



# IPL 2018

The annual report on the business value of the Indian Premier League and the most valuable franchise brands

June 2018

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# Foreword.



**Savio D'Souza**  
Director, Brand Finance

Brand Finance has calculated the brand value of the Indian Premier League (IPL) and each of its teams annually since 2009. This research has helped decision makers to obtain a deep understanding of the value of the brands taking part in the world's premier domestic cricket competition.

With its exciting on-field action, packed stands, and hundreds of millions of viewers across the globe, the IPL is clearly the leading Twenty 20 league. The competition has proved a massive hit with fans, players, and sponsors, so it is not surprising that it is now at the forefront of the world of cricket with its innovative ways and huge crowds at stadiums. The world's cricket superstars are all taking part, creating a league, which supported by a clear strategic vision, is unlikely to be challenged in the foreseeable future.

## Rollercoaster Journey

The past decade has been challenging for the IPL. It has been confronted by legal issues, by team instability, by venue problems, and by political interference. The flexibility of the IPL ecosystem to overcome these challenges and the tournament's continued mass appeal to mainstream audiences demonstrate that the IPL brand continues to hold great strength in the eyes of its key stakeholders.

In 2009, Brand Finance valued the IPL business as being worth US\$2 billion, doubling the following year due to the tournament's huge initial success. However, the IPL lost significant value in subsequent years as corruption and governance scandals engulfed the competition, while the Chennai and Rajasthan teams came under scrutiny for misbehaviour by their ownership.

After 2013, the IPL was able to return to a period of strong value growth as it returned to a focus on cricket. The league exercised strategic discipline, reduced waste, and focused on the quality of the core product. Of course, there are continuing challenges like water scarcity, venues change, and other external issues, but the brands have built greater stability and are now more resilient than they formerly were.

## Valuing Brands

Understanding the value of brands is key. As with any asset, it is important to have a clear valuation metric to ensure that your transactions are fairly priced. If you are paying for sponsorship, how do you know if you are getting value for money? If you are seeking sponsorship, how do you justify the prices you charge? Even players should take note. Few will be as commercially successful as Virat Kohli or MS Dhoni, but image rights can be lucrative and need to be part of contract negotiations. If you are intending to license your personal brand, how can you find a fair price?

Brand Finance has conducted tens of thousands of brand valuations to help answer these questions. We have worked with companies of all shapes and sizes, from blue-chip internationals such as Vodafone and Shell, to local brands and sports franchises. Whether you are an owner, marketer, director, sponsor, or a player, we hope you obtain value from the Brand Finance IPL 2018 report and come away with a better understanding of brand valuation in this field.

# About Brand Finance.

**Brand Finance is the world's leading independent brand valuation and strategy consultancy.**

Brand Finance was set up in 1996 with the aim of 'bridging the gap between marketing and finance'. For more than 20 years, we have helped companies and organisations of all types to connect their brands to the bottom line.

We pride ourselves on four key strengths:

- Independence
- Technical Credibility
- Transparency
- Expertise.

Brand Finance puts thousands of the world's biggest brands to the test every year, evaluating which are the strongest and most valuable.

For more information, please visit our website:

[www.brandfinance.com](http://www.brandfinance.com)



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

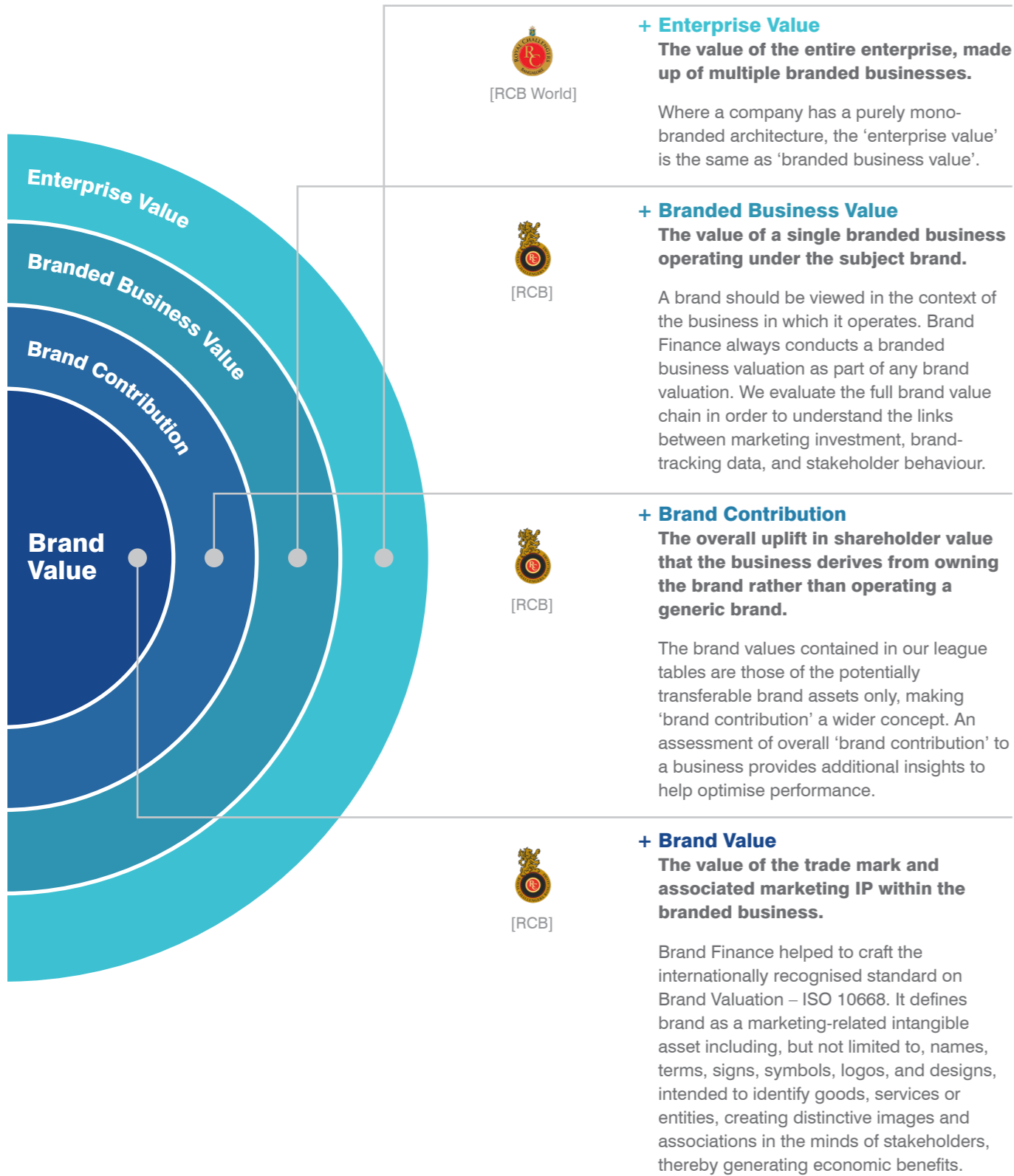
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# Contents.

<b>Foreword</b>	<b>3</b>
<b>About Brand Finance</b>	<b>4</b>
<b>Contact Details</b>	<b>4</b>
<b>Definitions</b>	<b>6</b>
<b>IPL Business Value Analysis</b>	<b>8</b>
<b>Franchise Brands' Business Analysis</b>	<b>10</b>
<b>Methodology</b>	<b>12</b>
<b>Sponsorship Services</b>	<b>13</b>
<b>Sports Services</b>	<b>14</b>
<b>Sports Services Clients</b>	<b>15</b>
<b>Consulting Services</b>	<b>16</b>
<b>Communications Services</b>	<b>17</b>

# Definitions.

## Brand Value



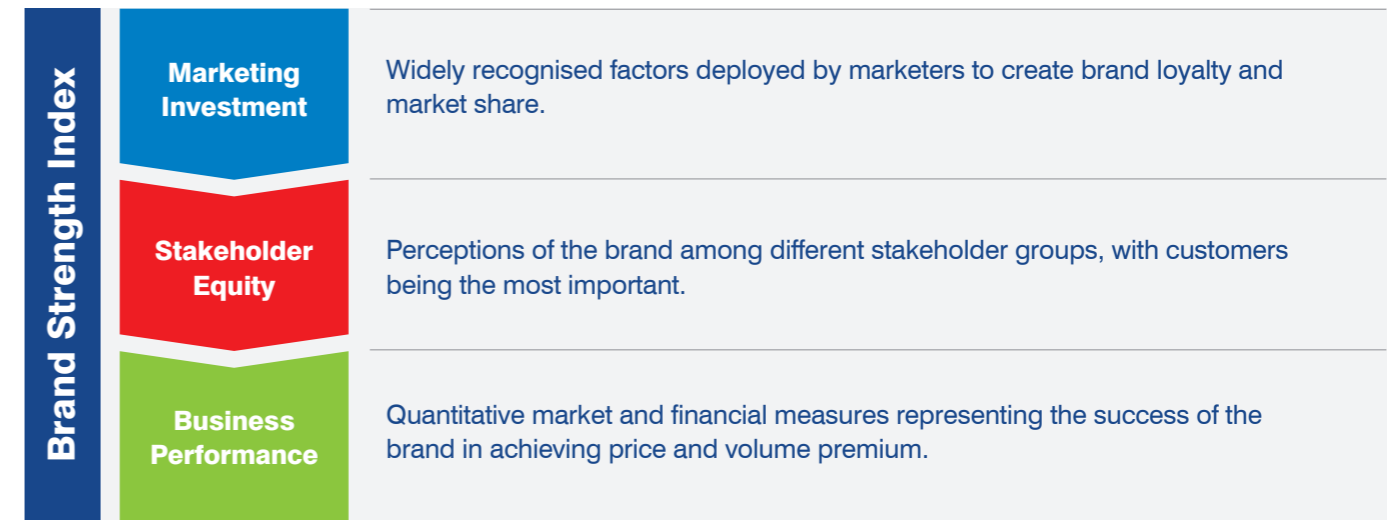
## Brand Strength

**Brand Strength is the efficacy of a brand's performance on intangible measures, relative to its competitors.**

Each brand is assigned a Brand Strength Index (BSI) score out of 100, which feeds into the brand value calculation. Based on the score, each brand is assigned a corresponding rating up to AAA+ in a format similar to a credit rating.

In order to determine the strength of a brand, we look at Marketing Investment, Stakeholder Equity, and the impact of those on Business Performance.

Analysing the three brand strength measures helps inform managers of a brand's potential for future success.



# IPL Business Value Analysis.



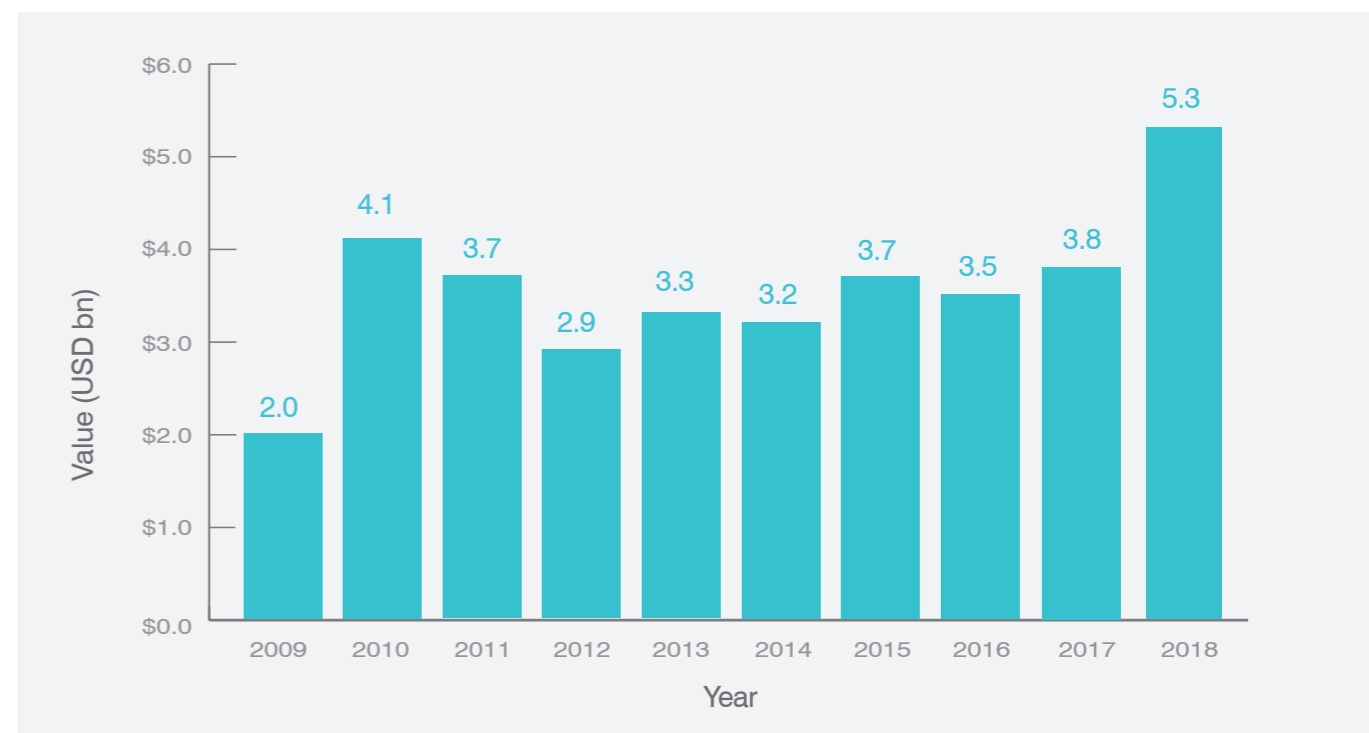
In 2018, the business value of the IPL grew 37% to US\$5.3 billion – an all-time high. This can be attributed to the stakeholders' renewed confidence in the IPL management, a number of innovations in fan experience and pure cricketing excellence, all driving up the interest and participation in the tournament.

For the purposes of the valuation, the IPL has been treated as a single commercial entity, encompassing business values of all its parts. The income that the Board of Control for Cricket in India (BCCI) and the franchises will achieve and the expenditure that each will incur was aggregated. All cross-charged income and expenditure has been ignored. Our approach has been to forecast the profits expected to be made by the IPL in total, using publicly available data, both in terms of income and expenditure, and to apply a common rate of tax to these profits (35%), and then discount the cash flows back to their net present value (NPV). In addition, the Brand Finance IPL 2018 report ranks the most valuable IPL franchise brands. This year, Chennai Super Kings and Rajasthan Royals returned to the rankings after being banned from competition for both the 2016 and 2017 seasons.

**Now in its 11th season, the Indian Premier League is here to stay. It has delivered financially for the players, franchisees, sponsors, and India as a whole, prompting a strong desire amongst a range of stakeholders to appropriately value it.**

**Savio D'Souza**  
Director, Brand Finance

## IPL Business Valuation



In the 11th year of the IPL journey, IPL has gone digital – viewers accessing all sorts of media are now more likely to be glued to the proceedings of the match, and all thanks to a boom in mobile data usage in India. Cricket enthusiasts who did not get tickets to see the games live, could watch the competition in especially designated Fan Parks in 36 cities across the country. Family-friendly and free to attend for all, Fan Parks offered music, entertainment, and a range of merchandise stalls, bringing stadium atmosphere to city centres on a scale larger than ever.

The quality of the game reached a new high as the qualifiers for the final face-off were not decided till the final league game. The emergence of strong contenders: Kings XI Punjab and Rajasthan Royals was the flavour of the season. The traditionally front-running Mumbai Indians and Royal Challengers had to be on their toes throughout the season, keeping fans glued for match results. The discovery of relatively unknown young Indian players created further impetus, especially Rishabh Pant and young guns from India Under-19 team, such as like Prithvi Shaw, Shubman Gill, Mayank Markande, and Shivam Mavi. The shining performances from young Afghan

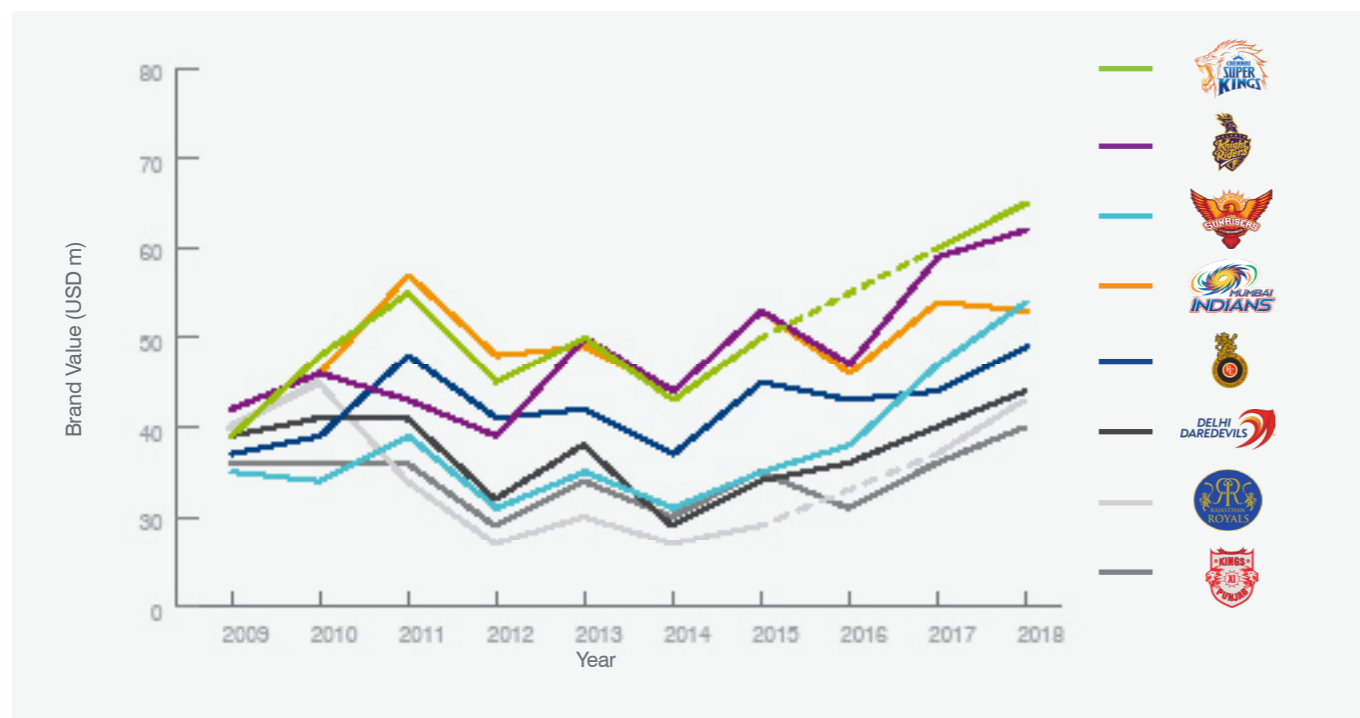
spinners – Rashid Khan and Mujeeb Ur Rahman (both under 20 years of age), each built their own audiences.

Overall, stadium attendance increased from 2017 with a whole range of pricing innovations, while last year's television viewership numbers rose by 11% this year. But the biggest boost came through digital viewership jumping over 200 million. Social media engagement peaked too, more than doubling 2017 numbers early in the season.

The IPL is building momentum in its 11th year. To ensure continued development, management and team owners will have to explore innovative ways of engaging fans, clubs, and sponsors. This can be achieved especially through developing the merchandise offering – a lesson to be learnt from La Liga and the EPL.

# Franchise Brands' Value Analysis.

## Brand Value Over Time



### Chennai Super Kings

With a brand value of US\$65 million and winning the 2018 season title, Chennai Super Kings (CSK) have been ranked as the most valuable IPL franchise brand. This year, CSK top the Brand Finance IPL league table for the third time, after previously leading the rankings in 2010 and 2013. Despite a mid-season change of home ground, CSK managed to qualify for the playoff rounds yet again. Their brand value has been boosted by creating a fan-base beyond Chennai, despite being forced to endure a two-year ban from the league.

### Kolkata Knight Riders

Last year's most valuable brand, Kolkata Knight Riders (KKR) come second in the Brand Finance IPL 2018 ranking, with a brand value of US\$62 million, up 5% from 2017. KKR lived up to its potential through the season, delivering on a bold strategy to include the highest number of players from India's Under-19 World Cup winning team. KKR's brand was boosted by stable governance standards and a huge fan-base mobilised by its owner, Bollywood star Shah Rukh Khan. KKR's host of local and national sponsorships has shown loyalty over the years, while fans filled their stadium through the season.

The solid leadership provided by Dinesh Karthik as captain, Sunil Narain and Andre Russell from the West Indies, and Australian Chris Lynn kept the KKR one of the most feared teams.

### Sunrisers Hyderabad

Growing faster than any other IPL franchise brand, Sunrisers Hyderabad (up 16% to US\$54 million) retained third place in the rankings. In 2018, SRH saw their brand value increase despite losing their captain, David Warner, in the aftermath of the Australian ball-tampering scandal. New Zealand's Kane Williamson led the team with such aplomb that the absence of David Warner was not felt. Williamson was also the highest run scorer in the IPL 2018 season, and led the team into the finals, where they lost to CSK. SRH boasted one of the best bowling attacks in 2018 with the Afghan star Rashid Khan leading the damage alongside Indian swing bowler Bhuvaneshwar Kumar. After a change of hands in the recent past, SRH now have stable management, new recruits, and a support team, which should be useful building blocks to challenge CSK next year.

### Mumbai Indians

Mumbai Indians (MI) were ranked fourth with a brand value of US\$53 million, down 2% but also down two places on last year. Over the years, MI have been a crowd favourite for its ability to fight back from difficult situations, but in 2018, MI lost its way as they struggled to compete with the top teams.

### Royal Challengers Bangalore

Up 11% to US\$49 million, Royal Challengers Bangalore (RCB) enjoy tremendous fan-engagement, lucrative endorsements, and significant following on social media. Despite fielding legendary players like Virat Kohli and AB De Villiers, the team struggled this year and ended up ranked as the fifth most valuable IPL brand. RCB continue to draw strong crowds, despite the team's lack of success in cricketing terms. In recent years, the management have sought to shift their focus from celebrity appeal to team-driven appeal which is bringing better engagement results across the country.

### Delhi Daredevils

Delhi Daredevils are valued at US\$44 million, supported by the team's recovery during the second half of the IPL 2018 season. The appointment of Shreyas Iyer as captain and the selection of several young players bode well for future improvement. Fan support, merchandise and ticket sales grew late in the season, all contributing to the 8% growth in brand value.

### Rajasthan Royals

Rajasthan Royals' return after two years' absence has not been smooth. Even the master tactician Shane Warne – team mentor – could not revive the fortunes of this team in terms of cricketing performance and fan engagement. RR were ranked seventh, with their brand valued at US\$43 million. Under the leadership of Ajinkya Rahane, the team was a force to be reckoned with in the first half of the season, narrowly qualifying for the final four playoffs. RR have potential to grow in future years but are limited by the size of their home ground.

### Kings XI Punjab

Occupying the last rank are Kings XI Punjab (KXIP) with their brand value growing 11% to US\$40 million. KXIP led the table early in the season, but a shift of home ground (due to political and weather reasons) correlated with several losses. Robbed of their home fans and home advantage, the team lost its winning ways, leading to significant brand value challenges. KXIP will need to do

## Most Valuable Franchise Brands

	<b>1</b> Rank 2018: <b>1</b> 2017: - BV 2018: <b>\$65m</b> Brand Strength: <b>AA/71.0</b>
	<b>2</b> Rank 2018: <b>2</b> 2017: <b>1</b> ↓ BV 2018: <b>\$62m</b> BV 2017: <b>\$59m</b> 5% Brand Strength: <b>AA-/67.3</b>
	<b>3</b> Rank 2018: <b>3</b> 2017: <b>3</b> → BV 2018: <b>\$54m</b> BV 2017: <b>\$47m</b> 16% Brand Strength: <b>AA-/67.5</b>
	<b>4</b> Rank 2018: <b>4</b> 2017: <b>2</b> ↓ BV 2018: <b>\$53m</b> BV 2017: <b>\$54m</b> -2% Brand Strength: <b>AA-/65.6</b>
	<b>5</b> Rank 2018: <b>5</b> 2017: <b>4</b> ↓ BV 2018: <b>\$49m</b> BV 2017: <b>\$44m</b> 11% Brand Strength: <b>AA-/68.1</b>
	<b>6</b> Rank 2018: <b>6</b> 2017: <b>5</b> ↓ BV 2018: <b>\$44m</b> BV 2017: <b>\$40m</b> 8% Brand Strength: <b>A+/62.3</b>
	<b>7</b> Rank 2018: <b>7</b> 2017: - BV 2018: <b>\$43m</b> Brand Strength: <b>AA-/65.1</b>
	<b>8</b> Rank 2018: <b>8</b> 2017: <b>6</b> ↓ BV 2018: <b>\$40m</b> BV 2017: <b>\$36m</b> 11% Brand Strength: <b>A+/64.2</b>

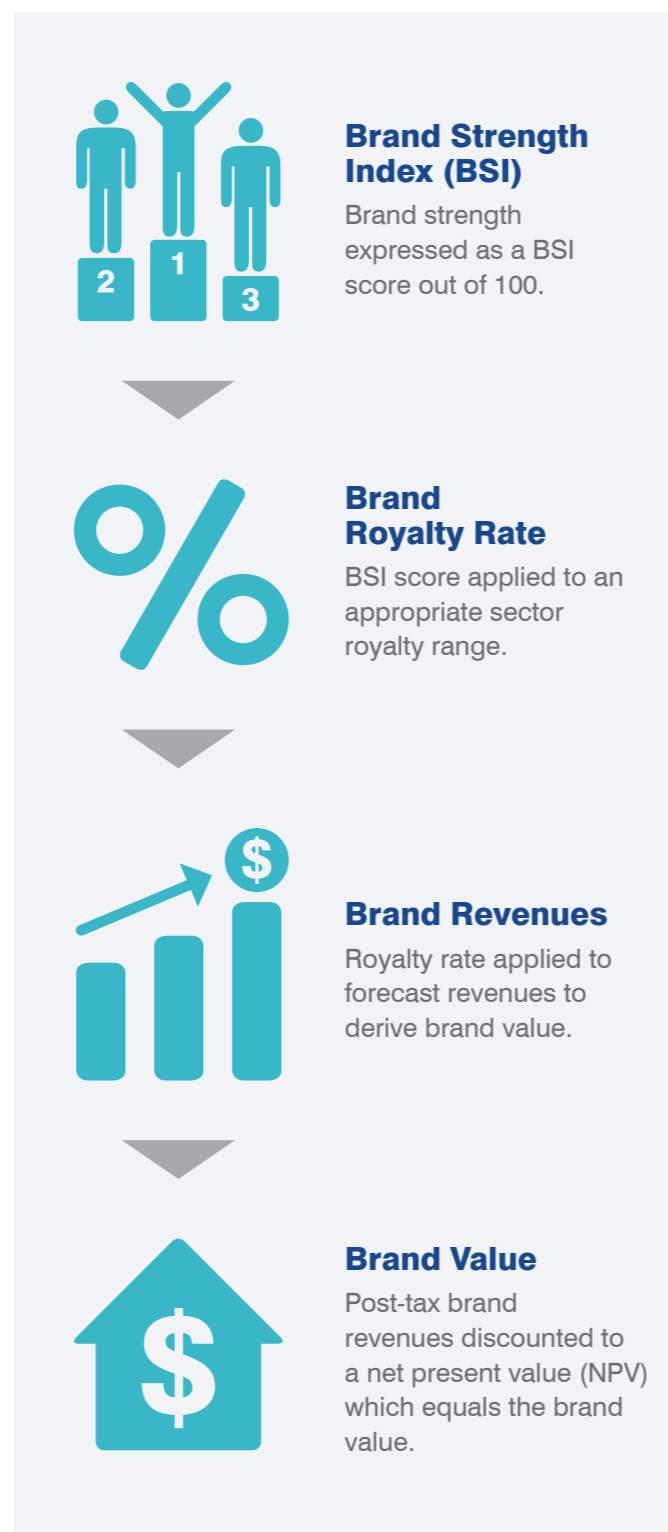
# Methodology.

Brand Finance calculates the values of the brands in its league tables using the **Royalty Relief approach** – a brand valuation method compliant with the industry standards set in **ISO 10668**.

This involves estimating the likely future revenues that are attributable to a brand by calculating a royalty rate that would be charged for its use, to arrive at a 'brand value' understood as a net economic benefit that a licensor would achieve by licensing the brand in the open market.

## The steps in this process are as follows:

- 1 Calculate brand strength using a balanced scorecard of metrics assessing Marketing Investment, Stakeholder Equity, and Business Performance. Brand strength is expressed as a Brand Strength Index (BSI) score on a scale of 0 to 100.
- 2 Determine royalty range for each industry, reflecting the importance of brand to purchasing decisions. In luxury, the maximum percentage is high, in extractive industry, where goods are often commoditised, it is lower. This is done by reviewing comparable licensing agreements sourced from Brand Finance's extensive database.
- 3 Calculate royalty rate. The BSI score is applied to the royalty range to arrive at a royalty rate. For example, if the royalty range in a sector is 0-5% and a brand has a BSI 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 by estimating a proportion of parent company revenues attributable to a brand.
- 5 Determine forecast 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.



## 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.

# Sponsorship Services

## For rightsholders and sponsors



# Sports Services.



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Market Research  
 & Partnership ROI



Partnership  
 Evaluation & Sales



Brand Valuation



Brand Audit  
 & Strategy



Business Valuation



Licensing  
 & Royalty Rates

# Sports Services Clients.



## English Premiership Club - Brand Contribution

Brand Finance conducted a brand valuation for a major Premier League club to provide a formal independent opinion of the fair market value of the brand. The report helped this club to consider options relating to the transfer of the asset into a newly incorporated entity (BrandCo) and alternative financing opportunities.



## Portuguese Liga Club - Brand Valuation and Royalty Rate Analysis

Brand Finance carried out a royalty rate analysis for a Portuguese club in order to determine the appropriate arm's length royalty rates that the club should charge group companies for the use of the brand. An indicative valuation was also undertaken on the brand. The study enabled the club to comply with transfer pricing regulations whilst charging an arm's length royalty rate to other group companies.



دوري الخليج العربي  
 ARABIAN GULF LEAGUE™

## Arabian Gulf League Club - Brand Valuation and Strategy

Brand Finance is conducting brand valuation for a leading club from the UAE. The valuation involves an analysis of the brand in order to provide strategic recommendations for growing brand value.



## Shell - Sponsorship

Brand Finance was asked by Shell International Petroleum Company Limited to conduct an evaluation of the costs and benefits of the Ferrari sponsorship. The top down approach to sponsorship evaluation thus provides compelling evidence that the Shell involvement in Formula One, and the link with Ferrari in particular, is an extremely worthwhile investment.



## Global Insurance Company - Sponsorship

Brand Finance was appointed to conduct an audit on the brand's rugby sponsorship. We provided an analysis to determine whether the brand's existing measurement of sponsorship effectiveness was in line with best practice and also provided our opinion on whether the brand should continue its sponsorship. We identified how the brand's measurement systems could be improved in order to better measure historic effectiveness, justify future investment and help strategic decision making for management.



## Société Générale - Sponsorship Audit & Positioning Strategy

An audit of Asian sponsorship activities, including benchmarking against competitor activities and providing recommendations of sponsorship activities both relevant to Asian markets and aligned with Soc Gen's brand promise and culture. The sponsorship report was used for management reporting and to prioritize marketing investment allocation.



## Federación Mexicana de Fútbol Asociación - Brand Valuation and Strategy

Brand Finance conducted a brand valuation for the Mexican national football association. The valuation involved analysis of the brand in order to provide strategic recommendations for growing brand value as well as providing assistance in securing commercial partnership deals both domestically and in the US.



# Consulting Services.

**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.

- + Branded Business Valuation
- + Trademark Valuation
- + Intangible Asset Valuation
- + Brand Contribution

**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 allows an understanding of how brands create bottom-line impact.

- Market Research Analytics +
- Return on Marketing Investment +
- Brand Audits +
- Brand Scorecard Tracking +

**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.

- Brand Governance +
- Brand Architecture & Portfolio Management +
- Brand Transition +
- Brand Positioning & Extension +

**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.

- + M&A Due Diligence
- + Franchising & Licensing
- + Tax & Transfer Pricing
- + Expert Witness

**Brand & Business Value**

**MARKETING**

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

**FINANCE**

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

**TAX**

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

**LEGAL**

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

# Communications Services.

We offer a variety of services to help communicate your brand's success.

**How we can help**

**Your Brand Value**  
Explain and discuss your brand's performance in more depth.

**Press Release**  
Assist with the creation of a press release communicating your brand's success.

**CEO Quote**  
Supply a quote in recognition of your brand's performance for you to use in external and internal communications.

**Social Media**  
Coordinate with your social media activity to communicate your brand's success more effectively.

**Awards**  
Produce an accolade plaque and hand-written certificates, personally signed by our CEO, to recognise your brand's performance.

**Advertising**  
Allow full use of the Brand Finance logo on your ad designs and create a bespoke digital endorsement stamp for your website and investor relations use.

**Brand Finance<sup>®</sup>**

Strongest Global Brand 2018

**Your Brand**

Example digital endorsement stamp for use on your website as well as in investor relations and advertising, to recognise your brand's performance.



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