

Tata's Value is Down but India's Brands are On the Up

- **Tata brand value down 4% but Natarajan Chandrasekaran is steadying the ship**
- **Over half of India's 100 most valuable brands grew brand value at least 10%**
- **Indian brands grew in value 15% this year, ahead of the 11% global average**
- **IT services continue to rise: Infosys up to 4th, HCL to 9th, and Wipro to 11th place**

Every year, leading valuation and strategy consultancy [Brand Finance](#) values the brands of thousands of the world's biggest companies. A brand's strength is assessed (based on factors such as marketing investment, familiarity, preference, sustainability and margins) to determine what proportion of a business's revenue is contributed by the brand. This proportion is projected into perpetuity and discounted to determine the brand's value. India's 100 most valuable brands are featured in the Brand Finance India 100.

[View the full list of India's 100 most valuable brands here](#)

Strong brand value growth characterises the 2017 Brand Finance India 100. The total value of India's top brands has increased 15% this year, ahead of the global average of 11%. 68 of India's 100 most valuable brands have grown in value this year, with 54 of those enjoying double-digit year-to-year percentage growth. There are however some notable exceptions, including India's most valuable brand, Tata, which fell to US\$13.1 billion from last year's US\$13.7 billion.

There has already been intense speculation as to whether brand value has fallen due to Tata's board room drama. In Brand Finance's view this is emphatically not the case. Tata's Brand Strength Index score in fact improved significantly this year and its brand rating was upgraded from A+ to AA+. Corrective action has been taken quickly and the stakeholders at large have not been significantly affected.

Brand Finance's CEO David Haigh comments, "The brand value drop of 4% is clearly not positive, however it is a lesser decline than between 2015 and 2016, when brand value fell 11%. Tata is present in a number of industries in which operating conditions are very challenging for all participants. In this context the slight decline can be seen as a stabilisation in challenging times. As Tata's new chairman, Natarajan Chandrasekaran, settles in and attempts to streamline the conglomerate's activities, we expect Tata to return to brand value growth soon."

IT services brands continue to be one of India's great success stories, dominating not just the national rankings but the international rankings of their sector too. All of India's major IT services brands have grown in value this year, including TCS within the overall Tata portfolio. Even as other Indian brands perform strongly, IT services brands are managing to improve their national ranks. Infosys is up from 5th to 4th, HCL from 10th to 9th and Wipro from 12th to 11th.

The biggest improvement in rankings however comes from Indigo Airlines which is up from 95th last year to 62nd now. India's biggest airline recently announced the addition of 35 new routes and increasing frequency on existing ones.

At the opposite end of the scale, the iconic Taj Hotels brand has fallen 14 places to 93rd with brand value dropping below US\$300 million. Like so many other hotel brands it has been hit by the impact of technology, with aggregator sites creating pricing pressure and Airbnb introducing competition.

This year's fastest falling brand is Micromax. The tech firm has lost 39% of its brand value and nearly fallen out of the top 100, placing 95th. Micromax is struggling to compete following the influx of strong Chinese mobile brands such as Oppo and Vivo into the Indian market in the last couple of years.

ITC is India's most powerful brand. It is India's only AAA rated brand, with a Brand Strength Index score of 86. ITC has been expanding its strategic presence, beyond tobacco, for over a decade. In the last four to five years it has become a formidable competitor in the food and beverage, personal care, apparel and stationery sectors, challenging incumbents that have dominated those industries for over a century. This broad spectrum of excellence is making ITC a household name across India and contributing to the brand's strength.

Mahindra, a stalwart of Indian enterprise has re-entered the top ten this year, after posting healthy growth in its flagship automotive division and strengthening its presence in SAARC countries. Mahindra's agricultural division and its tractors business are well-established strengths while more recent initiatives such as crop-care solutions, seed distribution and power solutions through Mahindra Powerol are poised to accelerate growth. This year brand value is up 21% to US\$3.6 billion.

[View the Brand Finance India 100 report here](#)

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Note to Editors

For more definitions of key terms, methodology and more stories, please consult the Brand Finance India 100 report document.

Brand values are reported in USD. For conversions into INR, please consult the Brand Finance India 100 report document or hover over the 'i' button on the web version of the table and select INR.

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About Brand Finance

[Brand Finance](#) is the world's leading brand valuation and strategy consultancy, with offices in over 25 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.