

Most Valuable South Korean Brands Revealed

- **Samsung is the nation's most valuable with a brand value of US\$51.4 billion**
- **Samsung Fire & Marine, second fastest growing brand, is up 42% in value**
- **Hyundai looks to eco-friendly cars, a beneficial move for its brand value**
- **South Korea among top 10 most valuable nation brands in the world, following record growth**

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 is projected into perpetuity and discounted to determine the brand's value. The 50 most valuable South Korean brands are included in the Brand Finance South Korea 50 league table.

Samsung comes out victorious as the nation's most valuable and powerful brand. Its brand value is up 12% to US\$51.4 billion – more than five times the value of the second most valuable brand. The consumer electronics giant predicted a near 50% jump in its fourth quarter operating profit in 2016. Its components business is expected to offset declines in its mobile unit as a result of the discontinuation of its Galaxy Note 7. The Korean won fell 8.73% against the dollar in the fourth quarter of 2016 and this, coupled with higher memory chip prices and increased volume due to greater demand, could see Samsung's components business excel further, thus positively impacting the brand's value.

Samsung Fire & Marine, the second fastest growing South Korean brand this year, is up 42% to US\$2.7 billion. It had an impressive 2016; its operating profit rose 209% year-on-year to 362 billion won, sales rose 3.2% to 1.48 trillion won and net profit increased 213.3% to 284.9 billion won. Its brand value is, undoubtedly, partially a result of its incredible performance.

Hyundai's performance has not fared as well as Samsung's, in spite of the fact that the former is South Korea's second most valuable brand with a value of US\$8.8 billion, up 4% from the previous year. In 2016, the car manufacturer reported a 39% drop in the fourth quarter net profit to 1 trillion won (US\$858 million), the lowest value in seven years. The company has attributed the loss to the July-September strike which resulted in increased production costs and cost Hyundai 95,400 vehicles worth of output. Furthermore, demand in its home and US market waned and sales levels suffered. Sales in the latter market may slip further in the future as President Trump could impose high tariffs on vehicles shipped into the US.

Despite the negativity, Hyundai has now announced that it will further expand its SUV range to include an electric version of one of its models. This is part of the brand's 'eco-development roadmap' that will feature low and zero emission vehicles to 31 global models in total by 2020. As environmental awareness becomes more prominent, it is important for brands to embrace and implement an improved business strategy to reflect the shift. Hyundai's proposed initiative is certainly a step in the right direction and may push its brand value and strength up in the future.

David Haigh, CEO of Brand Finance, commented: *"The world's eyes are currently on the situation in the Korean peninsula and it is vital that the value and resilience of home-grown South Korean brands is recognised. Their success has contributed to the record growth of South Korea's nation*

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brand. Following 43% increase this year to US\$1.8 trillion, South Korea joined the club of the top 10 most valuable nation brands in the world. In a virtuous circle, corporate brands and the national image of South Korea are reinforcing each other and further add to the country's attractiveness."

ENDS

Note to Editors

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.

Read more about the Brand Finance Nation Brands report [here](#).

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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

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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.