



# The Most Valuable Social Media Brands 2012



BV4 Brand Value Rating Agency and the department of Social Media Management of the HWZ University of Applied Sciences in Business Administration Zurich have created the first ranking of “The Most Valuable Social Media Brands 2012“.

**B**ased on a global study, BV4’s brand experts and their scientific partners at HWZ analyzed the most successful social network brands. They examined the qualitative aspects of the brands, i.e. brand strength, and also determined the monetary values of the 50 most valuable social media brands. The 30 most valuable brands were then listed in the ranking.

Three well-known brands appear in the top three positions. With an estimated brand value of 29.115 bn \$, Facebook ([www.facebook.com](http://www.facebook.com)) clearly leads the ranking, followed by YouTube ([www.youtube.com](http://www.youtube.com)) at 18.099 bn \$ and Twitter ([www.twitter.com](http://www.twitter.com)) at 13.309 bn \$. It is not only the high number of visitors that makes these brands so strong, but also their high level of global awareness

and the remarkable user statistics of the platforms. For instance, Facebook has 845 million users; this means that roughly every eighth inhabitant of the planet is registered on the biggest social network.

In addition to the many brands from the USA, there are also some “exotic” social media brands emerging in the ranking, such as the Chinese platform Qzone ([www.qzone.qq.com](http://www.qzone.qq.com)) in fourth position and the two Facebook imitations VKontakte ([www.vkontakte.ru](http://www.vkontakte.ru)) from Russia and Renren ([www.renren.com](http://www.renren.com)) from China at positions 11 and 12. These and other social media brands in China and Russia have benefited from a strong increase in the number of Internet users and from the exponentially increasing diffusion rate of the platforms.



## Ranking

### Social Media Brands 2012

Rank	Brand	m \$	Country *
1	Facebook	29,115	US
2	YouTube	18,099	US
3	Twitter	13,309	US
4	Qzone	11,237	CN
5	Sina Weibo	3,994	CN
6	Badoo	3,737	UK
7	LinkedIn	3,645	US
8	Tencent Weibo	3,526	CN
9	Zynga	3,138	US
10	Habbo	3,079	FI
11	Vkontakte	2,757	RU
12	Renren	2,616	CN
13	Tagged	2,385	US
14	Pengyou	2,193	CN
15	Odnoklassniki	2,169	RU
16	Pandora	2,112	US
17	Craigslist	1,895	US
18	Kaixin	1,891	CN
19	Netlog	1,692	BE
20	Orkut	1,670	BR
21	Tudou	1,543	CN
22	hi5 **	1,526	US
23	Google+	1,439	US
24	Youku	1,394	CN
25	MySpace	1,316	US
26	Flickr	1,091	US
27	Bebo	1,075	US
28	Tumblr	844	US
29	Wikipedia	574	US
30	Yelp	535	US

\* Head office

\*\* Recently acquired by Tagged but still active as an own brand.

#### The strength and value of social media brands

The market capitalizations of social networks are often many times higher than their turnovers or their balance sheet totals. This means that investors' purchase decisions not only include future expectations but also the intangible assets of the social networks, whereas brand value represents a considerable part of these assets. For "ordinary" brands (e.g., consumer goods brands), brand value is created as soon as consumers are willing to pay a price premium solely because of the brand of a specific product or service. However, it is not necessarily the users of social networks that are the customers in this case, but also the companies that place paid ads on the platforms and benefit from user information. As a consequence, company and brand value is created only when the social networks and their information can be used commercially. "The more widespread a platform is and the more frequently it is used, the more attractive it gets from a commercial point of view", says Manuel P. Nappo, head of the department of Social Media Management at HWZ. In other words, the higher the awareness and the diffusion rate of social media brands and the trust they generate, the stronger and more valuable they are.

Interestingly, consumers' trust in social media brands is relatively high. This is evidenced by the fact that social network users' willingness to share private information about their social environment and their own preferences is surprisingly high. Further crucial value drivers of social network brands are global reach, rapid growth, omnipresence in consumers' daily lives and capability to ensure easy and efficient communication. For instance, Facebook and Twitter were important communication channels in the Arab revolution and during Japan's earthquake catastrophe. Tumblr ([www.tumblr.com](http://www.tumblr.com)) was the organizational backbone of the "Occupy Wall Street" movement.

### The unstoppable rise of “exotic” brands

“Social media brands from emerging countries like China, Russia or Brazil can be expected to become increasingly significant in the future”, states Max Meister, CEO of BV4. On the one hand, numbers of Internet users in these countries are increasing at above-average rates compared to growth in Europe or in the USA. On the other hand, Asian users are significantly more active in social networks. And finally, there is another element with a strong influence on the rapid growth of social networks in China: as various online shopping websites are not very reliable and therefore losing their users’ trust, various purchase transactions are being completed on social networks. This fact additionally boosts the number of users and the degree of activity of social platforms in China. However, because of the limited regional language and culture area it can be assumed that these brands will soon reach a saturation point and will therefore not be able to create a global presence.

# 125 bn \$

Together, the 30 most valuable social media brands are worth over 125 bn \$.

A high level of awareness, global reach and user trust make these brands so valuable.



### The valuation process of social media brands

In collaboration with HWZ University of Applied Sciences in Business Administration Zurich, BV4 developed and applied a method founded on scientific criteria and accepted in business practice by analysts and investors in order to evaluate social media brands. This method determines brand value as the earnings of a social network that are attributable to the brand. In practice, brand value corresponds to the sum of future brand-specific earnings discounted to present value. The valuation of the social media brands was executed in three steps:

#### 1. Derivation of financial figures

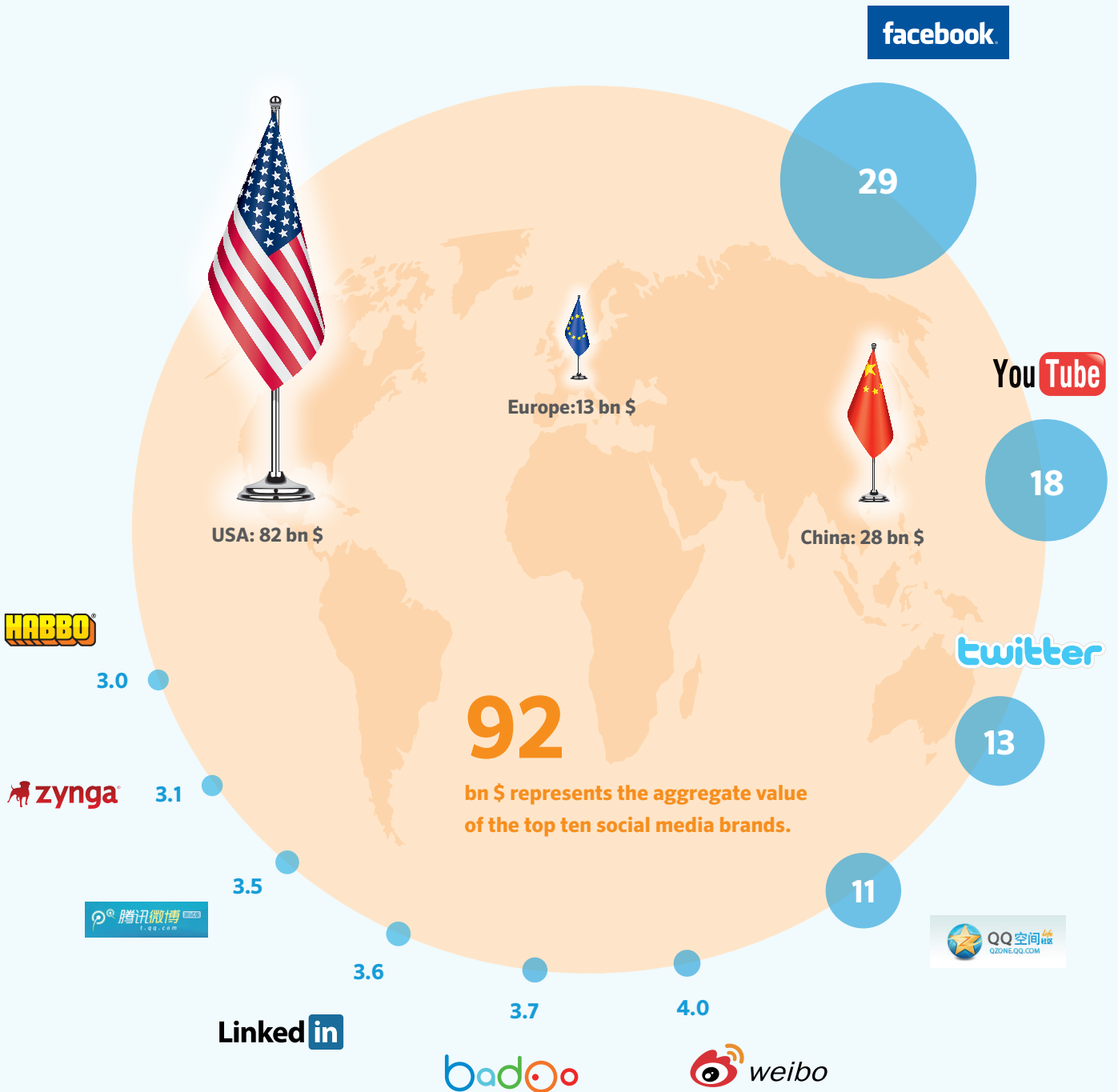
In a first step, the financial and income figures of the respective platforms were determined. In doing so, analysts, industry experts, market studies, financial databases and company-specific information were consulted. Based on the past developments of these figures and on the prospective growth opportunities of the social networks, future earnings were forecasted for each platform.

#### 2. Determination of brand strength

In a second step, the brand strength and therefore the so-called “Brand Value Ratio” (BVR) in percent was calculated, i.e. the part of a social platform’s income achieved solely thanks to the brand. A strong brand implies a high BVR, i.e., the higher the BVR, the stronger the influence of the brand compared to the competition. In order to determine brand strength, the analyzed brands were assessed with industry-specific criteria. For instance, brand awareness, diffusion rate and loyalty (e.g., average time on site per user) of the various brands were analyzed.

#### 3. Determination of brand value

In a last step, the brand-specific earnings of future periods were discounted to present value using a risk-adjusted interest rate. The sum of these values represents the monetary value of the brand. Due to the potentially short life cycle of social networks, a forecast horizon of three years was chosen. The risks affecting the stability of future brand-specific earnings were taken into individual consideration in the risk-adjusted interest rate (brand risk rating); these risks are based on past incidents that had an influence on the reputation of the networks being analyzed.



The most valuable social media brands are concentrated in the USA (82 bn \$), China (28 bn \$) and Europe (13 bn \$). Together, the top ten social media brands have a total brand value of 92 bn \$, the four most valuable brands alone accounting for 71 bn \$ of this amount.



#### **BV4**

As an independent Swiss brand value rating agency, BV4 calculates the financial value of brands and other intangible assets using both scientifically founded and standardized methods. BV4 also develops sector and client-specific brand management models. Thereby, BV4 combines the expertise and knowledge of finance specialists as well as brand experts and marketing professionals.

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#### **HWZ Department of Social Media Management**

As a future-oriented educational institution, HWZ University of Applied Sciences in Business Administration Zurich operates the first department for Social Media Management in Switzerland. The department gives consideration to structural changes in the communication industry and allows an optimal knowledge transfer in companies, organizations and administrations. The department offers training courses and workshops with companies, organizations and administrative authorities and also participates in research projects and post-graduate courses.

[www.fh-hwz.ch/fsmm](http://www.fh-hwz.ch/fsmm)

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