

Telstra Retains Top Spot in Australia Top 100

- Telstra maintains its title as Australia's most valuable brand
- CBA reclaims title as most valuable Australian bank and most powerful Australian brand
- Woolworths, BHP and Westpac experience sharp declines
- Coles climbs two places, its brand value up 21%

Australia's top 100

Telstra has retained the number one ranking as Australia's most valuable brand. Brand Finance Australia Managing Director, Mark Crowe, comments, *"It is testimony to Telstra's brand strength that despite a decline of 18% in enterprise value, Telstra's brand value has only decreased by 2%."*

"Telstra's business performance has had a positive impact on brand value. Reported revenue increased 2%, while the expected cumulative annual growth rate has also improved from 3.7% in 2016 to 4.2% this year. Customer brand equity fell slightly over the last year, with scores on individual metrics such as Consideration, Satisfaction and Recommendation falling marginally."

Telstra is ranked 125th in the Global 500.

In comparison Optus was the 9th ranked Australian brand, recording a 12% decline in brand value.

Mark Crowe continues, *"Optus' business performance worsened over the course of last year, with Optus' brand value falling."*

CBA reclaims most valuable Australian banking brand

The ongoing strength of the Australian banking sector is highlighted by Australian banks occupying 2nd to 4th places. CBA, ANZ and nab have enjoyed healthy increases in brand value. Mark Crowe comments, *"A 9% increase in brand value has helped CBA reclaim its position as Australia's most valuable banking brand."*

CBA and Qantas remain Australia's most powerful brands with brand ratings of AAA-.

Woolworths drops to #5 ranking

After a stellar run from 2009 to 2015, Woolworths has slipped from ranking second in 2016 to being the 5th ranked brand after experiencing a 21% decrease in brand value. Woolworths from 2009 to 2015 was Australia's most valuable brand. Mark Crowe comments, *"Falling profits and a significant decline in brand strength, along with intense competition, will continue to put pressure on Woolworths brand value, unless in particular an improvement in customer metrics can be achieved."*

Brand Finance[®]

Conversely Coles has climbed two places to number six through a 21% increase in brand value. “Coles is now poised to pass Woolworths as Australia’s most valuable retail brand,” said Mark Crowe.

Media Contacts

Edelman

Mark Crowe, Managing Director, Brand Finance Australia

T: +61 2 8249 8320 M: +61 408 232 105 m.crowe@brandfinance.com

Robert Haigh, Marketing and Communications Director

T. +44 (0)2073899400 M: +44 (0)7762211267 r.haigh@brandfinance.com

Note to Editors

Brand values are reported in USD. For precise conversions into local currency values, please contact the above.

About Brand Finance

[Brand Finance](#) is the world’s leading brand valuation and strategy consultancy, with offices in over 15 countries. We provide clarity to marketers, brand owners and investors by quantifying the financial value of brands. Drawing on expertise in strategy, branding, market research, visual identity, finance, tax and intellectual property, Brand Finance helps clients make the right decisions to maximise brand and business value and bridges the gap between marketing and finance.

Methodology

Definition of Brand

When looking at brands as business assets that can be bought, sold and licensed, a technical definition is required. Brand Finance helped to craft the internationally recognised standard on Brand Valuation, ISO 10668. That defines a brand as “a marketing-related intangible asset including, but not limited to, names, terms, signs, symbols, logos and designs, or a combination of these, intended to identify goods, services or entities, or a combination of these, creating distinctive images and associations in the minds of stakeholders, thereby generating economic benefits/value.”

However, a brand makes a contribution to a company beyond that which can be sold to a third party. ‘Brand Contribution’ refers to the total economic benefit that a business derives from its brand, from volume and price premiums over generic products to cost savings over less well-branded competitors.

Brand Strength

Brand Strength is the part of our analysis most directly and easily influenced by those responsible for marketing and brand management. In order to determine the strength of a brand we have developed the Brand Strength Index (BSI). We analyse marketing investment, brand equity (the goodwill accumulated with customers, staff and other stakeholders) and finally the impact of those on business performance. Following this analysis, each brand is assigned a BSI score out of 100, which is fed into the brand value calculation. Based on the score, each brand in the league table is assigned a rating between AAA+ and D in a format similar to a credit rating. AAA+ brands are exceptionally strong and well managed while a failing brand would be assigned a D grade.

Approach

Brand Finance calculates the values of the brands in its league tables using the ‘Royalty Relief approach’. This approach involves estimating the likely future sales that are attributable to a brand and calculating a royalty rate that would be charged for the use of the brand, i.e. what the owner would have to pay for the use of the brand—assuming it were not already owned.

Brand Finance[®]

The steps in this process are as follows:

- 1 Calculate brand strength on a scale of 0 to 100 based on a number of attributes such as emotional connection, financial performance and sustainability, among others. This score is known as the Brand Strength Index.
- 2 Determine the royalty rate range for the respective brand sectors. This is done by reviewing comparable licensing agreements sourced from Brand Finance's extensive database of license agreements and other online databases.
- 3 Calculate royalty rate. The brand strength score is applied to the royalty rate range to arrive at a royalty rate. For example, if the royalty rate range in a brand's sector is 0-5% and a brand has a brand strength 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 estimating a proportion of parent company revenues attributable to a specific brand.
- 5 Determine forecast brand specific 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.