Press Release – For Immediate Release

Nivea is the Strongest German Brand

Every year, leading valuation and strategy consultancy Brand Finance values the brands of thousands of the world's biggest companies. The 50 most valuable German brands are included in the Brand Finance Germany 50.

Nivea is Germany's most powerful brand with a Brand Strength Index (BSI) score of 88. Nivea has developed high levels of consumer trust for the superior quality and reliability of its products but this has been complemented by increasingly innovative advertising. Its sunscreen has been promoted with creative campaigns including a doll that turns red in hot weather to remind children of the risk of sunburn, a waterslide that dispenses waterproof sunscreen and even a model seagull that dispenses sun cream from its rear end. Though derided by some, it is an example of the commitment to improving customer wellbeing that has built Nivea's brand over many years. That being said, its communications strategy has not always been so astute. Nivea attracted condemnation this year for its 'white is purity' campaign, perceived by many as racially insensitive.

The strength of Nivea's brand has enabled it to ride out this missteps, however greater oversight of its marketing communications may be required to ensure it remains the nation's most powerful brand. Nivea's standing is also supported by the stable financial situation of the brand's owner, which has reported another margin increase this year by 0.6 percentage points to the record 15%. Hamburg-based Beiersdorf's sound results allow for new investments into brand development and extension.

Valued at €33 billion, BMW has maintained its position as the most valuable German brand for the third year in a row. BMW celebrated its 100th anniversary in 2016; its heritage is a key driver of demand and customer loyalty. At the same time, investments in innovation, such as the BMW i electric car sub-brand, are positioning BMW well for the future. 2016 saw BMW set new records with net profit at €6.9 billion and revenue at €94.2 billion.

The automotive industry remains Germany's top sector by brand value, with many other car brands placing highly. Mercedes-Benz claims third place in Brand Finance Germany 50 with a brand value of €31.6 billion. Record demand for the brand's vehicles since the launch of the new E-Class Saloon last year was a particular source of strength. Like BMW, Mercedes-Benz is preparing for the growing spending power of the millennial generation. A new marketing strategy has been announced, based on "human-centred innovation" and "customised agencies". Its humorous Superbowl advert is one of the first examples of the new approach. The more "casual" and "light-hearted" image is intended to make the brand more appealing to young people, for whom the technical specifications of Mercedes' engineering excellence may be less relevant.

Volkswagen has a brand value of €22.255 billion, regaining traction after the 2015 emissions scandal. Other Volkswagen Group brands include Audi which is ninth, with a brand value of €11.2 billion, and Porsche which is tenth place with a brand value of €11 billion.

T (Deutsche Telekom) defends second place with a brand value of €32.4 billion. T is Europe's most valuable telecoms brand (as noted in the Brand Finance Telecoms 500 report), though its growth can largely be attributed to performance outside the continent. T-Mobile US regularly records strong results and announced plans for expansion following its $8 billion offer in the government airwaves auction, accounting for almost half of the volume of all bids. In Q1 2017, new customer acquisitions in the US exceeded market expectations, continuing the rapid growth which saw 4.1 million new subscribers join the network in 2016. T is also reinforcing its brand at home however. It is investing in bringing faster internet connection to 1.4 million German households, and on promotions including creative projects such as the recently launched Lenz App, which reacts to anything magenta, the brand's colour.

With a record brand value decline year on year of 43%, Deutsche Bank must hope that strong financial results for the first three months of 2017 are the first signs of its long-awaited recovery. In serious trouble throughout the fi nancial crisis, Deutsche's brand value has continuously fallen from €11.036 billion in 2013 to €4.402 billion this year.

View the Brand Finance Germany 50 report here

ENDS

Note to Editors

For more definitions of key terms, methodology and more stories, please consult the Brand Finance Germany 50 report document.

Brand values are reported in USD. For conversions into local currency, please consult the hover over the 'i' button on the web version of the table and select.

Media Contacts

Robert Haigh, Marketing & Communications Director
T: +44 (0)2073899400 M: +44 (0)7762211167 r.haigh@brandfinance.com

Konrad Jagodzinski, Senior Communications Manager
T: +44 (0)2073899400 M: +44 (0)7508304782 k.jagodzinski@brandfinance.com

Joslyn Pannu, Communications Manager
T: +44 (0)2073899400 M: +44 (0)7885666236 j.pannu@brandfinance.com

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.

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, and is calculated using brand data from the BrandAsset® Valuator database, the world’s largest database of brands, which measures brand equity, consideration and emotional imagery attributes to assess brand personality in a category agnostic manner.

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.