Denmark 50 2017

The annual report on the most valuable Danish brands
May 2017
Foreword

What is the purpose of a strong brand; to attract customers, to build loyalty, to motivate staff? All true, but for a commercial brand at least, the first answer must always be ‘to make money’.

Huge investments are made in the design, launch and ongoing promotion of brands. Given their potential financial value, this makes sense. Unfortunately, most organisations fail to go beyond that, missing huge opportunities to effectively make use of what are often their most important assets. Monitoring of brand performance should be the next step, but is often sporadic. Where it does take place it frequently lacks financial rigour and is heavily reliant on qualitative measures poorly understood by non-marketers.

As a result, marketing teams struggle to communicate the value of their work and boards then underestimate the significance of their brands to the business. Skeptical finance teams, unconvinced by what they perceive as marketing mumbo jumbo may fail to agree necessary investments. What marketing spend there is can end up poorly directed as marketers are left to operate with insufficient financial guidance or accountability. The end result can be a slow but steady downward spiral of poor communication, wasted resources and a negative impact on the bottom line.

Brand Finance bridges the gap between the marketing and financial worlds. Our teams have experience across a wide range of disciplines from market research and visual identity to tax and accounting. We understand the importance of design, advertising and marketing, but we also believe that the ultimate and overriding purpose of brands is to make money. That is why we connect brands to the bottom line.

By valuing brands, we provide a mutually intelligible language for marketers and finance teams. Marketers then have the ability to communicate the significance of what they do and boards can use the information to chart a course that maximises profits.

Without knowing the precise, financial value of an asset, how can you know if you are maximising your returns? If you are intending to license a brand, how can you know you are getting a fair price? If you are intending to sell, how do you know what the right time is? How do you decide which brands to discontinue, whether to rebrand and how to arrange your brand architecture? Brand Finance has conducted thousands of brand and branded business valuations to help answer these questions.

Brand Finance’s recently conducted share price study revealed the compelling link between strong brands and stock market performance. It was found that investing in the most highly branded companies would lead to a return almost double that of the average for the S&P 500 as a whole.

Acknowledging and managing a company’s intangible assets taps into the hidden value that lies within it. The following report is a first step to understanding more about brands, how to value them and how to use that information to benefit the business. The team and I look forward to continuing the conversation with you.

Contents

Foreword 2
Definitions 4
Methodology 6
Executive Summary 8
Full Table (USDm) 12
Full Table (DKKm) 13
Understand Your Brand’s Value 14
How We Can Help 16
Contact Details 17
Definitions

- **Enterprise Value** – the value of the entire enterprise, made up of multiple branded businesses
- **Branded Business Value** – the value of a single branded business operating under the subject brand
- **Brand Contribution** – The total economic benefit derived by a business from its brand
- **Brand Value** – the value of the trade marks (and relating marketing IP and ‘goodwill’ attached to it) within the branded business

**Branded Business Value**

A brand should be viewed in the context of the business in which it operates. For this reason Brand Finance always conducts a Branded Business Valuation as part of any brand valuation. Where a company has a purely mono-branded architecture, the business value is the same as the overall company value or ‘enterprise value’.

In the more usual situation where a company owns multiple brands, business value refers to the value of the assets and revenue stream of the business line attached to that brand specifically. We evaluate the full brand value chain in order to understand the links between marketing investment, brand tracking data, stakeholder behaviour and business value to maximise the returns business owners can obtain from their brands.

**Brand Contribution**

The brand values contained in our league tables are those of the potentially transferable brand asset only, but for marketers and managers alike, an assessment of overall brand contribution to a business provides powerful insights to help optimise performance.

Brand Contribution represents the overall uplift in shareholder value that the business derives from owning the brand rather than operating a generic brand.

Brands affect a variety of stakeholders, not just customers but also staff, strategic partners, regulators, investors and more, having a significant impact on financial value beyond what can be bought or sold in a transaction.

**Brand Value**

In the very broadest sense, a brand is the focus for all the expectations and opinions held by customers, staff and other stakeholders about an organisation and its products and services. However, when looking at brands as business assets that can be bought, sold and licensed, a more 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”.

**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.
Methodology

League Table Valuation Methodology

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.

Brand strength index (BSI)

<table>
<thead>
<tr>
<th>Brand investment</th>
<th>Brand equity</th>
<th>Brand performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong brand</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Weak brand</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

BSI score applied to an appropriate sector royalty rate range.

Royalty rate applied to forecast revenues to derive brand values.

Post-tax brand revenues are discounted to a net present value (NPV) which equals the brand value.

Brand Finance Typical Project Approach

1. Brand Audit
   - Audit the impact of brand management and investment on brand equity

2. Trial & Preference
   - Run analytics to understand how perceptions link to behaviour

3. Acquisition & Retention
   - Link stakeholder behaviour with key financial value drivers

4. Valuation Modelling
   - Model the impact of behaviour on core financial performance and isolating the value of the brand contribution

How We Help to Maximise Value

1. Base-case brand and business valuation (using internal data), growth strategy formulation, target-setting, scorecard and tracker set-up

2. Optimise brand positioning and strength

3. Portfolio management/rebranding Group companies

4. Build core business through product development

5. Build core business through market expansion

6. Build scale through licensing/franchising/partnerships

Evaluate ongoing performance

<table>
<thead>
<tr>
<th>Current brand and business value</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Target brand and business value</th>
</tr>
</thead>
</table>
Executive Summary

Denmark 50

Lego tops the table with a brand value of US$7.6billion. Lego is also the strongest brand, not just in Denmark, but globally.

Lego scores highly on a wide variety of BSI metrics such as familiarity, loyalty, promotion, marketing investment, staff satisfaction and corporate reputation. The building blocks for Lego’s brand strength have always been present, however in the last few years this strength has been enhanced through a combination of strategic partnerships and licensing deals. The Lego Movie in 2014 and the Lego Batman Movie last year were both critical and commercial successes, providing not just immediate revenue and ‘Sorcic Acid’ look like. The response was to respond to the digital era. Lego Boost, set to launch in August, allows children to turn Lego creations into programmable robots using a smartphone app. Meanwhile Lego Life enables kids to post pictures of their proudest creations into animations to emphasise their apparent ghoulishness.

Arla is 2nd, with a brand value of US$3.7billion. The dairy industry is experiencing severe overproduction, lowering prices and squeezing margins. The differentiating power of brand is therefore more critical than ever. Arla is working hard to leverage its brand and to reinforce it. Several campaigns have been launched recently in both the UK and US. Its UK campaign invited people to ‘Eat Monday for Breakfast’, promoting the idea that Arla products help people start their week with energy, enthusiasm and ambition rather than the usual resignation and dread. US$30 million has been invested in the ‘Live Unprocessed’ campaign to position the brand as a champion of natural, healthy eating, in contrast to competitors such as Kraft. Children were asked to imagine what processed food ingredients ‘rBST’, ‘Xanthan’ and ‘Soricic Acid’ look like. The response was to portray them as monsters or aliens. Their ideas were turned into animations to emphasise their apparent ghoulness.

Pandora remains in 5th place with a 42% increase in brand value to US$2.9billion. The UK and the US are currently its two largest markets but Pandora is achieving rapid global expansion. It opened its first store in India and has also targeted China, having set up an e-commerce site and a storefront on Tmall (a Wechat rival), targeting a younger demographic than its average western customer.

Per Aarsleff has had the largest fall in brand value, dropping 38% to US$162million. Operating profits are lower than expected and shares have fallen 10% due to delayed or allegedly, poorly executed projects. However, things could improve in the coming year or two, with multimillion projects from Banedanmark to be completed in 2019.

Geographic expansion has also provided Lego with many opportunities for growth. Lego opened its first factory in Jiaxing, China, in 2014, as well as a new Asian Head Office in Shanghai. China does present risks; Lego cannot rely on the nostalgia or awareness it has enjoyed in Europe and the US for decades, making success there uncertain. However, domestic scandals over the safety of children's products leave fertile ground for a foreign firm with a reputation for reliability, safety of children's products leave fertile ground for foreign firms with a reputation for reliability, quality and child development.

Though Lego will always draw its strength from the simplicity of its tangible products, it is also responding to the digital era. Lego Boost, set to launch in August, allows children to turn Lego creations into programmable robots using a smartphone app. Meanwhile Lego Life enables kids to post pictures of their proudest creations or imagine new ones, making Lego a profoundly social and personal experience.
Executive Summary

Brand Value Over Time

The 10 Most Powerful Brands
These are the most powerful Danish brands, whose rating is based on Brand Finance’s Brand Strength Index (BSI).

Brand Value Change (USDm)

Brand Value Change (%)

Total Brand Value by Sector 2017

Colour | Sector | Brand Value (USD Billion) | % of total
--- | --- | --- | ---
Food | 8.2 | 17.6%
Toys | 7.6 | 16.2%
Banks | 5.6 | 11.9%
Logistics | 5.2 | 11.1%
Retail | 3.6 | 7.7%
Apparel | 3.5 | 7.4%
Others | 13.1 | 28.0%
Total | 46.8 | 100%

Brand Finance Denmark 50 May 2017

Brand Finance Denmark 50 May 2017
### Top 50 most valuable Danish brands 1 - 50.

<table>
<thead>
<tr>
<th>Rank 2017</th>
<th>Rank 2016</th>
<th>Brand name</th>
<th>Sector</th>
<th>Brand Value (USDm) 2017</th>
<th>% change</th>
<th>Brand Value (USDm) 2016</th>
<th>Brand rating 2017</th>
<th>Brand rating 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>Lego</td>
<td>Toys</td>
<td>7,597</td>
<td>68%</td>
<td>4,520</td>
<td>AAA+</td>
<td>AAA</td>
</tr>
<tr>
<td>2</td>
<td>3</td>
<td>Arla</td>
<td>Food</td>
<td>3,728</td>
<td>0%</td>
<td>3,742</td>
<td>A+</td>
<td>A</td>
</tr>
<tr>
<td>3</td>
<td>4</td>
<td>Danske Bank</td>
<td>Banks</td>
<td>3,599</td>
<td>27%</td>
<td>2,844</td>
<td>AA+</td>
<td>AA</td>
</tr>
<tr>
<td>4</td>
<td>2</td>
<td>Maersk</td>
<td>Logistics</td>
<td>3,597</td>
<td>-10%</td>
<td>3,752</td>
<td>AAA</td>
<td>AA-</td>
</tr>
<tr>
<td>5</td>
<td>5</td>
<td>Pandora</td>
<td>Apparel</td>
<td>2,903</td>
<td>42%</td>
<td>2,048</td>
<td>AAA-</td>
<td>AAA-</td>
</tr>
<tr>
<td>6</td>
<td>6</td>
<td>ISS</td>
<td>Pro Services - Commercial</td>
<td>2,137</td>
<td>15%</td>
<td>1,853</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>7</td>
<td>12</td>
<td>Vestas</td>
<td>Technology</td>
<td>1,528</td>
<td>63%</td>
<td>939</td>
<td>AA+</td>
<td>AA+</td>
</tr>
<tr>
<td>8</td>
<td>7</td>
<td>Novo Nordisk</td>
<td>Pharma</td>
<td>1,520</td>
<td>0%</td>
<td>1,527</td>
<td>AA</td>
<td>AA</td>
</tr>
<tr>
<td>9</td>
<td>14</td>
<td>DSV</td>
<td>Logistics</td>
<td>1,488</td>
<td>72%</td>
<td>865</td>
<td>A+</td>
<td>AA-</td>
</tr>
<tr>
<td>10</td>
<td>11</td>
<td>Coop Danmark</td>
<td>Retail</td>
<td>1,451</td>
<td>52%</td>
<td>954</td>
<td>A+</td>
<td>A</td>
</tr>
</tbody>
</table>

### Top 50 most valuable Danish brands 1 - 50.

<table>
<thead>
<tr>
<th>Rank 2017</th>
<th>Rank 2016</th>
<th>Brand name</th>
<th>Sector</th>
<th>Brand Value (DKKm) 2017</th>
<th>% change</th>
<th>Brand Value (DKKm) 2016</th>
<th>Brand rating 2017</th>
<th>Brand rating 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>Lego</td>
<td>Toys</td>
<td>50,326</td>
<td>62%</td>
<td>31,026</td>
<td>AAA</td>
<td>AAA</td>
</tr>
<tr>
<td>2</td>
<td>3</td>
<td>Arla</td>
<td>Food</td>
<td>24,697</td>
<td>-4%</td>
<td>25,683</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>3</td>
<td>4</td>
<td>Danske Bank</td>
<td>Banks</td>
<td>23,844</td>
<td>22%</td>
<td>19,519</td>
<td>AA+</td>
<td>AA</td>
</tr>
<tr>
<td>4</td>
<td>2</td>
<td>Maersk</td>
<td>Logistics</td>
<td>22,501</td>
<td>-13%</td>
<td>25,959</td>
<td>AA+</td>
<td>AA-</td>
</tr>
<tr>
<td>5</td>
<td>5</td>
<td>Pandora</td>
<td>Apparel</td>
<td>19,230</td>
<td>37%</td>
<td>14,058</td>
<td>AAA</td>
<td>AA-</td>
</tr>
<tr>
<td>6</td>
<td>6</td>
<td>ISS</td>
<td>Pro Services - Commercial</td>
<td>14,154</td>
<td>11%</td>
<td>12,717</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>7</td>
<td>12</td>
<td>Vestas</td>
<td>Technology</td>
<td>10,121</td>
<td>57%</td>
<td>6,448</td>
<td>A+</td>
<td>AA</td>
</tr>
<tr>
<td>8</td>
<td>7</td>
<td>Novo Nordisk</td>
<td>Pharma</td>
<td>10,068</td>
<td>4%</td>
<td>10,476</td>
<td>AA</td>
<td>AA</td>
</tr>
<tr>
<td>9</td>
<td>14</td>
<td>DSV</td>
<td>Logistics</td>
<td>9,857</td>
<td>66%</td>
<td>5,937</td>
<td>A+</td>
<td>AA</td>
</tr>
</tbody>
</table>

---

12. [Brand Finance Denmark 50 May 2017](#)
Understand Your Brand’s Value

A Brand Value Report provides a complete breakdown of the assumptions, data sources and calculations used to arrive at your brand’s value. Each report includes expert recommendations for growing brand value to drive business performance and offers a cost-effective way to gaining a better understanding of your position against competitors. A full report includes the following sections which can also be purchased individually.

**Brand Valuation Summary**
Overview of the brand valuation including executive summary, explanation of changes in brand value and historic and peer group comparisons.

**Brand Value Dashboard**
A Brand Valuation Dashboard is an ideal balance scorecard of fundamental brand related measures

**Drivers of Change**
Three key areas impact Brand Value (Euros)

**Brand Performance**
An ideal balanced scorecard of fundamental brand related measures

**Brand Investment**
Drivers that drive the Brand Equity and financial results

**Brand Strength Index**
A breakdown of how the brand performed on various metrics of brand strength, benchmarked against competitor brands in a balanced scorecard framework.

**Brand Valuation Assumptions**
Underlying economic assumptions used in valuation

**Competitor Royalty Rates**
Competitor royalty rates will be different based on different strengths of the brand, having different operating segments and company-specific long-term affordability

**Determining the Royalty Rate**
In order to apply for Brand Strength Index, a hypothetical royalty rate range needs to be set

**Royalty Rates**
Analysis of competitor royalty rates, industry royalty rate ranges and margin analysis used to determine brand specific royalty rate.

**Cost of Capital**
A breakdown of the cost of capital calculation, including risk free rates, brand debt risk premiums and the cost of equity through CAPM.

**Trademark Audit**
Analysis of the current level of protection for the brands word marks and trademark iconography highlighting areas where the marks are in need of protection.

**Brand Equity** is important to all sectors against each of these factors. We therefore benchmark brands against relevant input measures by market share. We therefore benchmark brands against relevant input measures by market share.
How we can help

1. Valuation: What are my intangible assets worth?
   Valuations may be conducted for technical purposes and to set a baseline against which potential strategic brand scenarios can be evaluated.

2. Analytics: How can I improve marketing effectiveness?
   Analytical services help to uncover drivers of demand and insights. Identifying the factors which drive consumer behaviour will allow an understanding of how brands create bottom-line impact.

3. Strategy: How can I increase the value of my branded business?
   Strategic marketing services enable brands to be leveraged to grow businesses. Scenario modelling will identify the best opportunities, ensuring resources are allocated to those activities which have the most impact on brand and business value.

4. Transactions: Is it a good deal? Can I leverage my intangible assets?
   Transaction services help buyers, sellers and owners of branded businesses get a better deal by leveraging the value of their intangibles.

We help marketers to connect their brands to business performance by evaluating the return on investment (ROI) of brand based decisions and strategies.

We provide financiers and auditors with an independent assessment on all forms of brand and intangible asset valuations.

We help brand owners and fiscal authorities to understand the implications of different tax, transfer pricing and brand ownership arrangements.

We help clients to enforce and exploit their intellectual property rights by providing independent expert advice inside and outside of the courtroom.

For brand value report enquiries, please contact:
Alex Haigh
Director of League Tables
Brand Finance
a.haigh@brandfinance.com

For media enquiries, please contact:
Robert Haigh
Marketing & Communications
Director Brand Finance
r.haigh@brandfinance.com

For all other enquiries, please contact:
enquiries@brandfinance.com
+44 (0)207 389 9400

Disclaimer
Brand Finance has produced this study with an independent and unbiased analysis. The values derived and opinions produced in this study are based only on publicly available information and certain assumptions that Brand Finance used where such data was deficient or unclear. Brand Finance accepts no responsibility and will not be liable in the event that the publicly available information relied upon is subsequently found to be inaccurate.

The opinions and financial analysis expressed in the report are not to be construed as providing investment or business advice. Brand Finance does not intend the report to be relied upon for any reason and excludes all liability to any body, government or organisation.

Copyright © 2017 Brand Finance

Contact details

Contact us

For brand value report enquiries, please contact:
Alex Haigh
Director of League Tables
Brand Finance
a.haigh@brandfinance.com

For media enquiries, please contact:
Robert Haigh
Marketing & Communications
Director Brand Finance
r.haigh@brandfinance.com

For all other enquiries, please contact:
enquiries@brandfinance.com
+44 (0)207 389 9400

Our offices

For further information on Brand Finance®’s services and valuation experience, please contact your local representative:

Country | Contact | Email address
---|---|---
Australia | Mark Crowe | m.crowe@brandfinance.com
Brazil | Pedro Tavares | p.tavares@brandfinance.com
Canada | Bill Ratcliffe | b.ratcliffe@brandfinance.com
China | Minnie Fu | m.fu@brandfinance.com
Caribbean | Nigel Cooper | n.cooper@brandfinance.com
East Africa | Jawad Jaffer | j.jaffer@brandfinance.com
France | Victoire Ruault | v.ruault@brandfinance.com
Germany | Dr. Holger Mühlbauer | h.muehlaber@brandfinance.com
Greece | Ioannis Lionis | i.lionis@brandfinance.com
Holland | Marc Closstern | m.closstern@brandfinance.com
India | Ajimon Francis | a.francis@brandfinance.com
Indonesia | Jimmy Halm | j.halm@brandfinance.com
Italy | Massimo Pizzo | m.pizzo@brandfinance.com
Malaysia | Samir Dixit | s.dixit@brandfinance.com
Mexico | Laurence Newell | l.newell@brandfinance.com
LatAm (exc. Brazil) | Laurence Newell | l.newell@brandfinance.com
Middle East | Andrew Campbell | a.campbell@brandfinance.com
Nigeria | Babatunde Odumere | t.odumera@brandfinance.com
Portugal | Pedro Tavares | p.tavares@brandfinance.com
Russia | Alexander Eremenko | a.ereенко@brandfinance.com
Scandinavia | Alexander Todoran | a.todoran@brandfinance.com
Singapore | Samir Dixit | s.dixit@brandfinance.com
South Africa | Jeremy Sampson | j.sampson@brandfinance.com
Spain | Lorena Jorge Ramirez | l.ramirez@brandfinance.com
Sri Lanka | Ruchi Gunewardene | r.gunewardene@brandfinance.com
Switzerland | Victoire Ruault | v.ruault@brandfinance.com
Turkey | Muharem Ilginar | m.ilginar@brandfinance.com
UK | Alex Haigh | a.haigh@brandfinance.com
USA | Ken Runkel | k.runkel@brandfinance.com
Vietnam | Lai Tien Manh | m.lai@brandfinance.com
Contact us.

The World’s Leading Independent Branded Business Valuation and Strategy Consultancy

T: +44 (0)20 7389 9400
E: enquiries@brandfinance.com
www.brandfinance.com