



# Chinese Pharma 2023

A special report on the most valuable and strongest Chinese pharma brands  
July 2023

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# Contents.

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<b>About Brand Finance</b>	<b>4</b>
<b>Background</b>	<b>8</b>
<b>Executive Summary</b>	<b>11</b>
Brand Value Analysis	12
Brand Strength Analysis	15
<b>Brand Spotlight</b>	<b>24</b>
Guangzhou Pharmaceutical	26
<b>Methodology</b>	<b>28</b>
<b>Our Services</b>	<b>38</b>

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

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**We quantify the financial value of brands**

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

**We offer a unique combination of expertise**

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

**We pride ourselves on technical credibility**

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

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



## Get in Touch.

**For business enquiries, please contact:**

**Scott Chen**  
 Managing Director, China  
 +86 18601188821  
 s.chen@brandfinance.com

**For media enquiries, please contact:**

**Martin Shi**  
 Managing Director Assistant, China  
 m.shi@brandfinance.com

**For all other enquiries:**  
 enquiries@brandfinance.com  
 +44 207 389 9400  
 www.brandfinance.com

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

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 Brand Valuation Summary

  
 Brand Strength Tracking

  
 Royalty Rates

  
 Cost of Capital Analysis

  
 Customer Research Findings

  
 Competitor Benchmarking

  
 Benchmarking

  
 Education

  
 Communication

  
 Understanding

  
 Insight

  
 Strategy

Benefits

Contents

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**Brand Finance**  
Institute

### Brand Finance Institute

Brand Finance Institute is the educational division of Brand Finance, whose purpose is to create and foster a professional environment for knowledge-sharing and networking among practitioners and experts in the market. BFI organises events, in-company training, and corporate educational initiatives around the world. In the quest for marketing excellence and with the purpose to equip the brand valuation and strategy practitioners with the necessary skills and tools, we have developed a wide range of programmes and certifications in collaboration with the most coveted business schools, universities and thought leaders in the field.

**Brand Dialogue**



### Brand Dialogue

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

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- 38 countries** and **31 sectors** covered
- More than **150,000 respondents** surveyed annually
- We are now **in our 7<sup>th</sup> consecutive year** conducting the study

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# Background.

China's pharmaceutical industry has seen rapid growth after the pandemic, allowing it to further its transformation from a pharmaceutical manufacturing base to a strategic research and development (R&D) hub that prioritises the digitalisation of its processes.

As such, the industry currently prioritises innovation in drug manufacturing, rather than the production of generic drugs. China can expect to see its major pharma brands investing in R&D in the coming years.

Brand Finance has already evaluated the world's most valuable and strongest pharma brands, and this report aims to take it one step further by delving into the Chinese pharma industry for the following three reasons:

## 1. New opportunities have arisen for pharma brands because of the rapid advancement and adoption of artificial intelligence (AI) and big data

The rise in popularity of healthcare products has continued to remain high post-pandemic, with Chinese healthcare projected to maintain an annual growth rate of approximately 9.7%.

The advancement of AI and big data catalyses consumer healthcare expenditure. This is mainly because pharma brands can now conduct more effective and quicker R&D.

This results in the invention of more personalised and cheaper health products that aligns more closely with consumer needs, increasing demand.

Additionally, application of AI and big data in sales and marketing will also improve consumer experience, incentivising increase in demand. Moreover, it is estimated that AI and big data will generate an approximate US\$100 billion in the pharma industry annually.

## 2. New opportunities for Chinese medicine

The recent trend of the pharma industry is to focus on customisable health products to meet the consumer needs more effectively. Therefore, in the context of the Chinese market, multinational pharma brands are changing their traditional, global centric R&D models by engaging in alternative collaboration models with pharma brands specialising in Traditional Chinese Medicine (TCM) to create integrated health products.

Consequently, this type of product would enable both types of pharma brands to increase their consumer base by appealing to a wider demographic.

## 3. Demand for online medical services is growing rapidly

After the pandemic, Chinese patients are increasingly confident in utilising online medical services due to its reliability, convenience and efficiency. By December 2022, users of online medical services grew by 21.7% year-on-year, making online medical services the fastest growing application.

The demand for telehealth services is expected to translate into a surge in online sales of prescription drugs. Chinese pharma brands seek to integrate their online and offline business platforms via digitalisation, providing consumers with timely drug supply services.





# Executive Summary.

Brand Finance has analysed and ranked the top 15 most valuable and strongest Chinese pharma brands in 2023.

- + **Sinopharm** retains its position as the most valuable Chinese pharma brand with a brand value increase of 7% to US\$3.8 billion. The brand is spearheading the mass adoption of AI and big data in the pharma industry.
- + Coming as the second most valuable Chinese pharma brand is **Guangzhou Pharmaceutical**, with a brand value increase of 8% to US\$2.2 billion. It also defended its crown as the most valuable TCM brand in our rankings.
- + **SPH** ranks third despite its brand value falling 1% to US\$1.5 billion. Its investments in R&D continue to propel the brand as the Chinese pharma industry increasingly focuses on developing its R&D capabilities.

Brand Finance conducted original market research on the perceptions of these 15 Chinese pharma brands, surveying the opinions of 1,000 respondents aged 18-75 across the nation. Results from the survey directly impact the Brand Strength Index (BSI) scores for the brands analysed.

- + **Yunnan Baiyao** defends its title as the strongest Chinese pharma brand with a BSI score of 73 and a corresponding AA brand strength rating.
- + **Tong Ren Tang** (BSI 72), Sinopharm (BSI 70), Guangzhou Pharmaceutical (BSI 70) and **Pien Tze Huang** (BSI 69) complete the list of the five strongest brands.
- + Overall consumer perceptions of Chinese pharma brands remain largely unchanged, staying on the positive with good perceptions of quality and care of consumers over profits.
- + Yunnan Baiyao and Tong Ren Tang continue to score highly across the awareness, familiarity and consideration metrics. Yunnan Baiyao boasts the highest familiarity score (89%) across all three age groups.
- + According to respondents, the collective reputation of TCM brands is more favourable than that of non-TCM Chinese pharma brands – 7.6 out of 10 as compared to 7.3.
- + In terms of recommendation, Tong Ren Tang ranks first with a score of 8.3 out of 10. Yunnan Baiyao also garnered a high recommendation score of 8.1.

# Brand Value Analysis.



Being at the frontlines of the pandemic, Chinese pharma brands demonstrated an outstanding performance in the previous year of 2021. According to our rankings, the pharma industry posted a 3% cumulative brand value increase. This year, two new entrants made the list. They are **Pien Tze Huang** and **Harbin Pharmaceutical** with impressive brand values of US\$312.97 million and US\$117.45 million respectively.

## Smart pharmacy initiative helps Sinopharm defend top position

At the top of China's most valuable pharma brands is Sinopharm, which recorded a 7% brand value increase to US\$3.8 billion. Additionally, the brand saw an increase in its brand strength rating from AA- to AA. Sinopharm launched its smart pharmacy which utilises AI analytics and big data to achieve sales damage prevention, intelligent monitoring and other similar service-based functions. This allowed for the improvement in health services offered, incentivising higher consumer demand.

## Guangzhou Pharmaceutical reaps commendable accolades from its multidisciplinary approach

Guangzhou Pharmaceutical retained 2<sup>nd</sup> position in our rankings, with its brand value growing by 8% to US\$2.2 billion and recording an improvement in brand strength rating from AA- to AA. The brand was the only pharma brand specialising in TCM in Guangzhou that received an "Excellent" rating by the National Administration of Traditional Chinese Medicine (NATCM). This accolade is due to a multidisciplinary approach

**Having established their domestic consumer base during the pandemic, many Chinese pharma brands are venturing into global markets. It is crucial that they continue to focus on innovation by enhancing R&D capabilities and incorporating digitalisation and artificial intelligence into their products. Doing so will allow them to better cater to the needs of their consumers, creating for them competitive advantages over their pharma counterparts from other regions.**

**Scott Chen**  
Managing Director, Brand Finance China

## Top 15 Most Valuable Brands

1 ← 1	 国药集团 SINOPHARM	USD3.8 bn +7%
2 ← 2	 广药集团 Guangzhou Phar. Holdings	USD2.2 bn +8%
3 ← 3	 SPH 上海医药 SHANGHAI PHARMA	USD1.5 bn -1%
4 ← 4	 云南白药 YUNNAN BAIYAO	USD0.8 bn +2%
5 ← 5	 华东医药 HUADONG MEDICINE	USD0.6 bn +22%
6 ↑ 8	 FOSUN PHARMA 复星医药	USD0.4 bn +4%
7 ← 7	 石药集团 CSPC	USD0.4 bn -13%
8 New	 虎仔黄 PIEN TZE HUANG	USD0.3 bn -
9 ↑ 10	 华润三九 CR SANJIU	USD0.3 bn +9%
10 ↓ 9	 同仁堂 TONG REN TANG	USD0.3 bn -4%
11 ↑ 12	 健康元 Joincare	USD0.2 bn -6%
12 ↓ 11	 人福医药 HUMANWELL HEALTHCARE	USD0.2 bn -20%
13 ↑ 14	 太极集团 TAIJI	USD0.2 bn +27%
14 ↓ 13	 步长制药 BUCHANG PHARMA	USD0.1 bn -17%
15 New	 哈药集团 HARBIN PHARMACEUTICAL GROUP	USD0.1 bn +68%

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which integrated technology as part of its R&D processes despite it being a TCM brand. Thus, Guangzhou Pharmaceutical's adaptability to technology places it in a strong position to reap the rewards of future technology and strategic partnerships.

## SPH maintains position by focusing on innovation and research

SPH retained its 3<sup>rd</sup> place ranking with a dip in brand value by 1% to US\$1.5 billion while retaining a brand strength rating of AA-. In 2022, the brand established high-end innovation platforms such as Huiyong and Xun Yao Biotechnology, attracting top scientists to its R&D system.

During the pandemic, SPH drove China's drug procurement efforts. It secured exclusive import and distribution rights of the Japan manufactured COVID-19 resistant oral drug Ensitrelvir. SPH supplied the Chinese market with the vital drug, ensuring timely treatment of patients.



### Guangzhou Pharmaceutical secures most valuable TCM brand title for 3<sup>rd</sup> year running

Brand Finance has also created a secondary ranking from its ranking of Chinese pharma brands with specific focus on TCM brands given their unique standing within the broader industry.

Guangzhou Pharmaceutical lays claim to being the most valuable TCM brand once again, with Yunnan Baiyao coming in 2nd place. Pien Tze Huang, a new entrant in our brand rankings, completes the top three in 3<sup>rd</sup> place. Yunnan Baiyao partnered with technology giant Huawei through a “Comprehensive Cooperation Agreement on Artificial Intelligence Drug R&D” arrangement which intends to enhance the scientific and technological content of Yunnan Baiyao’s products.

999 (brand value up 9% to US\$302.7 million) and Tong Ren Tang (brand value down 4% to US\$278.69 million) finish the list of the top five most valuable TCM brands in 4th and 5th positions respectively. In 2022, on World Stroke Day, Tong Ren Tang held its “Peer Support for Stroke Prevention” campaign for the seventh consecutive year in Hong Kong. It screened live broadcasted lectures and provided visits to stroke rehabilitation centres to raise awareness about stroke prevention among the younger generations.



### Top 5 Most Valuable Traditional Chinese Medicine Brands

1		USD2.2 bn +8%
2		USD0.8 bn +2%
3		USD0.3 bn -
4		USD0.3 bn +9%
5		USD0.3 bn -4%

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## Brand Strength Analysis.

### Top 15 Strongest Brands

1 ← 1		73.4 AA	-0.7
2 ↑ 3		71.7 AA	+1.4
3 ↑ 4		69.8 AA	+1.3
4 ↑ 6		69.6 AA	+3.9
5 New		68.9 AA-	-
6 ↓ 2		67.9 AA-	-2.8
7 New		66.6 AA-	+9.7
8 ↓ 5		65.8 AA-	-0.7
9 ↓ 8		65.0 AA-	+2.1
10 ↑ 12		63.4 A+	+7.7
11 ↓ 9		63.2 A+	+0.4
12 ↓ 10		59.6 A+	+0.2
13 ↓ 7		58.4 A	-5.1
14 ↓ 11		55.9 A	-0.03
15 ↓ 13		53.4 A-	-2.0

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In addition to measuring 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. Brand Finance conducted original market research on the Chinese pharma sector, where 1,000 respondents were asked about the 15 Chinese pharma brands that feature in the ranking and their opinions on a variety of metrics including reputation, recommendation and trust.

Yunnan Baiyao is the strongest Chinese pharma brand with a BSI score of 73 out of 100 and a corresponding AA brand strength rating. Tong Ren Tang (BSI 72), Sinopharm (BSI 70), Guangzhou Pharmaceutical (BSI 70) and Pien Tze Huang (BSI 69) complete the top five strongest brands.





## Awareness and Familiarity

### General awareness recedes but deeper brand familiarity is on the rise

Despite COVID-19's ongoing impact within China, there are signs that pandemic living is becoming increasingly established as the new norm. As a result, top-level awareness for Chinese pharma brands have been softening since 2021 as the initial fear factor dissipates slightly. This is evident as average Chinese pharma brand awareness dropped 5% to 49% from 54% in 2021.

However, while broader awareness is not at 2021 levels, a growing nucleus of consumers who have a stronger depth of familiarity with Chinese pharma brands has been established.

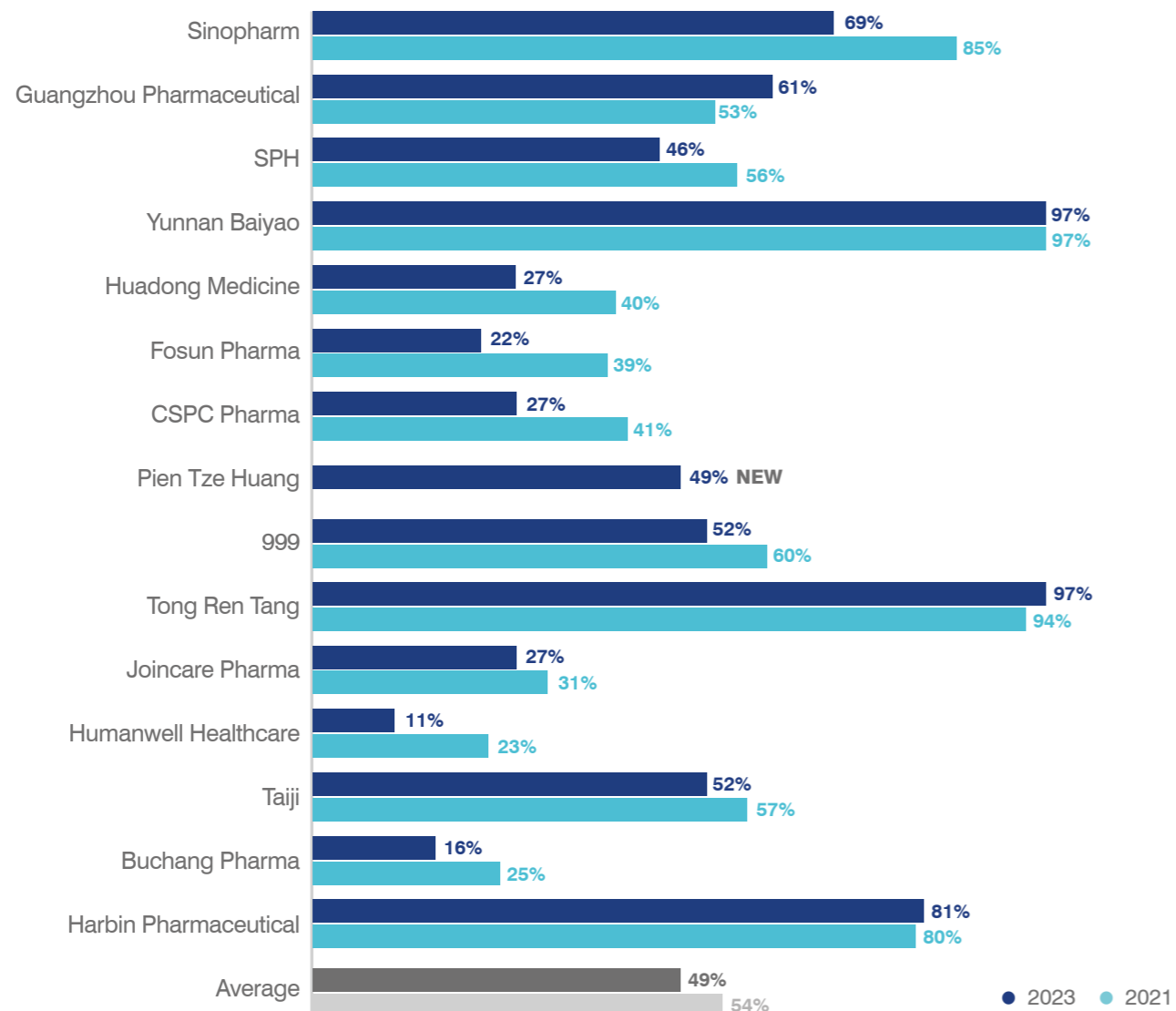
For instance, TCM brands are gaining prominence and traction due to improved saliency; **Yunnan Baiyao** and **Tong Ren Tang** took the lead in familiarity growth, posting growths of 22% and 20% respectively.

On average, we note that Chinese pharma brand familiarity posted an 8% increase to 32% since 2021.



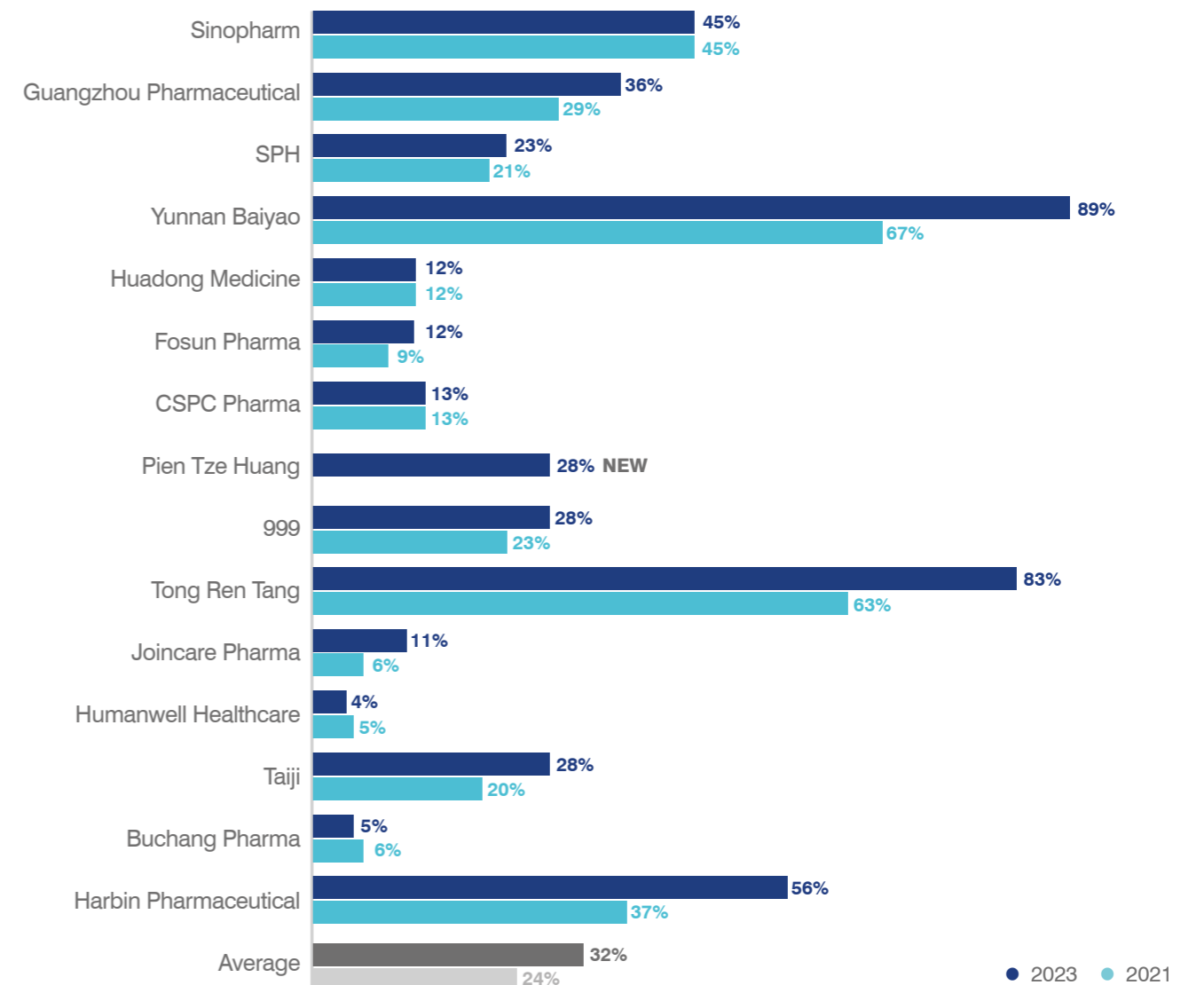
### Awareness

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### Familiarity

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### Consideration and Usage

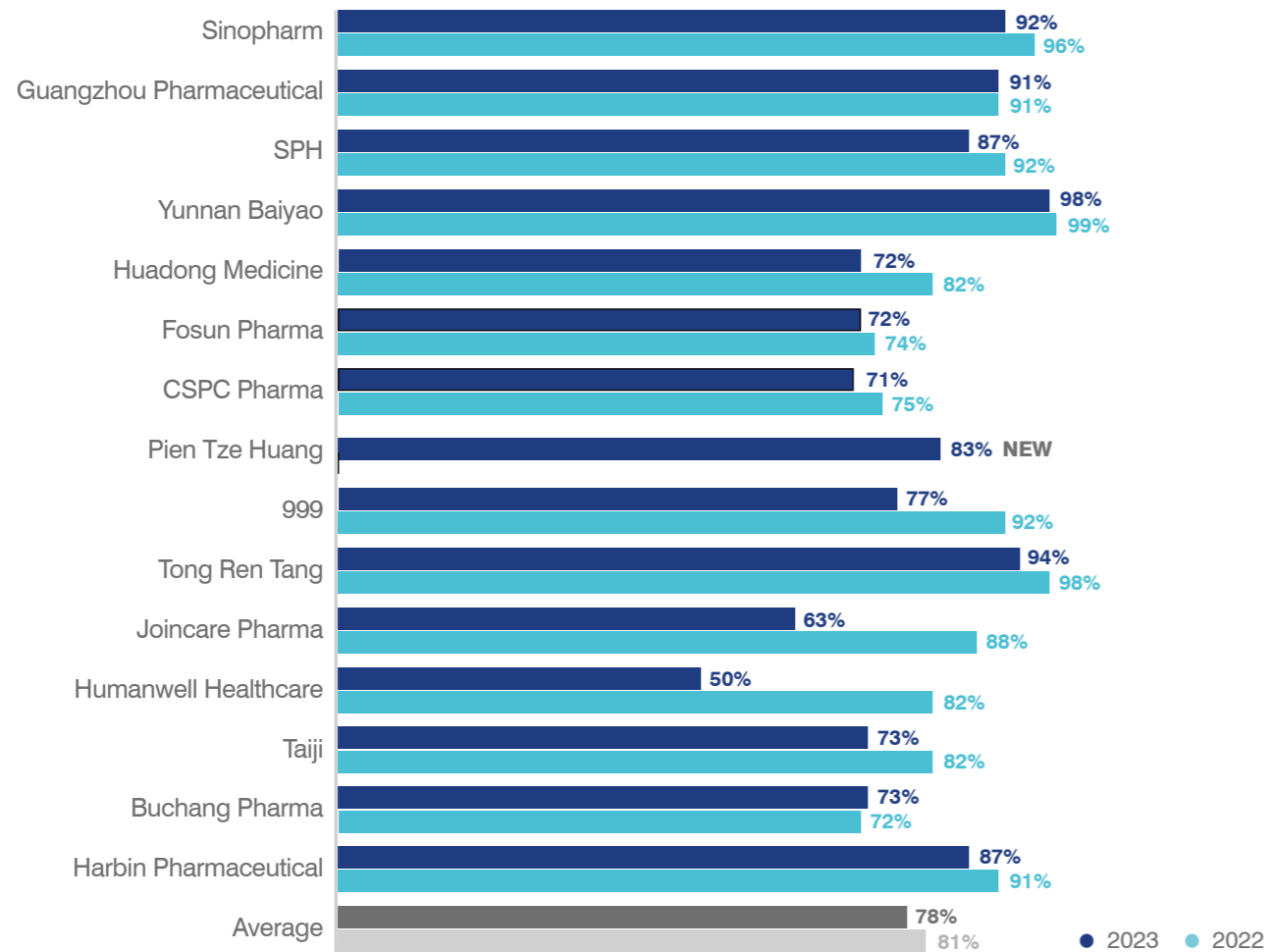
**Overall consideration dipped for most brands but there is a slight uptick in usage levels**

Although stronger familiarity breeds more opportunity, consideration levels are slightly below 2021 numbers, with **Joincare Pharma** witnessing a notable decline of 25%. With **Guangzhou Pharmaceutical** possessing a stronger saliency level, it is the only brand to have maintained consideration levels at 91%. **Buchang Pharma** also saw its consideration levels improve to 73%. The positive momentum for Guangzhou Pharmaceutical extended to its usage, with the brand seeing uplifts of 5%, alongside **Yunnan Baiyao** with an improvement by 7%. Similarly, **Tong Ren Tang** and **Harbin Pharmaceutical** also observe usage increases.



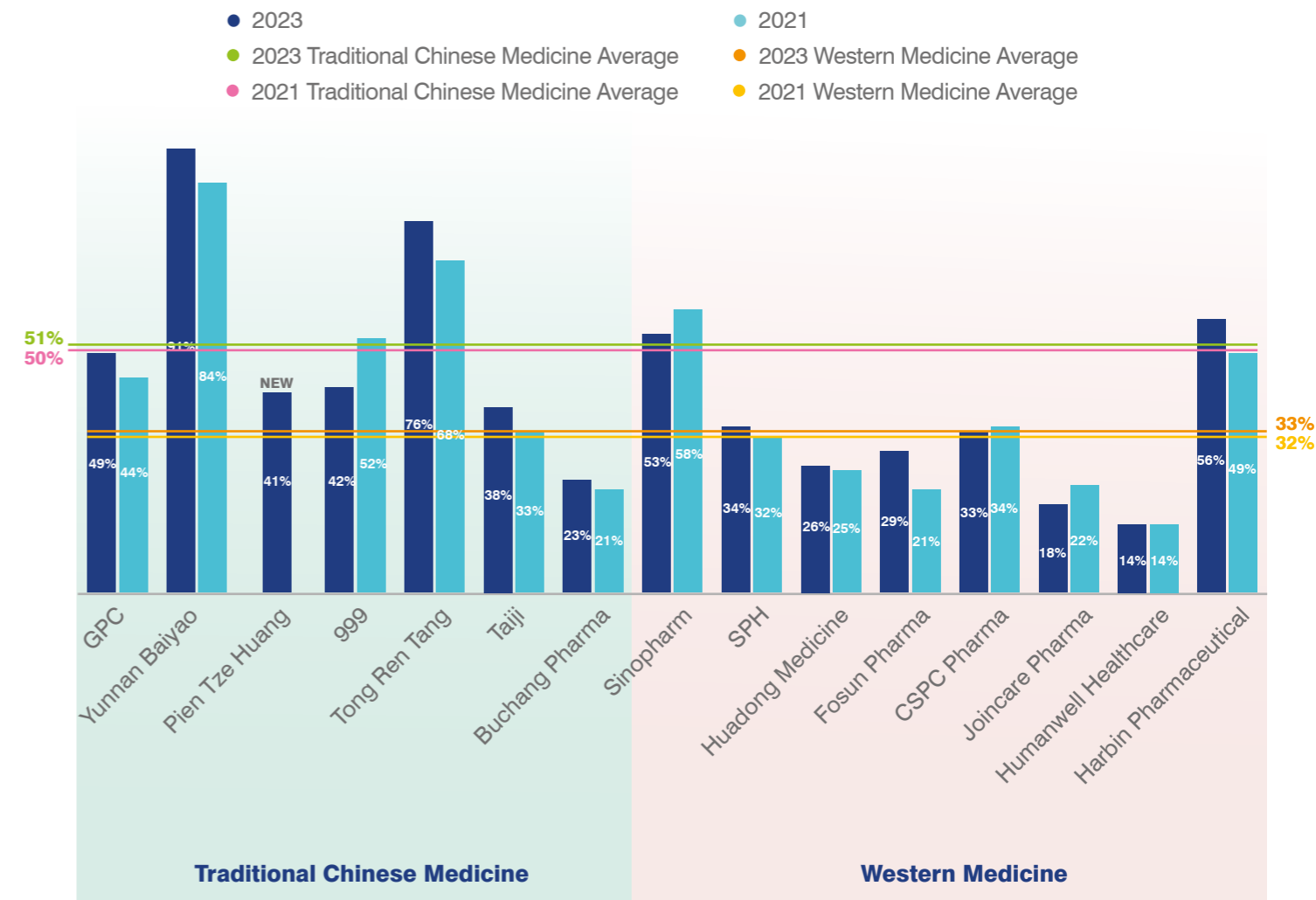
### Consideration

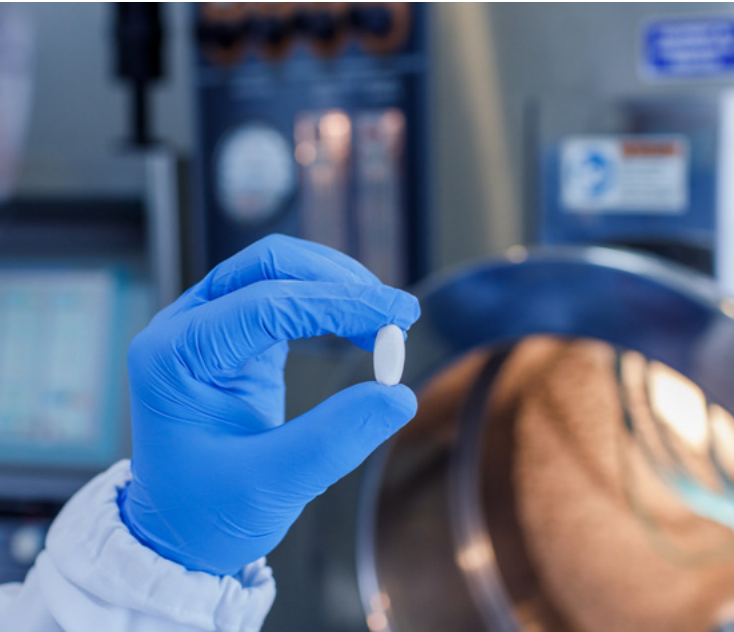
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### Usage

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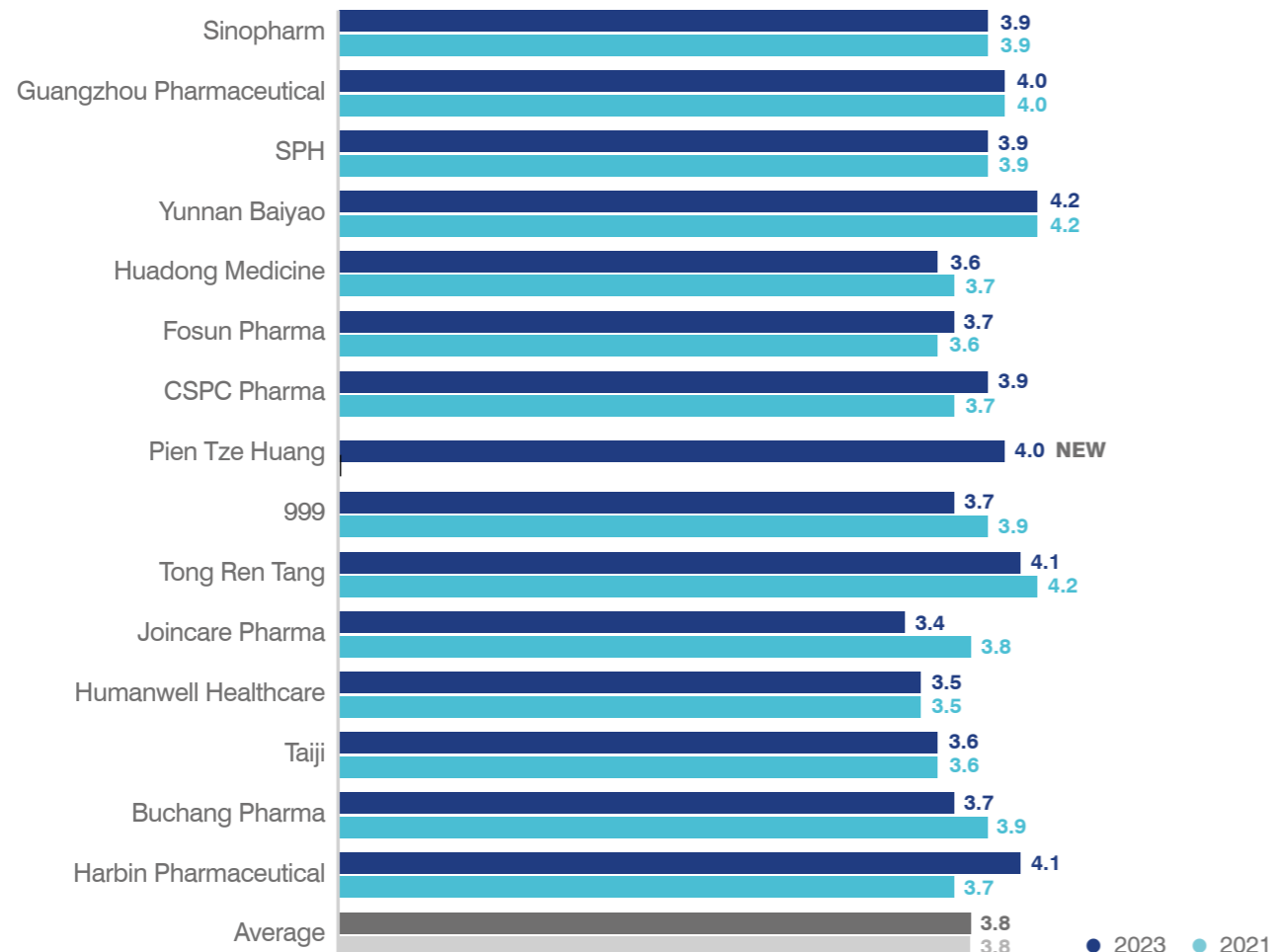
### Quality, Reputation and Recommendation

**Slight softening in reputation and recommendation although positive perceptions on quality persist**

Perceptions on the quality of Chinese pharma brands remain strong and have been largely stable although **Harbin Pharmaceutical** improved its performance for this metric to challenge **Yunnan Baiyao**, **Tong Ren Tang** and **Guangzhou Pharmaceutical's** standing in terms of quality perceptions. With regards to reputation scores, TCM brands still command superiority and are more likely to be recommended as compared to their non-TCM counterparts. This highlights the importance and value of heritage and tradition within the Chinese pharma industry.

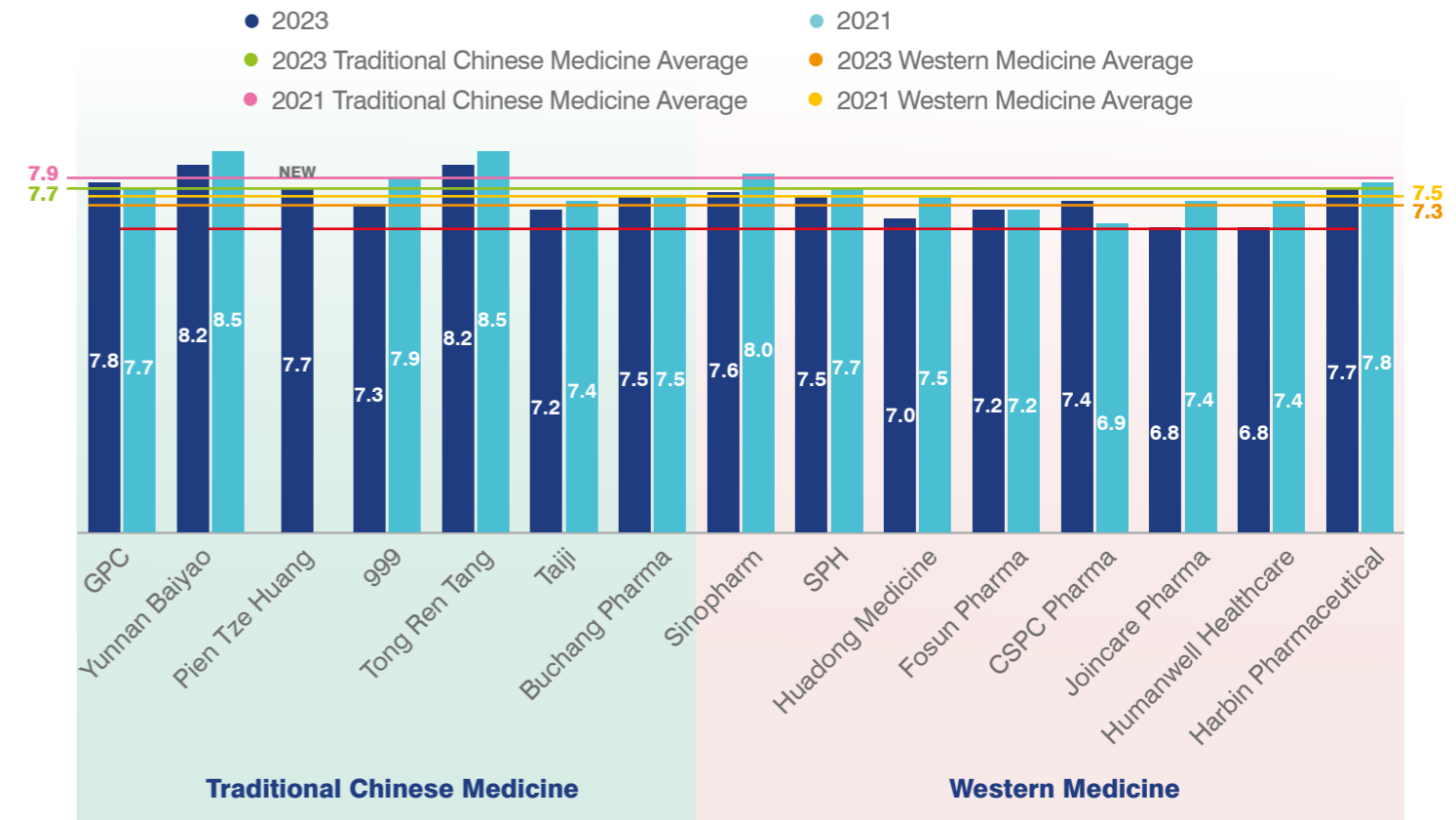
#### Quality

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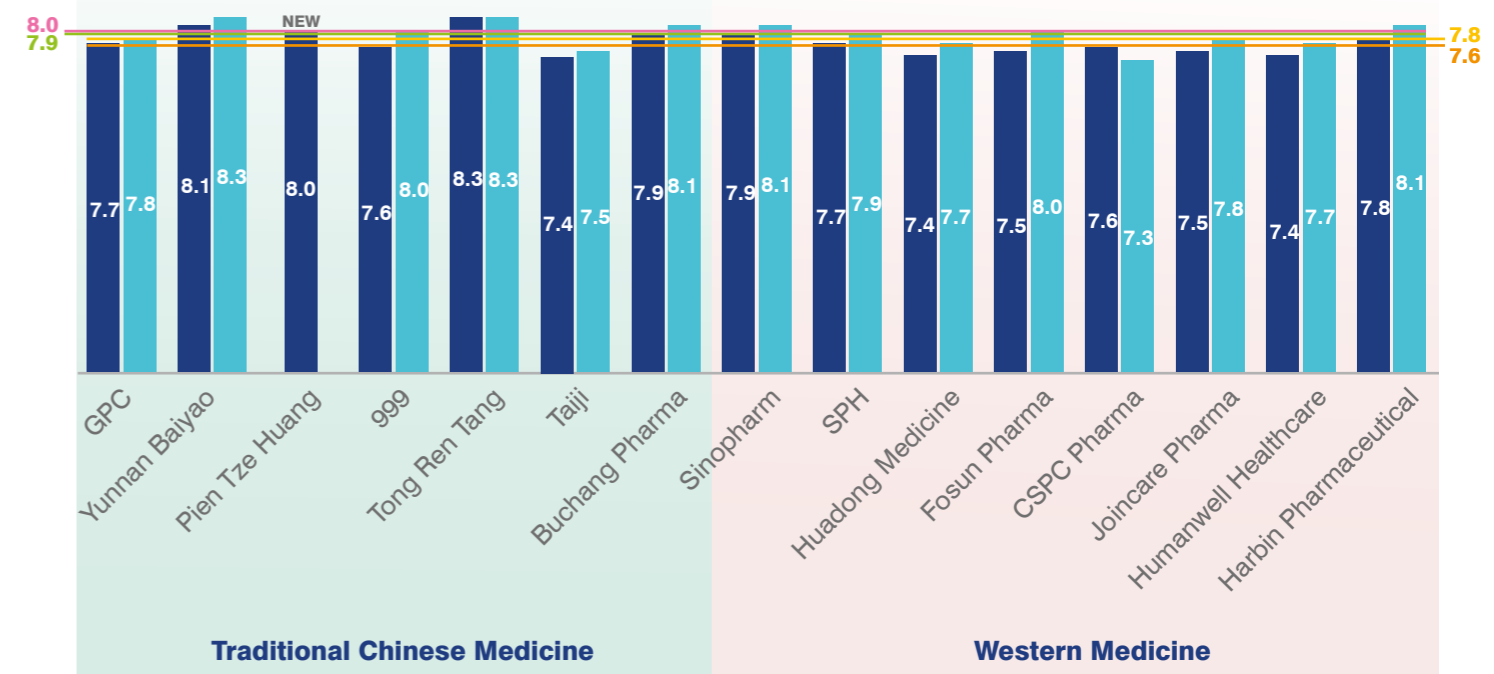
#### Reputation

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#### Recommendation

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## Brand Image

### Chinese pharma brands are perceived being as more accessible but perceptions of community support and scientific credentials decline

With a proliferation of marketing campaigns in recent years, Chinese pharma brands are increasingly viewed as being more innovative and boasting a good range of products.

Perceptions of their offerings as being costly have also drastically reduced, particularly for Sinopharm. This is likely aided by government price caps and pharma brands lowering their prices in order to qualify for China's national medical insurance coverage schemes.

Despite the generally positive sentiments surrounding Chinese pharma brands, perceptions of them being committed to supporting communities and broader society, as well as offering medicines that are scientifically proven, have taken a nosedive of 15% and 9% respectively.

This may be attributed to the continued existence of the COVID-19 virus, alongside public expectations of the relaxation of pandemic measures and their vaccination experiences.

## Drivers of Consideration and Reputation

### Popularity, consumer-centricity, product range and value are top drivers while availability is central to driving consideration

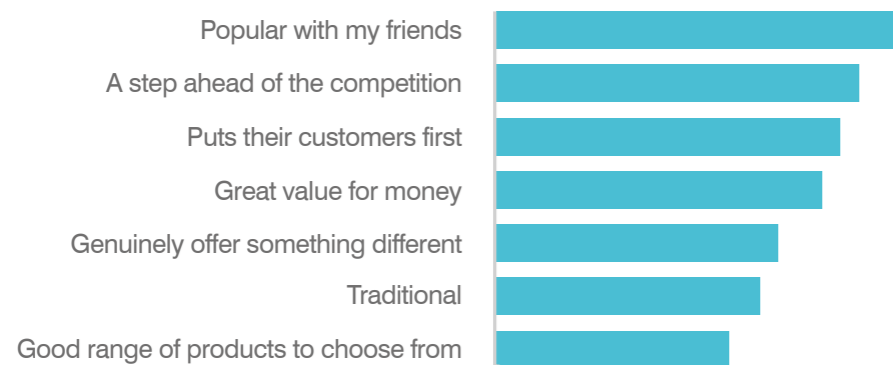
We observed similar attributes that drove brand consideration and overall reputation across Chinese pharma brands. These attributes pertain to popularity, focusing on consumers, as well as the value and range of products. Attributes concerning popularity and availability of products were found to be crucial in improving levels of consideration. On the other hand, attributes pertaining to brand leadership, differentiation, as well as associations with being established and traditional helped brands build stronger perceptions of their reputation.

## Top 5 Consideration Drivers

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## Top 7 Reputation Drivers



# Brand Spotlight.



# Guangzhou Pharmaceutical.



Rank **2** ←  
 Brand Value **USD2.2 bn**  
 +7.8%

Rank **4** ↑  
 Brand Strength **69.6**  
 +3.9



Guangzhou Pharmaceutical is one of the leading pharmaceutical brands in China. As one of the largest pharmaceutical enterprises in the country, it owns 12 time-honoured brands and 10 century-old brands.

These include Wanglaoji, a popular drinks brand known as the ancestor of Chinese herbal tea, and others such as Jingxiutang, Pangaoshou and Caizhilin.

Under Guangzhou Pharmaceutical's belt are also ten well-known Chinese trademarks such as GPC, Baiyunshan and Qixing. In addition, the brand's Chenlijing pharmaceutical factory has been certified by the Guinness World Records as the oldest pharmaceutical factory amassing 423 years of operations.

Guangzhou Pharmaceutical emerged as one of China's highest valued pharmaceutical brands, with a brand value increase of 8% to US\$2.2 billion. It defended its 2<sup>nd</sup> place in our rankings and charted a Brand Strength Index score increase of 3.9 to 70.

Guangzhou Pharmaceutical scored higher in metrics such as Familiarity, Usage, Innovation and having a good range of products, bringing its brand strength rating from AA- to AA.

Guangzhou Pharmaceutical continues to be a key driver of international recognition of TCM.

In collaboration with the China Academy of Chinese Medical Sciences (CACMS) and other enterprises, it created the Chinese Medicine Culture Space at the Winter Olympic Village for the 2022 Beijing Olympic Winter Games and 2022 Paralympic Winter Games in Beijing. The exhibition showcased and promoted TCM culture and products to the delight of international visitors.

As a frontrunner of sustainability in the nation's pharmaceutical sector, GPC seeks to regulate its toxic waste disposal procedures; in line with national waste management initiatives.

For instance, it increased its emphasis placed on addressing toxic waste and emissions where the brand implemented more robust measures to address the environmental impacts of air, water and waste emissions.

Guangzhou Pharmaceutical adhered to the strict "Integrated Wastewater Discharge Standard (III-class criteria)", which ensured that its waste management procedures were effective.

# Methodology.



# Market Research Methodology.

## Company screening

In order for the companies to be included in both the Brand Finance Chinese Pharma ranking, and the original market research conducted by Brand Finance, they must have met all four of the below criteria:

1. The company must be a Chinese pharma brand
2. The company's revenue must be over US\$1.5 billion (in 2021)
3. The company must have a general customer-facing and retail-facing business brand
4. If the company has businesses in more than one product segment, then the pharma product segment must account for over 50% of total revenue

## Market research

Fifteen companies passed the screening outlined above and were included in the market research for this report: CR SANJIU, Baiyunshan, Buchang Pharma, CSPC Pharma, Fosun Pharma, GPC, Harbin Pharmaceutical, Huadong Medicine, Humanwell Healthcare, Joincare Pharma, Pien Tze Huang, Sinopharm, SPH, Taiji, Tong Ren Tang, and Yunnan Baoyao.

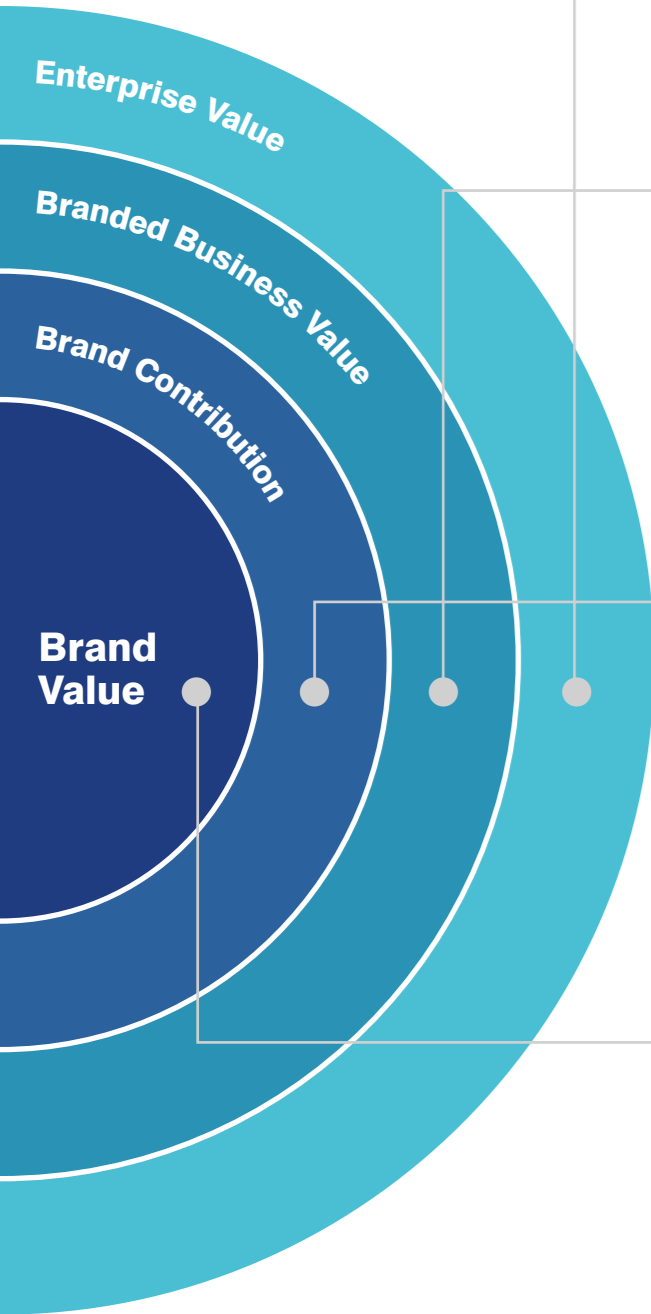
The total sample size was 1000, which was evenly divided into the 10 researched cities.

The survey was conducted face to face during March 2023.





# Definitions.



## Brand Value



[China Resources Sanjiu]

**+ 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'.

999

[999]

**+ 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.

999

[999]

**+ 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.

999

[999]

**+ 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 Valuation Methodology.

## Definition of Brand

Brand is defined as a bundle of trademarks and associated IP which can be used to take advantage of the perceptions of all stakeholders to provide a variety of economic benefits to the entity.

## Brand Value

Brand value refers to the present value of earnings specifically related to brand reputation. Organisations own and control these earnings by owning trademark rights.

All brand valuation methodologies are essentially trying to identify this, although the approach and assumptions differ. As a result published brand values can be different.

These differences are similar to the way equity analysts provide business valuations that are different to one another. The only way you find out the "real" value is by looking at what people really pay.

As a result, Brand Finance always incorporates a review of what users of brands actually pay for the use of brands in the form of brand royalty agreements, which are found in more or less every sector in the world.

This is sometimes known as the "Royalty Relief" methodology and is by far the most widely used approach for brand valuations since it is grounded in reality.

It is the basis for a public rankings but we always augment it with a real understanding of people's perceptions and their effects on demand – from our database of market research on over 3000 brands in over 30 markets.

### 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.



## 1 Brand Impact

We review what brands already pay in royalty agreements. This is augmented by an analysis of how brands impact profitability in the sector versus generic brands.

This results in a range of possible royalties that could be charged in the sector for brands (for example a range of 0% to 2% of revenue)



## 2 Brand Strength

We adjust the rate higher or lower for brands by analysing Brand Strength. We analyse brand strength by looking at three core pillars: "Inputs" which are activities supporting the future strength of the brand; "Equity" which are real current perceptions sourced from our market research and other data partners; "Output" which are brand-related performance measures such as market share.

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 Brand Rating up to AAA+ in a format similar to a credit rating.



## 3 Brand Impact × Brand Strength

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 Forecast Brand Value Calculation

We determine brand-specific revenues as a proportion of parent company revenues attributable to the brand in question and forecast those revenues by analysing historic revenues, equity analyst forecasts, and economic growth rates.

We then apply the royalty rate to the forecast revenues to derive brand revenues and apply the relevant valuation assumptions to arrive at a discounted, post-tax present value which equals the brand value.

# Brand Strength.

## Brand Strength

Analytical rigour and transparency are at the heart of our approach to brand measurement at Brand Finance. Therefore, in order to adequately understand the strength of brands we conduct a structured, quantitative review of data that reflect the 'Brand Value Chain' of brand-building activities, leading to brand awareness, perceptions and onwards to brand-influenced customer behaviour.

To manage the 'Brand Value Chain' process effectively we create and use the "Brand Strength Index" (BSI). This index is essentially a modified Balanced Scorecard split between the three core pillars of the 'Brand Value Chain': **Brand Inputs**, **Brand Equity** and **Brand Performance**.



### 1 Attribute Selection and Weighting

Although we follow a general structure incorporating the three pillars (Brand Inputs, Brand Equity and Brand Performance), the attributes included are different depending on the sector. A brand strength index for a luxury apparel brand will differ in structure from an index designed for a telecommunications brand. An index for luxury apparel brand may emphasize the exclusiveness, word of mouth recommendation, and price premium, whereas an index for a telecommunications company may emphasize customer service and ARPU as important metrics.

These attributes are weighted according to their perceived importance in driving the following pillar: Brand Investment measures in driving Brand Equity; Brand Equity measures for Brand-Related Business Performance measures; and finally the relevance of Brand-Related Business Performance measures for driving business value.

### Data Collection

Brand's ability to influence purchase depends primarily on people's perceptions. Therefore, the majority of the Brand Strength Index is derived from Brand Finance's proprietary Global Brand Equity Research Monitor research, a quantitative study of a sample of over 100,000 people from the general public on their perceptions of over 4,000 brands in over 25 sectors and 37 countries.

However, at Brand Finance we also believe that there are other measures that can be used to fill gaps that survey research may not capture. These include total investment levels – for example in marketing, R&D, innovation expenditure, that can a better guide to future performance than surveys. They also include online measures – such as ratings by review sites and social media engagement that can give a more granular understanding of marketing effectiveness. Finally they also include real behaviour – for example net additions, customer churn and market share, to overcome the tendency for surveys to incorporate intended behaviour rather than real.

Over a period of 3 to 4 months each year, we collect all this data across all the brands in our study in order to accurately measure their comparative strength.

### Benchmarking and Final Scoring

In order to convert raw data in to scores out of 10 that are comparable between attributes within the scorecard, we then have to benchmark each attribute. We do this by reviewing the distribution of the underlying data and creating a floor and ceiling based on that distribution.

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.

# Global Brand Equity Monitor.

Original market research in 38 countries and across 31 sectors with over 150,000 consumers rating over 5,000 brands.

- 
- Tier 1**
    - Apparel
    - Automobiles
    - Luxury Automobiles
    - Banks
    - Cosmetics & Personal Care
    - Food
    - Insurance
    - Oil & Gas
    - Restaurants
    - Retail & E-Commerce
    - Telecoms
    - Utilities
  - Tier 2**
    - Airlines
    - Luxury Apparel
    - Appliances
    - Beers
    - Luxury Cosmetics
    - General Retail
    - Healthcare Services
    - Hotels
    - Household Products
    - Logistics
    - Media
    - Pharma
    - Real Estate
    - Soft Drinks
    - Spirits & Wine
    - Technology
    - Tyres

## Brand KPIs and Diagnostics

- Brand Funnel**
  - Awareness**: Have heard of your brand
  - Familiarity**: Know something about your brand
  - Consideration**: Would consider buying/using your brand
- Brand Usage
- Quality
- Reputation
- Loyalty
- Closeness
- Recommendation (NPS)
- Word of Mouth
- Brand Imagery
- Advertising Awareness
- Brand Momentum

# Highlights from the Global Brand Equity Monitor.

Brand Finance's proprietary market research provides a robust assessment of brand health on key equity measures, allowing comparison both within and across product and service categories. Benchmarking against brands outside your sector is especially helpful in assessing the real strength of brand – not just the 'best of a bad bunch' in a category where brands are generally weaker.

## What makes a brand great?

Amazon is undoubtedly one of the world's strongest brands, one of just a handful achieving the highest AAA+ rating. It has an extremely strong brand funnel, with near-universal familiarity, and consideration, and while its reputation score is not best-in-class, it is stronger than many of its critics might think.

Every strong brand has its own winning formula, and our research highlights Amazon's particular advantages. Top of that list is the outstanding value which shoppers believe Amazon delivers. Amazon ranks on this measure in big markets such as Brazil, USA, UK, and is #1 among retailers in many more. Value has always been a big driver of consumer behaviour, but Amazon also delivers a slick shopping experience ("excellent website/apps"), and this powerful combination is irresistible for many consumers, even those who question Amazon's values and broader corporate reputation.



## Does brand purpose deliver?

Argument rages among CMOs and marketing gurus over this issue. The jury is out – our data suggests that being seen to "care about the wider community" does correlate somewhat with higher Consideration levels, and is an asset particularly for local favourites such as **Jio** (India) or **Bunnings** (Australia). But brands like **McDonald's** and **Nike** (as well as Amazon) are liked and desired despite somewhat moderate reputations on sustainability and values.


## Who's the coolest cat?

In categories like apparel, tech and automotive, sustainability can make you cool, but it's not the only way. **Porsche** wins relatively few plaudits for sustainability, but its übercoolness is very apparent.


## Selected Rankings for Amazon – All Non-Luxury Brands

	Great value for money	Excellent website/apps
	5	5
	1	1
	8	1
	6	1

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**43%** Care about the wider community (Rank #1)  
**88%** Consideration Conversion



**8%** Care about the wider community (Rank #86)  
**92%** Consideration Conversion

Similarly in the apparel category (especially footwear), the correlation between coolness and sustainability is not especially high.

Meanwhile in France, the epitome of chic, the 2<sup>nd</sup>-highest highest scorer among non-luxury brands is... **Burger King**.

## Get your brand talked-about

Cool brands get talked about, and word-of-mouth (WOM) is another key asset some brands possess. It has proven impact on brand growth, hence WOM's inclusion in our Brand Strength Index model.

In an absolute sense, big brands get talked about a lot more than small ones – their sheer mass presence and relevance ensures that. But deeper analysis reveals a number of challenger brands who look set to profit from above-expectation WOM levels and positive consumer sentiment. Keep an eye on **Tim Horton's** in Spain, **Peros Garment Factory** (Canada), **SAIC** in, yes, the USA and **iinet** in Singapore.



## Top-ranked brands for being "Cool" (Among Category Users)

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	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>
			
			
			
			

**Our Services.**



# Consulting Services.

## Make branding decisions using hard data

### Brand Research *What gets measured*

Brand evaluations are essential for understanding the strength of your brand against your competitors. Brand Strength is a key indicator of future brand value growth whether identifying the drivers of value or avoiding the areas of weakness, measuring your brand is the only way to manage it effectively.

- + Brand Audits
- + Primary Research
- + Syndicated Studies
- + Brand Scorecards
- + Brand Drivers & Conjoint Analysis
- + Soft Power

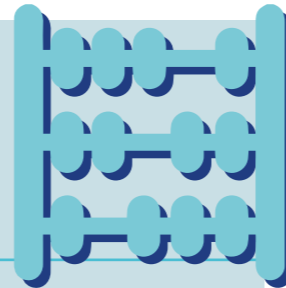


- + Are we building our brands' strength effectively?
- + How do I track and develop my brand equity?
- + How strong are my competitors' brands?
- + Are there any holes in my existing brand tracker?
- + What do different stakeholders think of my brand?

### Brand Valuation *Make your brand's business case*

Brand valuations are used for a variety of purposes, including tax, finance, and marketing. Being the interpreter between the language of marketers and finance teams they provide structure for both to work together to maximise returns.

- + Brand Impact Analysis
- + Tax & Transfer Pricing
- + Litigation Support
- + M&A Due Diligence
- + Fair Value Exercises
- + Investor Reporting



- + How much is my brand worth?
- + How much should I invest in marketing?
- + How much damage does brand misuse cause?
- + Am I tax compliant with the latest transfer pricing?
- + How do I unlock value in a brand acquisition?

### Brand Strategy *Make branding decisions with your eyes wide open*

Once you understand the value of your brand, you can use it as tool to understand the business impacts of strategic branding decisions in terms of real financial returns.

- + Brand Positioning
- + Brand Architecture
- + Franchising & Licensing
- + Brand Transition
- + Marketing Mix Modelling
- + Sponsorship Strategy



- + Which brand positioning do customers value most?
- + What are our best brand extension opportunities in other categories and markets?
- + Am I licensing my brand effectively?
- + Have I fully optimised my brand portfolio?
- + Am I carrying dead weight?
- + Should I transfer my brand immediately?
- + Is a Masterbrand strategy the right choice for my business?

# Brand Evaluation Services.

## How are brands perceived in my category?

Brand Finance tracks brand fame and perceptions across over 38 markets in 31 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?

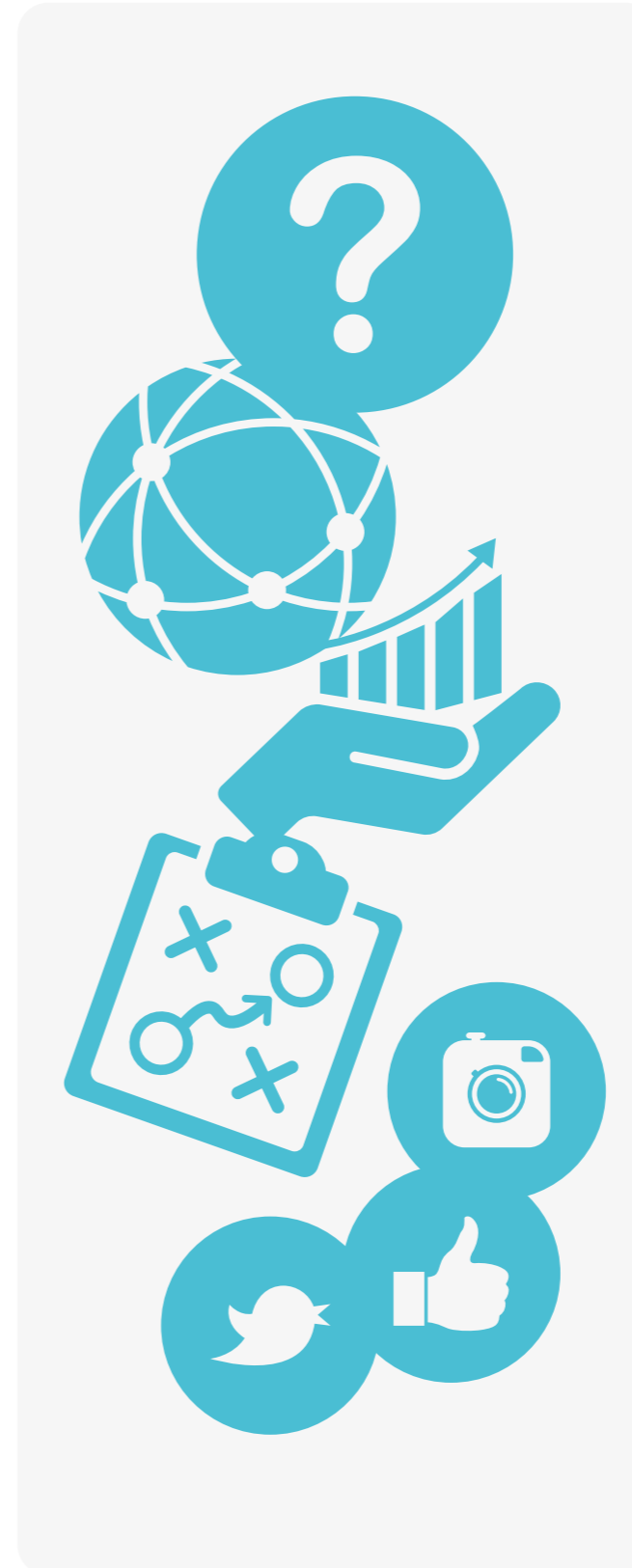
Research is conducted in addition to strategic analysis to provide a robust understanding of the current positioning. The effectiveness of alternative architectures is tested through drivers analysis, to determine which option(s) will stimulate the most favourable customer behaviour and financial results.

## 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.



# Brand Dialogue®



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 and marketing activations, to deliver strategic campaigns, helping us to establish and sustain strong client relationships. We also have a specific focus on geographic branding, including supporting nation brands and brands with a geographical indication (GI).

Brand Dialogue Limited is a member of the Brand Finance Plc Group



## Research, Strategy & Measurement

- Brand & Communications Strategy
- Campaign Planning
- Market Research & Insights
- Media Analysis



## Public Relations & Communications

- Media Relations
- Press Trips & Events
- Strategic Partnerships & Influencer Outreach
- Social Media Management



## Marketing & Events

- Promotional Events
- Conference Management
- Native Advertising
- Retail Marketing



## Content Creation

- Bespoke Publications, Blogs & Newsletters
- Press Releases
- Marketing Collateral Design
- Social Media Content



## Strategic Communications

- Crisis Communications
- Brand Positioning & Reputation
- Geographic Branding
- Corporate Social Responsibility (CSR)



# Brand Finance Network.

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

Market	Contact	Email
Africa	Jeremy Sampson	j.sampson@brandfinance.com
Asia Pacific	Alex Haigh	a.haigh@brandfinance.com
Australia	Mark Crowe	m.crowe@brandfinance.com
Brazil	Eduardo Chaves	e.chaves@brandfinance.com
Canada	Laurence Newell	l.newell@brandfinance.com
China	Scott Chen	s.chen@brandfinance.com
East Africa	Walter Serem	w.serem@brandfinance.com
France	Bertrand Chovet	b.chovet@brandfinance.com
Germany/Austria/Switzerland	Ulf-Brun Drechsel	u.drechsel@brandfinance.com
India	Ajimon Francis	a.francis@brandfinance.com
Ireland	Declan Ahern	d.ahern@brandfinance.com
Italy	Massimo Pizzo	m.pizzo@brandfinance.com
Mexico	Laurence Newell	l.newell@brandfinance.com
Middle East	Andrew Campbell	a.campbell@brandfinance.com
Nigeria	Tunde Odumeru	t.odumeru@brandfinance.com
Poland	Konrad Jagodzinski	k.jagodzinski@brandfinance.com
Portugal	Pilar Alonso Ulloa	p.alonso@brandfinance.com
Romania	Mihai Bogdan	m.bogdan@brandfinance.com
South America	Pilar Alonso Ulloa	p.alonso@brandfinance.com
Spain	Pilar Alonso Ulloa	p.alonso@brandfinance.com
Sri Lanka	Aliakber Alihussain	a.hussain@brandfinance.com
Sweden	Anna Brolin	a.brolin@brandfinance.com
Turkey	Muhterem Ilgüner	m.ilguner@brandfinance.com
United Kingdom	Annie Brown	a.brown@brandfinance.com
USA	Laurence Newell	l.newell@brandfinance.com





## Contact us.

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

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

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

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