

Nokia Resurgent as Brand Value Increases 37%

- **Brand Value fell from US\$33 billion in 2008 to US\$2 billion in 2014**
- **The decline has been halted however and a strong recovery is in progress**
- **Brand value is up 37% on 2015 to a total of US\$3 billion**

Every year, leading brand valuation and strategy consultancy [Brand Finance](#) analyses thousands of the world's top brands. They are evaluated and ranked to determine which are the most powerful and the most valuable. For the first time Brand Finance has created a league table of Finland's most valuable brands, the [Brand Finance Finland 10](#).

A remarkable turnaround in Nokia's fortunes is the most striking finding. Nokia's brand value has been in decline for years as consumers abandoned its handsets for smartphones and its belated attempt to update its hardware failed to inspire. Brand value peaked in 2008 at US\$33 billion, making it the world's 9th most valuable brand, but this was soon followed by a precipitous decline to US\$2 billion in 2014.

President of Nokia technologies, Ramzi Haidamus, clearly had a firm grasp of the situation and the role of brand in turning Nokia's fortunes around. He was quoted as saying "We have a very valuable brand, yet it is diminishing in value and that's why it is important that we reverse that trend very quickly, imminently." Nokia has managed to do just that, with brand value up 37% from US\$2.2 billion in 2015 to US\$3 billion this year.

The sale of Nokia's unprofitable handset division has clearly allowed the firm to focus on the things it does best. Profitable network equipment producing division Nokia Networks has signed major deals with the likes of China Mobile and goes from strength to strength. A new strategy, based on licensing the brand and other IP to third parties has been initiated, leading to the creation of devices such as the N1 tablet, manufactured by Foxconn. Meanwhile, the recently finalised merger with Alcatel-Lucent has established a solid foundation for continued growth.

Brand Finance CEO David Haigh comments, "Just a few years ago Nokia was described as a 'burning platform'. The fires have clearly been put out and Finland's most valuable brand seems to have a bright future."

Kone and If take second and third places. Elevator and escalator brand Kone lost 13% of its brand value. After great success in the past decade, Kone's struggles this year can largely be attributed to the slowdown in the Chinese market, its leading source of revenue. In order to reverse this slowdown, Kone will have to carefully leverage its brand to derive revenues from maintenance if new equipment sales to maintenance remain suppressed.

Insurance firm, If, has been more successful, increasing its brand value 14% to US\$1.13 billion having strengthened its market position through organic growth and selective acquisitions.

Finland's 10 Most Valuable Brands (USD millions)

Rank 2016	Rank 2015	Brand	Industry Group	Brand Value 2016 (USDm)	Brand Rating 2016	Brand Value change (%)	Brand Value 2015 (USDm)	Brand Rating 2015
1	1	Nokia	Technology	3,039	AA	37%	2,212	AA-
2	2	Kone	Engineering & Construction	1,299	AA-	-13%	1,501	A+
3	3	If	Insurance	1,129	AA-	14%	994	AA-
4	6	Kesko	Retail	963	A	27%	761	AA-
5	4	Valio	Food	809	A	-8%	878	A-
6	5	Elisa	Telecoms	794	AA+	-1%	802	AA
7	New	Here	Technology	599	AA-	N/A	N/A	N/A
8	New	Fortum	Utilities	529	AA	N/A	N/A	N/A
9	8	DNA	Telecoms	445	AA-	67%	267	A+
10	7	Pohjola Bank	Banks	361	A+	-36%	567	AA-

Finland's 10 Most Valuable Brands (EUR millions)

Rank 2016	Rank 2015	Brand	Industry Group	Brand Value 2016 (EURm)	Brand Rating 2016	Brand Value change (%)	Brand Value 2015 (EURm)	Brand Rating 2015
1	1	Nokia	Technology	2,796	AA	53%	1,822	AA-
2	2	Kone	Engineering & Construction	1,195	AA-	-3%	1,236	A+
3	3	If	Insurance	1,039	AA-	27%	818	AA-
4	6	Kesko	Retail	886	A	42%	626	AA-
5	4	Valio	Food	744	A	3%	723	A-
6	5	Elisa	Telecoms	731	AA+	11%	660	AA
7	New	Here	Technology	552	AA-	N/A	N/A	N/A
8	New	Fortum	Utilities	486	AA	N/A	N/A	N/A
9	8	DNA	Telecoms	410	AA-	86%	220	A+
10	7	Pohjola Bank	Banks	332	A+	-29%	467	AA-

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Note to Editors

2016 brand values are calculated in USD with a valuation date of 1/1/16.

About Brand Finance

[Brand Finance](#) is the world's leading brand valuation and strategy consultancy, with offices in over 15 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

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.”

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.

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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.