## Brand Finance



The annual report on the most valuable food and soft drink brands June 2018

Foreword.


## David Haigh

 CEO, Brand FinanceWhat 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 arrenge 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.

## About Brand Finance.

Brand Finance is the world's leading independent
brand valuation and strategy 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
- Technical Credibility
- Transparency
- Expertise.

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


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

## Contact Details.

```
For business enquiries,
please contact:
Richard Haigh
Managing Director 
For media enquiries,
please contact:
Konrad Jagodzinski
Communications Director
k.jagodzinski@brandfinance.com
For all other enquiries,
please contact:
enquiries@brandfinance.com
+44(0)207 3899400
```

```linkedin.com/company/
brand-finance
```

```facebook.com/brandfinance
twitter.com/brandfinance
```



## Contents.

Foreword ..... 3
About Brand Finance ..... 4
Contact Details ..... 4
Definitions ..... 6
Executive Summary ..... 8
Full Table ..... 14
Methodology ..... 16
Understand Your Brand's Value ..... 17
Consulting Services ..... 18
Communications Services ..... 19

## Definitions.

## Brand Value

|  | MARS [Mars Inc.] | + Enterprise Value <br> The value of the entire enterprise, made up of multiple branded businesses. <br> Where a company has a purely monobranded architecture, the 'enterprise value' is the same as 'branded business value'. |
| :---: | :---: | :---: |
|  | WRIGLEY <br> [Wrigley] | + Branded Business Value <br> The value of a single branded business operating under the subject brand. <br> 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, brandtracking data, and stakeholder behaviour. |
|  | WRIGLEY <br> A Subsidiary of Mars, Incorporated <br> [Wrigley] | + Brand Contribution <br> The overall uplift in shareholder value that the business derives from owning the brand rather than operating a generic brand. <br> 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. |
|  | WRIGLEY <br> [Wrigley] | + Brand Value <br> The value of the trade mark and associated marketing IP within the branded business. <br> 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

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

Perceptions of the brand among different stakeholder groups, with customers being the most important

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 brands poor Business Performance periss,, it would suggest that th ing 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.

## Executive Summary．



Nestlé and Coca－Cola reign supreme
Nestlé and Coca－Cola have yet again dominated brand rankings in their respective industries，each keeping runners－up at a healthy distance of over US $\$ 10$ billion．

Valued at US $\$ 19.4$ billion，Nestle again claimed the title of the world＇s most valuable food brand，more than double the value of second－ranked Danone（US\＄9．1 billion）．Nestlé＇s brand value registered virtually no change from last year，with revenues performing at only a satisfactory level．This was caused by challenging sales in both North and South American markets．

Despite a 5\％decrease to US\＄30．4 billion，Coca－Cola once more came in first among the world＇s most valuable soft drink brands，over US\＄10 billion ahead of Pepsi（US\＄20．0 billion）．While the global market for its core product is shrinking，Coca－Cola is actively leveraging its brand with less sugar－laden products such as Coca－Cola Zero Sugar．Diet options are helping to support overall forecast－revenue stability despite health conscious consumers turning away from traditional sugary drinks．

With producers and analysts used to the lack of change among the food and drink industry leaders，performance of emerging market brands is likely to cause a stir．We are already starting to see this from brands like Yili．The value of China＇s largest dairy brand jumped ahead of international leaders such as Kellogg＇s，Kraft，and Heinz．

David Haigh
CEO，Brand Finance

Top 10 Most Valuable Food Brands

| 響视 |  | Rank 2018： 1 2017： 1 <br> BV 2018：\＄19，370m <br> BV 2017：\＄19，416m <br> Brand Rating：AAA－ | $\begin{aligned} & \rightarrow \\ & 0 \% \end{aligned}$ |  |  | Rank 2018： 1 2017： 1 <br> BV 2018：\＄30，378m <br> BV 2017：\＄31，885m <br> Brand Rating：AAA | $\rightarrow$ $-5 \%$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Rank 2018： 2 2017： 2 <br> BV 2018：\＄9，098m <br> BV 2017：\＄7，894m <br> Brand Rating：AAA－ | $\begin{aligned} & \rightarrow \\ & 15 \% \end{aligned}$ | $\sum_{\rho e \rho s i}$ |  | Rank 2018： 2 2017： 2 <br> BV 2018：\＄20，035m <br> BV 2017：\＄18，470m <br> Brand Rating：AAA | $\rightarrow$ $8 \%$ |
|  |  | Rank 2018： 3 2017： 8 <br> BV 2018：\＄6，158m <br> BV 2017：\＄4，294m <br> Brand Rating：AAA－ | $\frac{\uparrow}{43 \%}$ | Red Bull |  | Rank 2018： 3 2017： 3 <br> BV 2018：\＄7，641m <br> BV 2017：\＄6，738m <br> Brand Rating：AAA | $\rightarrow$ $13 \%$ |
| Hyson |  | Rank 2018： 4 2017： 6 <br> BV 2018：\＄5，700m BV 2017：\＄4，925m <br> Brand Rating：AA－ | $\frac{\uparrow}{16 \%}$ | NESCAFE． |  | Rank 2018： 4 2017： 4 <br> BV 2018：$\$ 5,316 \mathrm{~m}$ <br> BV 2017：\＄5，364m <br> Brand Rating：AAA－ | $\rightarrow$ $-1 \%$ |
| Tellogg＇s |  | Rank 2018： 5 2017： 3 <br> BV 2018：\＄5，457m <br> BV 2017：\＄7，068m <br> Brand Rating：AA＋ | -23\% |  |  | Rank 2018： 5 2017： 5 <br> BV 2018：\＄4，922m <br> BV 2017：\＄4，573m <br> Brand Rating：AAA－ | $\rightarrow$ $8 \%$ |
| Kraft |  | Rank 2018： 6 2017： 4 <br> BV 2018：\＄4，885m <br> BV 2017：\＄5，631m <br> Brand Rating：AAA－ | -13\% | sprites |  | Rank 2018： 6 2017： 6 <br> BV 2018：\＄4，419m <br> BV 2017：\＄4，372m <br> Brand Rating：AAA－ | $\rightarrow$ $1 \%$ |
| WRIGLEY |  | Rank 2018： 7 2017： 9 <br> BV 2018：\＄4，786m <br> BV 2017：\＄4，150m <br> Brand Rating：AA－ | $\frac{\uparrow}{15 \%}$ | 价MゆNSTER |  | Rank 2018： 7 2017： 9 <br> BV 2018：\＄3，669m <br> BV 2017：\＄2，790m <br> Brand Rating：AA | 个 $31 \%$ |
|  |  | Rank 2018： 8 2017： 7 <br> BV 2018：\＄4，354m <br> BV 2017：\＄4，373m <br> Brand Rating：AA＋ | $\downarrow$ <br> 0\％ |  |  | Rank 2018： 8 2017： 7 <br> BV 2018：\＄3，337m <br> BV 2017：\＄2，994m <br> Brand Rating：AA＋ | $\downarrow$ $11 \%$ |
| Sicinz |  | Rank 2018： 9 2017： 5 <br> BV 2018：\＄3，848m <br> BV 2017：\＄5，292m <br> Brand Rating：AAA－ | -27\% | (RDpers) |  | Rank 2018： 9 2017： 11 <br> BV 2018：\＄3，328m <br> BV 2017：\＄2，552m <br> Brand Rating：AA＋ | 个 $30 \%$ |
|  |  | Rank 2018： 10 2017： <br> BV 2018：\＄3，843m <br> BV 2017：\＄4，088m <br> Brand Rating：AA－ | $\xrightarrow{\rightarrow}$ | Tropicana． |  | Rank 2018： 10 2017： 1 <br> BV 2018：\＄2，603m <br> BV 2017：\＄2，399m <br> Brand Rating：AAA－ | 个 $9 \%$ |

## Food 50 －Brand Value Over Time



## Yili milking brand potential

Dairy is one of the strongest performing sectors in the food industry registering an average $13 \%$ brand value growth year on year versus $4 \%$ for the table as a whole．

Within the sector，the Chinese market is the most dynamic in the world，set to overtake the US as the largest market for dairy products by 2022．This phenomenon is due to rising affluence and improved accessibility of products in China＇s lower tier cities．As Chinese consumers increasingly prefer dairy products which are more premium，with health benefits and innovative flavours，leading brands such Yili focus on the changing demand and product innovation．

Thanks to this dynamic，Yili stands out as best performing among the 10 most valuable food brands in the world，rising to 3rd place from 8th in 2017 following an eye－watering $43 \%$ growth to US $\$ 6.2$ billion brand value．This is off the back of fast revenue growth and high profitability，meaning it is now a darling of investors．

Food 50 Brand Value Change 2017－2018（\％）

The brand is dominant in the Chinese market but has a clear potential for expansion into non－dairy categories o internationally as many major Chinese brands take advantage of the Belt and Road initiative to bolster growth abroad．

Athough Yili is ahead of Danone in terms of brand potential，the French giant still boasts a more valuable brand，growing above the average for the industry at $15 \%$ year on year．Its performance was mainly driven by good sales

Also noteworthy is the performance of Mengniu，another Chinese dairy brand growing at a similar pace as Yili，up $45 \%$ year on year，but from a lower base，with their brand value now established at US $\$ 3.4$ billion．

## Lavazza＇s shot to the top

While the top six soft drink brands retained the same ranks as last year，brands further down the table have seen much more change．Energy drink brand Monster registered fastest growth in the top 10 （up 31\％to
US\＄3．7 billion），closely followed by Dr Pepper＇s

Top 3 Dairy Brands－Brand Potential

|  | (伊利) |  | ¢ 葡平 |
| :---: | :---: | :---: | :---: |
|  | Yili | Danone | Mengniu |
| Analyst Recommendation | 9.6 | 7.5 | 8.0 |
| Forecast Revenue Growth | 10.0 | 8.4 | 8.8 |
| Forecast Margin | 7.2 | 8.5 | 6.0 |
| Brand Potential | 89.2 | 81.3 | 76.3 |
|  | 1 | 2 | 3 |

\section*{Top 5 Most Valuable Dairy Brands <br> 


performance (up 30\% to US $\$ 3.3$ billion). At the same time, popular brands Fanta (down 12\% to US\$2.6 billion) and 7-Up (down 3\% to US\$2.2 billion) fell out from the top 10 this year.

However, fastest-growing in this year's Brand Finance Soft Drinks 25 league table is Italian coffee brand Lavazza. Up 34\% to US\$1.2 billion, it moved up from the penultimate 24th to 17th rank in 2018.

Popular in and outside of Italy, Lavazza owes the surge to organic brand growth in all its markets, while ambitious acquisitions have also boosted the group's income. Steadily increasing, consolidated revenues reached $€ 2.0$ billion in 2017 , up $6.3 \%$ from the previous year.

## Ferrero's best-performing portfolio

Although Pepsi (up $8 \%$ to US $\$ 20.0$ billion) is second to Coca-Cola in terms of brand value, the ranks are reversed in the portfolios league table. Valued at US\$55.1

## Food 50 - Brand Value by Country



| Colour | Country | Brand Value <br> (USD bn) | \% of total |
| :--- | :--- | :--- | :--- |
| $=$ | United States | 52.2 | $34 \%$ |
| $=$ | Switzerland | 29.3 | $19 \%$ |
|  | China | 14.4 | $10 \%$ |
|  | France | 10.4 | $7 \%$ |
|  | United Kingdom | 9.1 | $6 \%$ |
|  | Italy | 6.9 | $5 \%$ |
|  | Others | 29.4 | $19 \%$ |
|  | Total | $\mathbf{1 5 1 . 6}$ | $\mathbf{1 0 0 \%}$ |

## Soft Drinks 25 Brand Value Change 2017-2018



Soft Drinks 25 - Brand Value by Country


| Colour | Country | Brand Value <br> (USD bn) | \% of total |
| :--- | :--- | :--- | :--- | :--- |
|  | United States | 83.5 | $78 \%$ |
|  | Austria | 7.6 | $7 \%$ |
|  | Switzerland | 7.2 | $7 \%$ |
|  | United Kingdom | 4.8 | $4 \%$ |
|  | France | 1.3 | $1 \%$ |
|  | Italy | 1.2 | $1 \%$ |
|  | Germany | 1.0 | $1 \%$ |
|  | Total | $\mathbf{1 0 6 . 6}$ | $\mathbf{1 0 0 \%}$ |

billion, PepsiCo's brand portfolio is greater than that of The Coca-Cola Company, worth US $\$ 45.0$ billion. More valuable than either of those two is the brand portfolio of the Swiss giant Nestlé (US\$63.2 billion) despite recording a 6\% year on year decrease.

Mirroring Lavazza's success in the drinks brand ranking, Italy's Ferrero boasts the best-performing food and drink brand portfolio, up 29\% to US\$8.7 billion this year. All of Ferrero's major brands recorded significant year on year growth, with three making the Brand Finance Food 50 league table. Ranked 16th, Kinder is Ferrero's most valuable and fastest-growing brand (up 41\% to US\$3.1 billion), while Nutella is a new entrant to the ranking, claiming the 38th spot.

Despite the strong growth, Italian food and drink brands still carry little weight globally compared to American or Swiss competitors. The country accounts for only $5 \%$ and $1 \%$ of the total value in the Brand Finance Food 50 and Soft Drinks 25 league tables.

The smaller size of Italian brands is partially due to the lack of consideration given to brand strategy. Most Italian entrepreneurs are very attentive to product quality but underestimate the importance of brand perception that often drives consumer choices.
Massimo Pizzo
Managing Director, Brand Finance Italy


Top 10 Most Valuable Food \& Drink Brand Portfolios

|  | BV 2018: \$63,226m BV 2017: \$67,057m Brand Rating: AA+ |
| :---: | :---: |



| THE Cocarcolaco. | 3 BV 2018: $\$ 45,030 \mathrm{~m}$ BV 2017: \$45,416m Brand Rating: AAA |
| :---: | :---: |
|  | BV 2018: \$44,164m BV 2017: \$43,726m幾雷 Brand Rating: AA+ |
|  |  |
| KraftHeinz | BV 2018: \$19,225m <br> BV 2017: \$20,216m Brand Rating: AA+ |


| MARSS | 7 | BV 2018: \$16,728m BV 2017: \$15,317m | 9\% |
| :---: | :---: | :---: | :---: |
|  |  | Brand Rating: A+ |  |

## Mondelēz <br> BV 2018: \$15,074m BV 2017: \$15,242m -1\% Brand Rating: AA

```
(9V 2018: $10,063m BV 2017: \(\mathbf{\$ 8 , 3 0 4 m}\) - Brand Rating: \(\mathbf{A}\)
```

| wilmar | BV 2018: $\mathbf{\$ 1 0 , 0 6 3 m}$ BV 2017: \$8,304m Brand Rating: A |
| :---: | :---: |

FYRRERO $\square$ BV 2018: $\$ 8,719 \mathrm{~m}$ VV 2017: $\$ 6,741 \mathrm{~m}$ Brand Rating: AA

## Brand Finance Food 50 (USD m).

Top 50 most valuable food brands 1-50

| Rank 2018 | Rank 2017 | Brand name | Country | $\begin{array}{\|l\|} \hline \text { Brand value } \\ \text { (USD m) } \\ 2018 \end{array}$ | change | $\begin{array}{\|l\|l} \text { Brand value } \\ \text { (USD m) } \\ 2017 \end{array}$ | Brand rating 2018 | $\begin{aligned} & \text { Prand } \\ & \text { rating } \\ & 2017 \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 1 | 1 | Nestlé | Switzerland | 19,370 | 0\% | 19,416 | AAA- | AAA- |
| 2 | 2 | Danone | France | 9,098 | +15\% | 7,894 | AAA- | AA+ |
| 3 | 8 | Yili | China | 6,158 | +43\% | 4,294 | AAA. | AAA |
| 4 | 6 | Tyson | United States | 5,700 | +16\% | 4,925 | AA. | AA |
| 5 | 3 | Kellogg's | United States | 5,457 | -23\% | 7,068 | AA+ | AAA. |
| 6 | 4 | Kraft | United States | 4,885 | -13\% | 5,631 | AAA- | AAA. |
| 7 | 9 | Wrigley's | United States | 4,786 | +15\% | 4,150 | AA- | A+ |
| 8 | 7 | Unilever | United Kingdom | 4,354 | 0\% | 4,373 | AA+ | AA+ |
| 9 | 5 | Heinz | United States | 3,848 | -27\% | 5,292 | AAA- | AAA- |
| 10 | 10 | S-26 | Switzerland | 3,843 | -6\% | 4,088 | AA- | AA. |
| 11 | 17 | McCain | Canada | 0 | $\square$ | 0 | $\bigcirc$ | 0 |
| 12 | 11 | Lay's | United States | 0 | 0 | 0 | 0 | 0 |
| 13 | 20 | Mengniu | China | 0 | 0 | 0 | 0 | 0 |
| 14 | 12 | Arla | Denmark | - | - | 0 | $\square$ | 0 |
| 15 | 13 | Uni-President | China (Taiwan) | 0 | - | $\square$ | 0 | 0 |
| 16 | 23 | Kinder | Italy | - | - | 0 | 0 | 0 |
| 17 | 27 | Master Kong | China | 0 | 0 | 0 | 0 | 0 |
| 18 | 18 | Wilmar | Singapore | - | - | - | - | - |
| 19 | 14 | Oscar Mayer | United States | 0 | 0 | 0 | 0 | 0 |
| 20 | 16 | Amul | India | - | - | 0 | - | 0 |
| 21 | 25 | Hershey's | United States | 0 | $\bullet$ | - | 0 | 0 |
| 22 | 19 | Almarai | Saudi Arabia | - | - | 0 | - | 0 |
| 23 | 21 | Campbell's | United States | 0 | 0 | 0 | $\square$ | 0 |
| 24 | 33 | Ferrero | Italy | - | 0 | 0 | 0 | 0 |
| 25 | 22 | Bimbo | Mexico | - | $\square$ | 0 | 0 | 0 |
| 26 | 28 | Mars | United States | 0 | 0 | 0 | 0 | 0 |
| 27 | 31 | Yoplait | United States | 0 | 0 | $\square$ | 0 | 0 |
| 28 | 24 | Want Want | China | 0 | 0 | 0 | 0 | $\square$ |
| 29 | 29 | Yakult | Japan | 0 | $\square$ | $\square$ | 0 | 0 |
| 30 | 35 | Knorr | Netherlands | - | - | - | 0 | 0 |
| 31 | 37 | Cadbury | United Kingdom | - | - | - | 0 | 0 |
| 32 | 39 | Kikkoman | Japan | - | - | - | - | $\square$ |
| 33 | 15 | Quaker | United States | 0 | 0 | 0 | 0 | 0 |
| 34 | 32 | Ajinomoto | Japan | 0 | 0 | 0 | 0 | 0 |
| 35 | 43 | Philadelphia | United States | 0 | - | 0 | 0 | $\square$ |
| 36 | 47 | Stouffer's | Switzerland | - | - | 0 | - | 0 |
| 37 | 26 | Hormel | United States | - | 0 | 0 | 0 | $\square$ |
| 38 | New | Nutella | Italy | - | - | 0 | - | $\square$ |
| 39 | 36 | Dr Oetker (Food) | Germany | 0 | 0 | 0 | 0 | 0 |
| 40 | 38 | Lindt | Switzerland | 0 | - | 0 | 0 | 0 |
| 41 | New | Halls | United States | - | - | 0 | 0 | 0 |
| 42 | New | Doritos | United States | 0 | - | 0 | 0 | 0 |
| 43 | 42 | Tate \& Lyle | United Kingdom | 0 | 0 | 0 | 0 | $\square$ |
| 44 | New | illuma | Switzerland | Q | Q | $\square$ | 0 | 0 |
| 45 | New | McCormick | United States | 0 | 0 | 0 | 0 | 0 |
| 46 | New | Becel | United Kingdom | 0 | $\square$ | 0 | 0 | 0 |
| 47 | 45 | Enfamil | United States | 0 | 0 | 0 | 0 | 0 |
| 48 | 48 | Barry Callebaut | Switzerland | 0 | 0 | 0 | - | $\square$ |
| 49 | New | Cheetos | United States | 0 | 0 | 0 | $\cdots$ | - |
| 50 | New | Nutrilon | France | $\bigcirc$ | $\bigcirc$ | $\bigcirc$ | $\bigcirc$ | $\bigcirc$ |

## Brand Finance Soft Drinks 25 (USD m).

Top 25 most valuable soft drink brands 1-25

| $\begin{aligned} & \text { Rank } \\ & 2018 \end{aligned}$ | $\begin{aligned} & \text { Rank } \\ & 2017 \end{aligned}$ | Brand name | Country | $\begin{aligned} & \text { Brand value } \\ & \text { (USD m) } \\ & 2018 \end{aligned}$ | \% change | Brand value (USD m) 2017 | Brand <br> rating <br> 2018 | $\begin{array}{l\|l\|} \hline \text { Brand } \\ \text { rating } \\ 2017 \end{array}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 1 | 1 | Coca-Cola | United States | 30,378 | -5\% | 31,885 | AAA | AAA |
| 2 | 2 | Pepsi | United States | 20,035 | +8\% | 18,470 | AAA | AAA |
| 3 | 3 | Red Bull | Austria | 7,641 | +13\% | 6,738 | AAA | AAA |
| 4 | 4 | Nescafé | Switzerland | 5,316 | -1\% | 5,364 | AAA | AAA |
| 5 | 5 | Gatorade | United States | 4,922 | +8\% | 4,573 | AAA- | AAA |
| 6 | 6 | Sprite | United States | 4,419 | +1\% | 4,372 | AAA- | AA+ |
| 7 | 9 | Monster | United States | 3,669 | +31\% | 2,790 | AA | AA- |
| 8 | 7 | Mountain Dew | United States | 3,337 | +11\% | 2,994 | AA+ | AA+ |
| 9 | 11 | Dr Pepper | United States | 3,328 | +30\% | 2,552 | AA+ | AAA- |
| 10 | 13 | Tropicana | United States | 2,603 | +9\% | 2,399 | AAA | AAA |
| 11 | 8 | Fanta | United States | $\bullet$ | $\bullet$ | $\bullet$ | $\bullet$ | $\square$ |
| 12 | 12 | Lipton | United Kingdom | 0 | 0 | 0 | 0 | 0 |
| 13 | 10 | 7-Up | United States | 0 | 0 | 0 | 0 | 0 |
| 14 | 14 | Folgers | United States | 0 | 0 | 0 | 0 | 0 |
| 15 | 17 | Twinings | United Kingdom | 0 | 0 | 0 | 0 | 0 |
| 16 | 18 | Evian | France | $\bullet$ | $\bullet$ | $\bullet$ | 0 | $\square$ |
| 17 | 24 | Lavazza | Italy | 0 | $\square$ | 0 | 0 | $\square$ |
| 18 | 19 | Mirinda | United States | 0 | 0 | - | 0 | 0 |
| 19 | 23 | Aquatina | United States | $\bullet$ | $\bullet$ | $\bullet$ | 0 | 0 |
| 20 | 20 | Milo | Switzerland | $\bullet$ | $\bullet$ | $\bullet$ | $\bigcirc$ | $\bigcirc$ |
| 21 | 16 | Minute Maid | United States | $\square$ | $\square$ | - | 0 | 0 |
| 22 | NEW | Jacobs | Germany | $\bullet$ | $\square$ | 0 | 0 | $\bigcirc$ |
| 23 | 21 | Dasani | United States | 0 | 0 | $\bullet$ | 0 | $\square$ |
| 24 | 22 | Ovaltine | United Kingdom | - |  | 0 | $\bullet$ | 0 |
| 25 | New | Nespresso | Switzerland | $\square$ | $\bigcirc$ | - | 0 | $\square$ |


| N Neste | ${ }_{83}^{\text {assaco }}$ | (1)3 | ${ }_{89.3}^{\text {Eassome }}$ |
| :---: | :---: | :---: | :---: |
| Kraft | ${ }_{82.1}^{\text {sassene }}$ | $\underset{\text { Red bull }}{ }$ | ${ }_{85.7}^{\text {salsaen }}$ |
| (mim | 82.0 | ${ }^{2}$ | ${ }^{\text {bessaoe }}$ 85.1 |
| 20ea | ${ }_{80}^{\text {sassame }}$ | (mio) | ${ }_{84.6}^{\text {sessaen }}$ |
| HERSHHYS | ${ }_{80} 8$ | Med | ${ }_{82.7}^{\text {selsaen }}$ |

## 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


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

## Disclaimer Brand Einance




## Understand Your Brand's Value.

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

+ Insurance
+ Banks
+ Telecoms

For more information regarding our Brand Value Reports, please contact:
Richard Haigh
Managing Director, Brand Finance
rd.haigh@brandfinance.com

## What are the benefits of a Branc

 Value Report?
## Insight

Provide insight as to how the brand is performing vs. key competitors on underlying measures and drivers of brand value and brand strength.

## Strategy

Understand where brand value is being generated by region and channel in order to identify areas of opportunity that warrant further investigation.

## Benchmarking

Track year-on-year changes to brand value and set long-term objectives against which high-level brand performance can be benchmarked.


Education
Provide a platform of understanding which the company can use to educate employees on the importance of the brand

## Communication

Communicate your brand's success to shareholders, customers, and other strategically selected audiences.


## Understanding

Understand and appreciate the value of your brand as an asset of the business

## 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. 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


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.
2. Analytics: How can I improve marketing effectiveness? Analytical services help to uncover driver of demand and insights. Identifying the factors which drive consumer behaviou allows an understanding of how brand
create bottom-line impac
Market Research Analytics Return on Marketing Investment

Brand Scorecard Tracking
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 w
identify the best opportunities, ensuring
resources are allocated to those activities which have the most impact on brand and business value.

We help brand owners and fiscal authorities to understand the mplications of different tax, transfer pricing, and brand ownership arrangements.
e help clients to enforce and exploit their intellectual property rights by providing independen expert advice in- and outside of the courtroom.

## Communications Services.

We offer a variety of services to help communicate your brand's success.


## BrandFinance

Strongest
Global Brand 2018
Your Brand

## BRAND EXCHANGE ${ }^{\circ}$

WHERE BRANDS MEET FINANCE

## BECOME A MEMBER

A contemporary and exclusive members' club \& events venue in the heart of the City of London
Characterful space for meetings and private events Members' events with focus on marketing and branding

Discounted room hire for members


## Brand Dialogue

Value-Based Communications

We execute strategic communications programmes to optimise the value of your business and to enhance brand perception among stakeholders.

SERVICES
Research and Insights
Project Management and Agency Steering
Content and Channel Strategy
Integrated Communications Planning and Execution
Communications Workshops

For more information, contact enquiries@brand-dialogue.co.uk or visit www.brand-dialogue.co.uk
Brand Dialogue is a member of the Brand Finance plc group of companies

# BrandFinance 

## Contact us.

The World's Leading Independent Brand Valuation and Strategy Consultancy
T: +44 (0)20 73899400
E: enquiries@brandfinance.com
www.brandfinance.com

