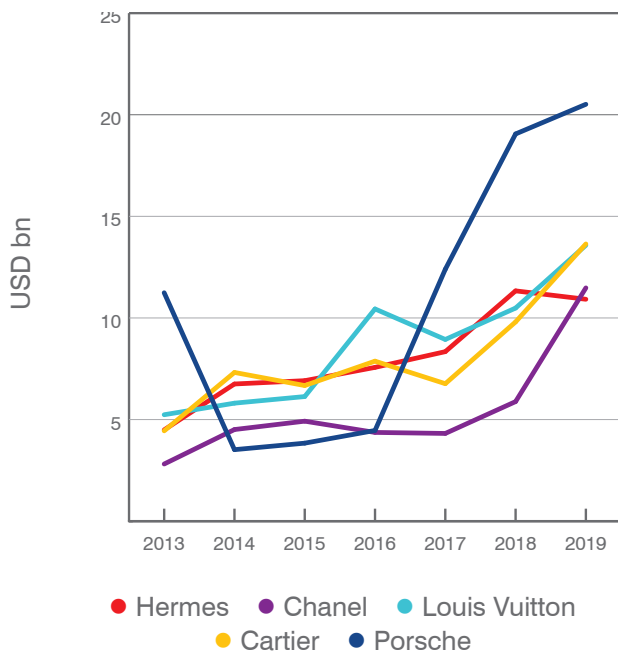
French luxury brands Cartier and Louis Vuitton swap rank

Prestigious jewellery manufacturer and watch maker, **Cartier** (brand value up 39% US\$13.6 billion), has clinched the second-place spot in this year's ranking, pushing **Louis Vuitton** (up 29% to US\$13.6 billion) down into third position. The brand, hailed by Edward VII as "the jeweller of kings and the king of jewellers", has long been the go-to jewellery brand for European royalty. With 300 boutiques worldwide, and the newly renovated flagship London store opening its doors at the end of last year, the brand has successfully recovered from the recent sector slump, further cementing its position as the crème de la crème of luxury jewellery.

Luxury heavyweights

Italian brands dominate this year's Luxury & Premium ranking, with 16 brands represented. Italy's reputation of being the leading producer of luxury brands dates

Brand Value over Time



Top 10 Most Valuable Brands

	1 ← 1			2019: \$29,347m 2018: \$19,055m +54.0%
<i>Cartier</i>	2 ↑ 3			2019: \$13,642m 2018: \$9,805m +39.1%
	3 ↓ 2			2019: \$13,576m 2018: \$10,487m +29.5%
CHANEL	4 ↑ 9			2019: \$11,480m 2018: \$5,884m +95.1%
	5 ↓ 4			2019: \$10,920m 2018: \$9,545m +14.4%
GUCCI	6 ↓ 5			2019: \$10,192m 2018: \$8,594m +18.6%
	7 ↓ 6			2019: \$8,327m 2018: \$6,537m +27.4%
	8 ↓ 7			2019: \$8,047m 2018: \$6,3m60 +26.5%
COACH	9 ↓ 8			2019: \$7,544m 2018: \$6,189 +21.9%
DIOR	10 ↑ 16			2019: \$6,323m 2018: \$4,035 +56.7%

Executive Summary.

back centuries, and this standing is reinforced through continually creating products of the finest quality. The connotation from the moniker 'Made in Italy' label opens doors on the global stage for Italian brands, allowing them to reap the rewards of international sales.

France is the second most represented nation in the ranking, with 10 French brands claiming spots. France, a traditional rival of Italy in the luxury and premium space, also sports a rich legacy in the sector, with Paris often referred to as the global capital of luxury, due to the sheer volume of luxury store openings on a year on year basis.

Luxury brand entrants

Three new entrants have made it into this year's Brand Finance Luxury & Premium ranking: **Montblanc** (brand value US\$925 million), **Bobbi Brown** (US\$786 million) and **Fendi** (US\$573 million). The highest new entrant, Montblanc (38th position), launched the first luxury smartwatch, the Montblanc Summit, at the end of 2018, showcasing the brand's commitment to digital innovation.

Biggest winner: SK-II

Japanese skin care brand SK-II, owned by parent company Procter & Gamble saw its brand value increase by a staggering 117%. The brand is being used as a guinea pig for P&G's new, more digital-

focused, marketing tactics as a result of marketing budget cuts. P&G, the owner of brands such as Always, Gillette, Pampers and Pantene, said in its annual report for the year to June 2019 that it reduced marketing spend in all five of its key business segments for the third year in a row to US\$6.75 billion.

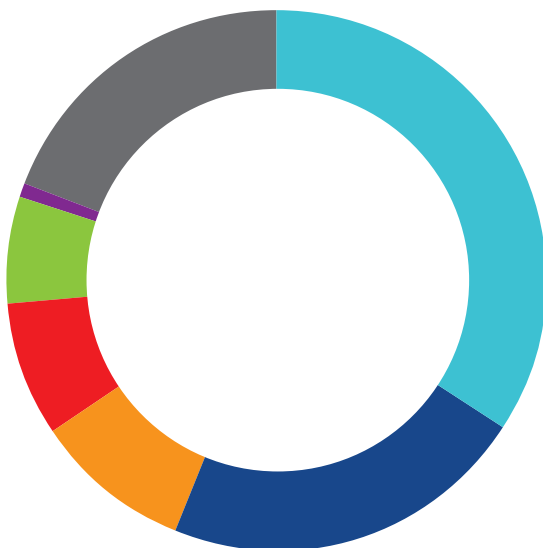
Also the fastest-growing brand of 2019, SK-II, steers away from images of opulence and glamour, as evoked by luxury brands such as Chanel and Louis Vuitton, instead favouring more un staged celebrity appearances on social media.

With an advertising campaign costing P&G approximately half of what it would have traditionally spent on similar high profile campaigns, and featuring Chinese actress Ni Ni and British comedian James Cordon, SK-II's #BareSkinProject rides the wave of the body positivity movement by celebrating women embracing their bare skin. In its new series of Instagram videos and exclusive short films, P&G's social media accounts have clocked up an impressive 40 million views and 1.3 million online engagements in just two weeks since rollout.

Premium losers

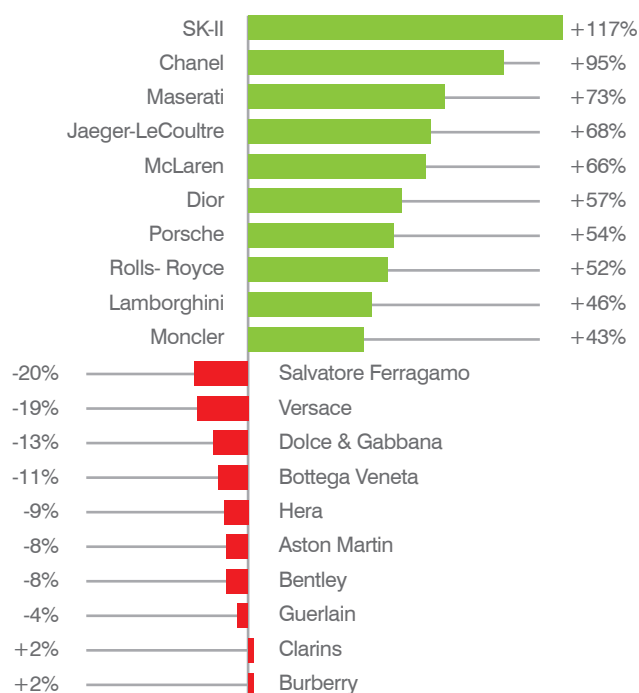
Sliding down the rankings this year are Italian brands **Salvatore Ferragamo** (down 20% to US\$1.6 billion) and Versace (down 19% to US\$857 million).

Brand Value by Country



Country	Brand Value (USD bn)	% of total
France	71.9	34.3%
Italy	46.2	22.1%
United States	19.8	9.5%
Switzerland	16.9	8.0%
United Kingdom	13.1	6.3%
South Korea	2.5	1.2%
Others	39.2	18.7%
Total	209.6	100.0%

Brand Value Change 2018-2019 (%)



Salvatore Ferragamo had a difficult 2018, recording drops in both sales and profits largely as a result of unfavourable performances in EMEA and US. The brand has, however continued to grow in Asia, which could help to boost its brand value in the coming year.

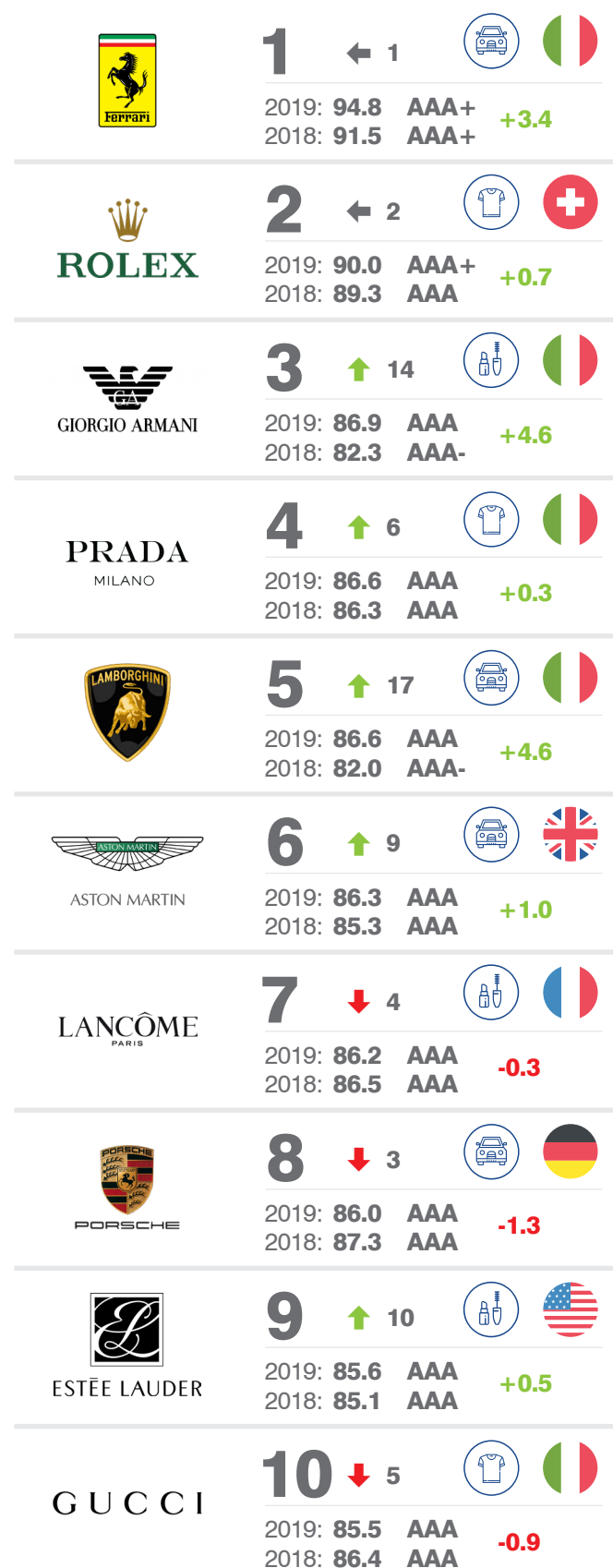
The story is similar for **Versace**, with the brand recording a sales slump over the last year. Fashion giant, Michael Kors (now Capri Holdings), acquired Versace in December 2018 with the hopes of modernisation and brand expansion.

Versace has stuck to its strategy of capitalising on celebrity endorsements to boost sales. Following the frenzy around Donatella Versace's 1993 dress at Vogue's 100th anniversary party – a dress that cemented her role as the face of the brand – Versace has continued to capitalise on the success of celebrities in statement dresses. Most recently, Versace dominated headlines during Milan Fashion Week 2019, where Jennifer Lopez closed the show wearing the green Versace dress from the Grammys in 2000 – an iconic dress that led to the creation of Google Image search.

Chanel inches way up

In the wake of the passing of **Chanel** (up 95% to US\$11.5 billion) designer Karl Lagerfeld earlier this year,

Top 10 Strongest Brands



Brand Value by Sector



Sector	Brand Value (USD bn)	% of total
● Apparel	116,684	55.7%
● Auto	50,609	24.1%
● Cosmetics & Personal Care	42,294	20.2%
Total	209.6	100.0%

many have credited him for his tactical strategies of introducing ranges of affordable cosmetics which allowed the aspirational aspects of the brand to be actualised by a wider pool of consumers; those who could only ever aspire to wear Chanel clothing but who could own a perfume or lipstick. Whether Karl’s successor Virginie Viard can continue the brand’s journey is yet to be seen.

Hermès & Tom Ford reject A-list stars

While celebrity endorsements are rife amongst luxury brands – usually in the form of advertisements and brand ambassadors – 2 of the top 50 brands in the Brand Finance Luxury & Premium 2019 ranking notably do not use celebrities as part of their marketing strategies.

Hermès’ (up 14% to US\$10.9 billion) aversion to celebrity endorsements can perhaps be summarised in a quote from former CEO, Jean-Louis Dumas: “We don’t have a policy of image, we have a policy of product”. This policy still rings true, trickling down to the brand’s marketing strategy, as celebrities such as

Kendall Jenner and Cara Delevigne who are so popular with Hermès’ competitors, are absent from the brand’s advertisements and social media pages.

Tom Ford (up 34% to US\$633 million), follows a very similar marketing strategy, as the eponymous CEO has been famously quoted as saying that celebrities “cheapen” the brand. Save for the memorable Tom Ford show at New York Fashion Week in 2010, when stars such as Beyoncé and Julianne Moore modelled on the designer’s catwalk, the brand has largely avoided using Hollywood stars in their marketing campaigns.

The absence of orchestrated celebrity appearances in Hermès’ and Tom Ford’s marketing campaigns does not invalidate either brand profiting from more informal celebrity endorsements. In the case of Hermes, the brand’s highly sought-after Birkin bags have famously been in the headlines, pictured on the arms of celebrities such as Kim Kardashian and Victoria Beckham. Undoubtedly, this media furore has contributed to consumer perceptions of Birkin bags as rare and collectable items, sparking five-year long waiting lists for the latest models. Similarly, Tom Ford’s brand has been viewed to benefit from informal celebrity endorsements, as the fashion mogul is frequently seen in the company of A-list celebrities, as per his recent interview with Julianne Moore for Vogue.

Ferrari races ahead

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, **Ferrari** (up 27% to US\$8.3 billion) is the world’s strongest luxury and premium brand with a Brand Strength Index (BSI) score of 94.8 out of 100 and an elite AAA+ brand strength rating. Since its inception, Ferrari has remained synonymous with style and performance, enabling the brand to successfully extend into other sectors – from merchandise, such as hats and sunglasses, to theme parks, and even the Maranello Village, a Ferrari-themed hotel – without losing its appeal as a luxury brand. Upmarket auto brands in general continue to turn heads and win consumer approval.

Brand Finance Luxury & Premium 50 (USD m).

Top 50 most valuable luxury & premium brands 1-50

2019 Rank	2018 Rank		Brand	Country	Sector	2019 Brand Value	Brand Value Change	2018 Brand Value	2019 Brand Rating	2018 Brand Rating
1	1	←	Porsche	Germany	Auto	\$29,347	+54%	\$19,055	AAA	AAA
2	3	↑	Cartier	France	Apparel	\$13,642	+39%	\$9,805	AAA-	AAA-
3	2	↓	Louis Vuitton	France	Apparel	\$13,576	+29%	\$10,487	AAA	AAA
4	9	↑	Chanel	France	Cosmetics & Personal Care	\$11,480	+95%	\$5,884	AA+	AA+
5	4	↓	Hermes	France	Apparel	\$10,920	+14%	\$9,545	AAA	AAA
6	5	↓	Gucci	Italy	Apparel	\$10,192	+19%	\$8,594	AAA	AAA
7	6	↓	Ferrari	Italy	Auto	\$8,327	+27%	\$6,537	AAA+	AAA+
8	7	↓	Rolex	Switzerland	Apparel	\$8,047	+27%	\$6,360	AAA+	AAA
9	8	↓	Coach	United States	Apparel	\$7,544	+22%	\$6,189	AAA-	AAA-
10	16	↑	Dior	France	Apparel	\$6,323	+57%	\$4,035	AAA-	AAA-
11	11	←	Tiffany & Co.	United States	Apparel	\$5,895	+26%	\$4,687	AAA-	AAA-
12	15	↑	SHISEIDO	Japan	Cosmetics & Personal Care	\$5,244	+24%	\$4,215	AAA-	AA+
13	10	↓	Guerlain	France	Cosmetics & Personal Care	\$5,069	-4%	\$5,306	AAA	AAA
14	13	↓	Estée Lauder	United States	Cosmetics & Personal Care	\$4,952	+11%	\$4,448	AAA	AAA
15	12	↓	Burberry	United Kingdom	Apparel	\$4,680	+2%	\$4,587	AAA-	AAA-
16	17	↑	Prada	Italy	Apparel	\$4,489	+17%	\$3,838	AAA	AAA
17	20	↑	Omega	Switzerland	Apparel	\$4,375	+37%	\$3,197	AAA-	AA+
18	14	↓	Clarins	France	Cosmetics & Personal Care	\$4,293	+2%	\$4,220	AA+	AA+
19	19	←	Armani	Italy	Apparel	\$3,664	+4%	\$3,540	AAA-	AA+
20	22	↑	Lancôme	France	Cosmetics & Personal Care	\$3,361	+13%	\$2,961	AAA	AAA
21	18	↓	Aston Martin	United Kingdom	Auto	\$3,265	-8%	\$3,556	AAA	AAA
22	25	↑	Moncler	Italy	Apparel	\$2,991	+43%	\$2,095	AAA-	AAA-
23	24	↑	Bulgari	Italy	Apparel	\$2,923	+30%	\$2,243	AA-	AA
24	30	↓	Maserati	Italy	Auto	\$2,761	+73%	\$1,592	AA+	AA+
25	29	↑	Valentino	Italy	Apparel	\$2,345	+30%	\$1,806	AA+	AAA-
26	23	↓	Bentley	United Kingdom	Auto	\$2,267	-8%	\$2,457	AAA-	AAA-
27	27	←	Saint Laurent	France	Apparel	\$2,101	+11%	\$1,887	AA+	AA+
28	39	↑	SK-II	Japan	Cosmetics & Personal Care	\$1,837	+117%	\$847	AAA	AAA-
29	32	↑	TAG Heuer	Switzerland	Apparel	\$1,835	+18%	\$1,550	AA+	AA+
30	31	↑	Sulwhasoo	South Korea	Cosmetics & Personal Care	\$1,713	+9%	\$1,579	AA+	AA
31	33	↑	Lamborghini	Italy	Auto	\$1,705	+46%	\$1,170	AAA	AAA-
32	28	↓	Bottega Veneta	Italy	Apparel	\$1,628	-11%	\$1,829	AAA-	AAA-
33	37	↑	Rolls-Royce	United Kingdom	Auto	\$1,592	+52%	\$1,051	AAA	AA+
34	26	↓	Salvatore Ferragamo	Italy	Apparel	\$1,591	-20%	\$1,989	AA+	AA+
35	41	↑	McLaren	United Kingdom	Auto	\$1,345	+66%	\$809	AAA-	AA+
36	34	↓	Loewe	Spain	Apparel	\$1,296	+16%	\$1,120	AAA-	AAA-
37	35	↓	Givenchy	France	Apparel	\$1,140	+8%	\$1,058	AAA-	AAA-
38	-	New	Montblanc	Switzerland	Apparel	\$925	-	-	AAA-	-
39	42	↑	Longines	Switzerland	Apparel	\$914	+28%	\$716	AA+	AA+
40	36	↓	Versace	Italy	Apparel	\$857	-19%	\$1,053	AAA-	AA
41	43	↑	AUPRES	Japan	Cosmetics & Personal Care	\$817	+24%	\$659	A+	A+
42	38	↓	Dolce & Gabbana	Italy	Apparel	\$815	-13%	\$937	AA-	AA
43	-	New	Bobbi Brown	United States	Cosmetics & Personal Care	\$786	-	-	AA+	-
44	49	↑	Jaeger-LeCoultre	Switzerland	Apparel	\$764	+68%	\$454	AA+	AA
45	40	↓	Hera	South Korea	Cosmetics & Personal Care	\$746	-9%	\$816	AA-	AA-
46	45	↓	Giorgio Armani	Italy	Cosmetics & Personal Care	\$726	+32%	\$552	AAA	AAA-
47	44	↓	Miu Miu	Italy	Apparel	\$639	+13%	\$564	AAA-	AAA-
48	46		Clé de Peau Beauté	Japan	Cosmetics & Personal Care	\$638	+21%	\$529	AA	AA-
49	48	↓	Tom Ford	United States	Cosmetics & Personal Care	\$633	+34%	\$471	AA+	AA+
50	-	New	Fendi	Italy	Apparel	\$573	-	-	AA+	-

The Value of Royal Warrants.



David Haigh
CEO, Brand Finance

Some companies can enhance their brand with an even closer association with the Monarchy. The Royal Warrant is granted on the recommendation of the Lord Chamberlain, to suppliers of goods or services who have had a trading relationship with the households of the Queen, the Duke of Edinburgh, or the Prince of Wales for at least five years. The award of a Royal Warrant allows the company or individual to display the Coat of Arms of the member of the Royal Family in question alongside their own Coat of Arms or the company logo.

The Royal Warrant Holders Association points to William Caxton as the first Warrant holder, following his appointment as the King's printer in 1476. Tradesmen began displaying the Royal Arms in the late 18th century, but it was not until Queen Victoria's reign that Royal Warrants gained the mass appeal and international renown they still confer today. Throughout her reign, the Queen has granted over 2000 Royal Warrants to companies that are still household names including Schweppes and Twinings.

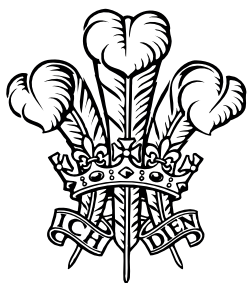


The Royal Warrant is both a matter of prestige and a commercial benefit. It is the most direct connection to the Royal Family a firm can hope to achieve, highlighting both the enduring appeal of Royal associations and the use of heraldry in cementing them.



It is worth noting that this is highly dependent on both the sector and size of the brand. Originally, the Royal Warrant was seen as a guarantee of acceptable quality as well as an indicator of prestige. The former function may no longer be quite as relevant since the shop or supermarket where a product is sold may be a sufficient guarantor of quality for the consumer. Tighter regulations on product quality and manufacturing will have helped to raise minimum standards. Therefore, for product categories where display and status do not feature in purchasing decisions and functionality is paramount, the financial benefit of the warrant may indeed be relatively small. Examples include Boots and DHL, which hold Royal Warrants but do not frequently advertise the fact.

On the other hand, for brands that trade on values or activities associated with the Monarchy, the added value can be very significant. Brand Finance research indicates that some companies may earn up to 5% of their revenue as a result of the Royal Warrant.



Growing international demand for high quality British goods has contributed to a new surge of interest in the Royal Warrant. Firstly there is the recent surge in interest in everything to do with the British Royal Family, arising from the wedding of William and Kate and the Queen's Diamond Jubilee in 2012. However, a second and longer term trend may be even more beneficial. Increasing Asian affluence in the 21st century has already boosted demand for luxury goods. Asian consumers are said to be particularly impressed by the Royal Warrant and this has contributed to a resurgence of British fashion brands, such as Burberry and Barbour, both of which display their Royal Warrants prominently.

Why Coats of Arms Matter to Brands.

Individuals, organisations, and companies are keen to associate themselves with the notions of duty, service, consistency, and heritage that the Monarchy conveys. The fact that the British Monarchy is still a working institution and that the College of Arms has such close ties to it, means a grant of arms is the most relevant and direct way for British and Commonwealth brands to associate themselves with such noble characteristics. The rigorous process conducted by the heralds at the College of Arms means that only those companies deemed to have sufficient standing will be awarded arms, so the public can have confidence that the desired associations are grounded in fact. A Coat of Arms is therefore a certification of a brand's dependability and longevity, reinforcing consumer perception and boosting brand value.

Brand Finance Coat of Arms

Brand Finance originally registered its Coat of Arms on its 10th anniversary in 2006. In 2016, we were able to apply for supporters. These are only granted to companies deemed highly reputable by the College of Arms. We have found that the usage of the Coat of Arms is helpful in our core Brand Finance business, particularly in the international market where the implied status is recognised, but also with regards to the Brand Finance Institute, Brand Finance Forums, and Brand Exchange.

All aspects of the full Brand Finance Coat of Arms have been specially created and have meaning related to our ethos and philosophy.

We distinguish between the use of a full and a simplified Coat of Arms depending on the application.

Simplified Coat of Arms

Due to the modern demands of an organisation's logo, some sectors may not be able to maximise the use of a full and intricate Coat of Arms. A simplified Coat of Arms can be created from the full heraldic version to allow for much more flexibility in terms of application strategy.

The Brand Finance heraldic design was simplified to use it alongside our Brand Finance word mark – whilst still retaining its status as an official Coat of Arms.

Bridge

Symbolises the company's mission:
Bridging the gap between marketing and finance.

Diagonal lines

The heraldic symbol for branding.

Circles

The heraldic symbol for finance.

Book

The heraldic symbol for knowledge.

Colours

Blue: Strength, truth and loyalty.

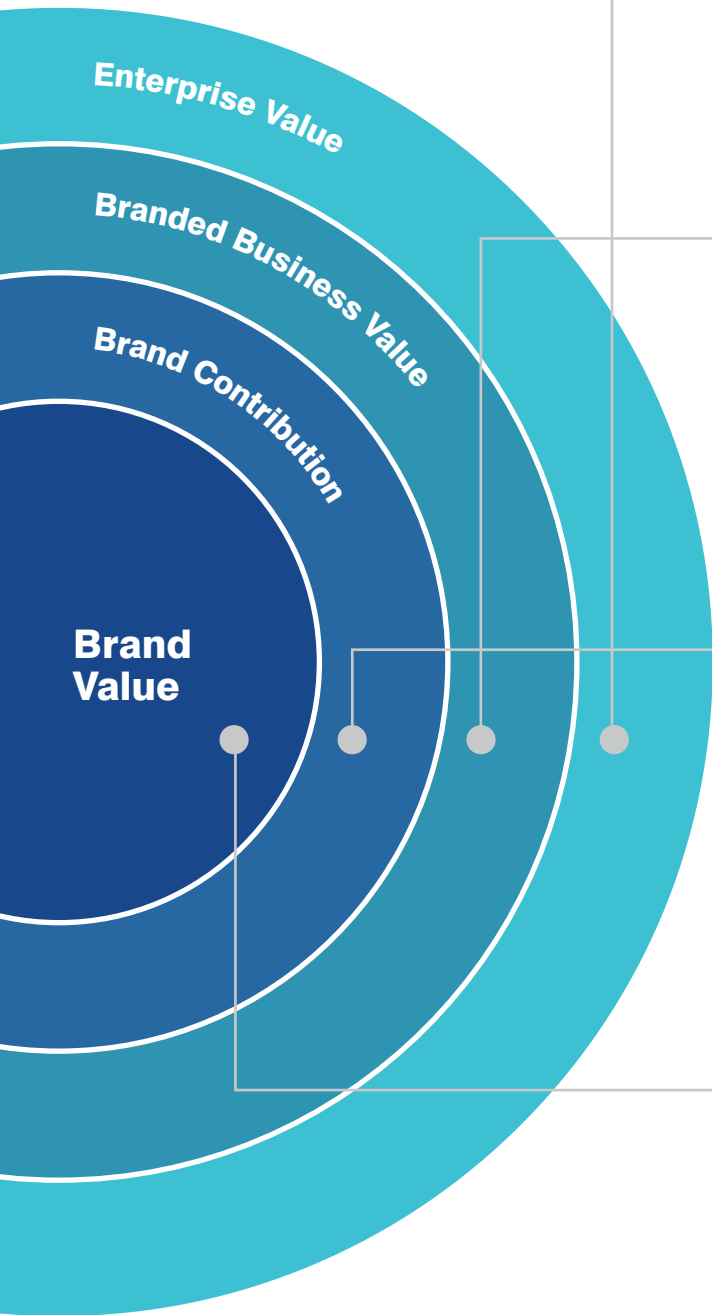
Gold: Understanding, respect, virtue and generosity.

Dragons

The heraldic symbol for strength and guardianship.



Definitions.



Brand Value

LVMH
[LVMH MOET]

+ 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'.


[Louis Vuitton]

+ 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.


[Louis Vuitton]

+ 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.


[Louis Vuitton]

+ 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.

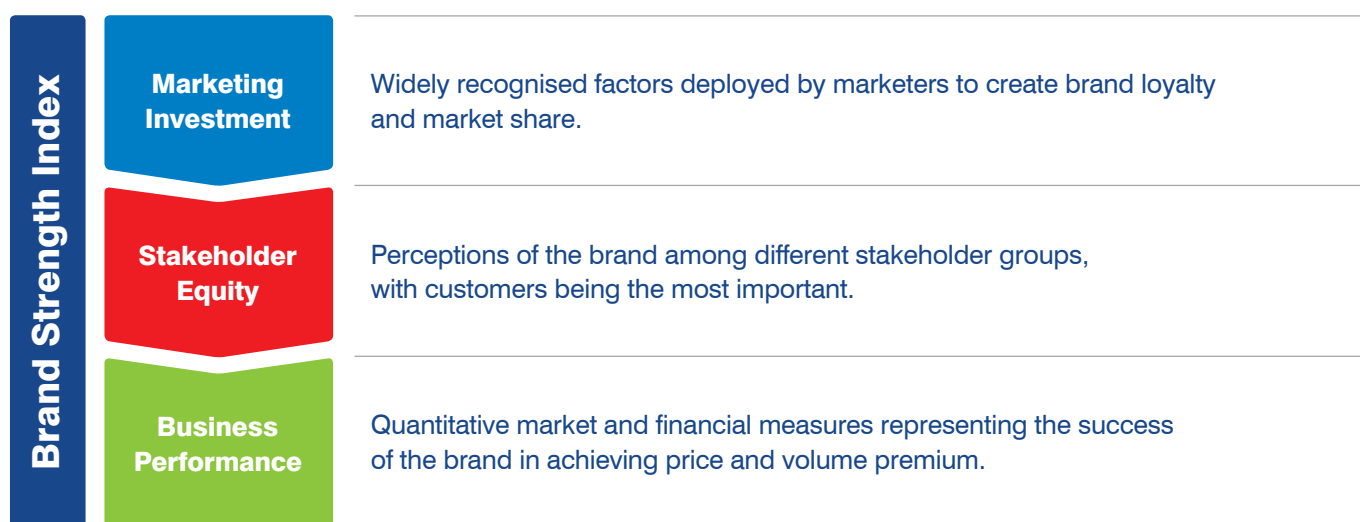
Brand Strength

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

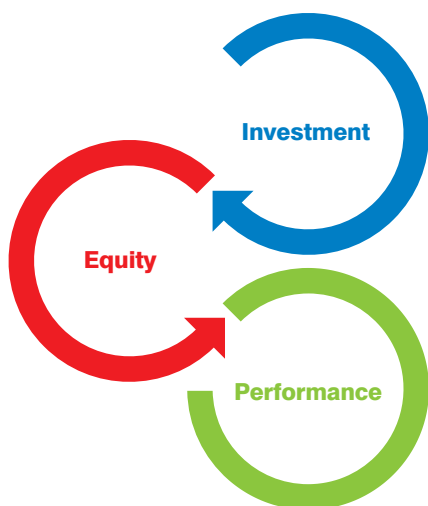
- A brand that has high Marketing Investment but low Stakeholder Equity may be on a path to growth. This high investment is likely to lead to future performance in Stakeholder Equity which would in turn lead to better Business Performance in the future.
- However, high Marketing Investment over an extended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



Consulting Services.

1. Valuation: What are my intangible assets worth?

Valuations may be conducted for technical purposes and to set a baseline against which potential strategic brand scenarios can be evaluated.

- + Branded Business Valuation
- + Trademark Valuation
- + Intangible Asset Valuation
- + Brand Contribution

2. Analytics: How can I improve marketing effectiveness?

Analytical services help to uncover drivers of demand and insights. Identifying the factors which drive consumer behaviour allows an understanding of how brands create bottom-line impact.

- Market Research Analytics +
- Return on Marketing Investment +
- Brand Audits +
- Brand Scorecard Tracking +

4. Transactions: Is it a good deal? Can I leverage my intangible assets?

Transaction services help buyers, sellers, and owners of branded businesses get a better deal by leveraging the value of their intangibles.

- + M&A Due Diligence
- + Franchising & Licensing
- + Tax & Transfer Pricing
- + Expert Witness

3. Strategy: How can I increase the value of my branded business?

Strategic marketing services enable brands to be leveraged to grow businesses. Scenario modelling will identify the best opportunities, ensuring resources are allocated to those activities which have the most impact on brand and business value.

- Brand Governance +
- Brand Architecture & Portfolio Management +
- Brand Transition +
- Brand Positioning & Extension +



MARKETING

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



FINANCE

We provide financiers and auditors with an independent assessment on all forms of brand and intangible asset valuations.



TAX

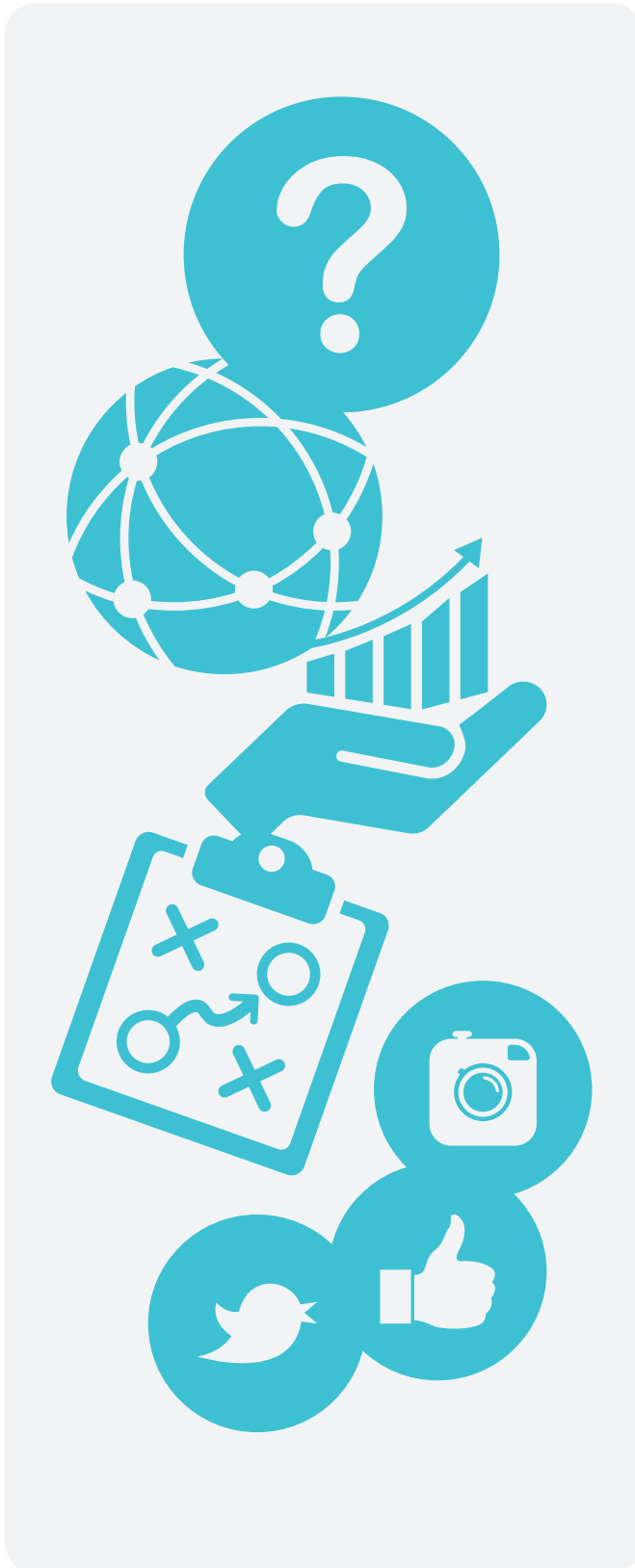
We help brand owners and fiscal authorities to understand the implications of different tax, transfer pricing, and brand ownership arrangements.



LEGAL

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
LUXURY & PREMIUM
BRAND**



**MOST VALUABLE
LUXURY & PREMIUM
BRAND**



**STRONGEST
LUXURY & PREMIUM
BRAND**



Video Endorsement – record video with Brand Finance CEO or Director speaking about the performance of your brand, for use in both internal and external communications.



Bespoke Events – organise an award ceremony or celebratory event, coordinate event opportunities and spearhead communications to make the most of them.



Digital Infographics – design infographics visualising your brand's performance for use across social media platforms.



Trophies & Certificates – provide a trophy and/or hand-written certificate personally signed by Brand Finance CEO to recognise your brand's performance.



Sponsored Content – publish contributed articles, advertorials, and interviews with your brand leader in the relevant Brand Finance report offered to the press.



Media Support – provide editorial support in reviewing or copywriting your press release, pitching your content to top journalists, and monitoring media coverage.

Brand Dialogue[®]



Value-Based Communications

With strategic planning and creative thinking, we develop communications plans to create dialogue with stakeholders that drives brand value. Our approach is integrated, employing tailored solutions for our clients across PR, marketing and social media.

SERVICES

- Research and Insights
- Integrated Communications Planning
- Project Management and Campaign Execution
- Content and Channel Strategy
- Communications Workshops

For more information, contact enquiries@brand-dialogue.co.uk or visit www.brand-dialogue.co.uk

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