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Oprah visit will add hundreds of millions of dollars to the economy

Brand Finance recently ranked the Australian brand as the 13th most valuable country brand in the world at US\$757 billion, slipping from 10th place in 2009. At 13th we edge out tourist destination Mexico, whilst losing to commodities focussed Brazil.

Oprah's visit to Australia will add immense value to the Australian brand. Brand Finance has estimated that tourism revenue alone will increase by several hundred million dollars over the next three years due to the 'Oprah Effect'. This equates to a direct return of at least 100 times the \$2.8 million investment made by the National and State Tourism Boards – a return that will make even the best private equity managers spill their coffee. In reality the return will be much greater through increased international trade and commerce.

For reference, advertisers paid \$2.6 million for a 30 second spot during the 2010 Superbowl – a sporting event watched by over 100 million people. This audience number is similar to Oprah's global viewership – but the 30 second spot is dwarfed by Oprah's endorsement of Australia during her four one long shows being taped in Sydney next week.

Can countries be considered as brands? Yes – brand Australia influences the attitudes and behaviour of a range of stakeholders that influence our prosperity. The strength of the brand influences the likelihood of:

- Consumers in other countries selecting products sourced from Australia;
- International tourists selecting Australia as the destination for their next holiday;
- Multinational companies deciding where to base their regional head office, direct their expansion plans, or choose suppliers.

The US\$757 billion value placed on brand Australia covers all economic benefits derived from the strength of the country's reputation – it has both a tourist destination and corporate commerce component.

The ABS calculates that Total Inbound Economic Value of international tourist arrivals to Australia in 2009 was approximately \$25 billion. This is a big figure, but hides the fact that international tourist numbers have been hit by the GFC and strong Aussie dollar. Some

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commentators argue that the situation has not been helped by a lack of cut-throat in advertising.

Tim Heberden of Brand Finance commented that *“the power of Oprah is well known and everything she touches turns to gold. This could be a real winner for Sydney and Australia - I can see this significantly increasing the value of the Australian brand. If supported well by future marketing activities, it will draw tourists and businesses to Australia for years to come”*.

Beyond the Oprah effect, Mr Heberden believes that *“National brand equity is an asset that has a lasting impact on stakeholder decisions. As with any asset, it requires skilful management and ongoing performance tracking.”*

Oprah’s economic clout is illustrated by the following:

- Her show is watched by 7.4 million people in the USA each day and it is syndicated to over 147 countries around the world. Oprah's audience is predominantly female, and over the age of 55, with household income over \$60,000 per year (enough time and money to take a vacation to Australia).
- Oprah’s website has 70 million page views per month.
- Her magazine circulation exceeds 2 million per month.
- Her radio station broadcasts 24/7/365.
- Forbes rates Oprah as the richest self-made woman in America, with a net worth of \$2.7 billion.
- She has consistently been rated as one of the “most influential” or “most powerful” in the world by Time, CNN, and American Spectator.
- Her on-air remarks are often worth millions, termed the “Oprah Effect” – Having your title in Oprah’s book club is like winning the lottery. In 1996 her negative remarks regarding beef cost beef producers \$12 million.
- Her political endorsement was estimated to be responsible for about 1 million votes for Obama in the Democratic primary alone.

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