

L'Oréal Paris- Once, Twice, Three Times a Winner

- **L'Oréal Paris is the most valuable cosmetics brand for the third consecutive year**
- **The brand has reached a record value of US \$13.7 billion**
- **Avon drops 11 places to 21st with brand value down over 50%**
- **Brazilian Brand, Natura, fell 67%, more than any other**
- **Lynx loses laddish image to increase brand value by 69%**

Every year, leading brand valuation and strategy consultancy [Brand Finance](#) analyses thousands of the world's top brands to determine which are the most powerful and most valuable. The top cosmetics brands grouped in the [Brand Finance Cosmetics 50](#).

L'Oréal Paris remains the world's most valuable cosmetics brand. A 22% increase on its 2015 brand value brings the total to US \$13.7bn, a record for the industry. It also has the strongest brand; Brand Finance creates a Brand Strength Index (BSI) score out of 100 for each brand based on indicators such as familiarity, consideration, loyalty, investment, social responsibility and preference. L'Oréal Paris' score is 91.5, making it not just the strongest cosmetics brand, but the third strongest from any industry, beaten only by Disney and Lego.

Commenting on the label's strong performance, Brand Finance's Cosmetics Analyst Emilie Milton-Stevens stated, "L'Oréal Paris continues to impress: bettering itself and raising its game the whole time. It is performing well in three key respects: it is investing in trends and technology; it is innovating digitally; and it continues to inspire trust. Across the Brand Finance Cosmetics 50, brands based outside the US have been negatively impacted by foreign exchange rate changes, but L'Oréal revenue and brand performance was so strong that it not only counteracted that impact but actually grew 22%."

Brazilian brand Natura did not experience the same good fortune this year. 81% of the brand's revenue comes from the domestic market and the combined effects of recession, inflation and the depreciation of the Real against the dollar have contributed to a 67% decline in brand value.

Brazil is also the biggest market for American cosmetic brand, Avon. It too has seen a severe decline in brand value, which is down 54% to US\$1.8 billion. Avon's problems stem as much from its home market in North America as from Brazil however. The brand has admitted that eroding relevance, a declining base of representatives and profitability are serious problems in the US.

One of the best performers of the year was Unilever's Lynx (Axe) deodorant brand. It has pursued a concerted strategy to shed its 'laddish' image as more nuanced portrayals of masculinity are popularized. In January, Lynx launched its 'Find Your Magic' brand campaign, which encourages men to break free from assumptions about how they should behave and express themselves, a particularly suitable message for a brand seeking to redefine itself. Its brand value is up 69% to US\$1.7 billion.

The World's 50 Most Valuable Cosmetic Brands

Rank 2016	Rank 2015	Brand	Domicile	Brand Value 2016 (USDm)	Brand Rating 2016	Brand Value change (%)	Brand Value 2015 (USDm)	Brand Rating 2015
1	1	L'Oréal Paris	France	13,697	AAA+	22%	11,218	AAA+
2	2	Gillette	US	7,189	AAA	-20%	8,988	AAA
3	4	Nivea	Germany	6,171	AAA-	-6%	6,565	AAA
4	6	Clinique	US	5,960	AAA-	4%	5,741	AAA-
5	8	Chanel	France	5,802	AAA-	18%	4,921	AAA-
6	3	Neutrogena	US	5,709	AAA	-35%	8,794	AAA
7	9	Garnier	France	4,815	AAA	4%	4,630	AAA
8	7	Pantene	US	4,802	AAA	-10%	5,364	AAA
9	10	Estée Lauder	US	4,170	AAA-	-4%	4,328	AAA-
10	5	Dove	UK	4,104	AAA-	-30%	5,821	AAA-
11	13	Clarins	France	3,501	AA+	-1%	3,550	AA+
12	16	Shiseido	Japan	3,273	AAA-	8%	3,027	AA+
13	17	Maybelline	France	3,178	AAA-	13%	2,814	AAA
14	18	Lancôme	France	2,682	AAA	3%	2,602	AAA
15	19	Head & Shoulders	US	2,680	AAA	4%	2,577	AAA-
16	15	Christian Dior	France	2,513	AAA	-18%	3,051	AAA
17	20	Schwarzkopf	Germany	2,348	AAA	-4%	2,437	AAA-
18	11	Olay	US	2,191	AAA-	-45%	3,986	AAA-
19	New	Aveeno	US	2,139	AAA	0%		
20	23	Mac	US	1,803	AA+	2%	1,776	AAA-
21	12	Avon	US	1,785	AA	-54%	3,897	AA+
22	50	Lynx	UK	1,675	AA	69%	989	AA+
23	22	L'Occitane	China	1,639	AAA-	-10%	1,818	AAA-
24	21	Rexona	UK	1,536	AAA-	-16%	1,838	AA+
25	28	The Body Shop	France	1,328	AAA	4%	1,278	AAA-
26	29	L'Oréal	France	1,293	AAA+	2%	1,262	AAA+
27	32	Max Factor	US	1,250	AAA-	12%	1,115	AAA-
28	New	Le Petit Marseillais	US	1,246	AAA	0%		
29	31	Cover Girl	US	1,168	AAA-	-2%	1,192	AAA-
30	27	Clairol	US	1,154	AA+	-11%	1,298	AA+
31	New	Laneige	South Korea	1,127	AAA-	0%		
32	34	Bioré	Japan	1,078	AA+	7%	1,007	AA+
33	35	Palmolive	US	1,056	AAA-	10%	957	AA+
34	14	Natura	Brazil	1,051	AAA-	-67%	3,220	AAA-
35	25	Sunsilk	UK	916	AA+	-37%	1,446	AA+
36	36	Old Spice	US	914	AAA-	1%	903	AAA-
37	37	Wella	US	906	AAA-	10%	827	AA+
38	40	Revlon	US	896	AA	15%	782	AA
39	New	RoC	US	884	AAA	0%		
40	New	Sulwhasoo	South Korea	880	AA-	71%	515	AA-
41	24	Clean & Clear	US	856	AAA	-43%	1,505	AAA-
42	45	Hera	South Korea	839	AA-	39%	602	AA-
43	26	Lux	UK	803	AAA-	-42%	1,377	AA+
44	38	Rimmel	US	793	AA-	-3%	815	AA
45	41	Vichy	France	736	AAA	1%	732	AAA-
46	43	Kosé	Japan	723	AA-	7%	677	AA
47	New	Mamonde	South Korea	700	AA-	0%		
48	30	SK-II	US	654	AA+	-46%	1,205	AAA-
49	33	Oriflame	Switzerland	642	AA+	-38%	1,038	AA+
50	New	Syoss	Germany	594	AAA-	0%		

ENDS

Media Contacts

Robert Haigh, Marketing and Communications Director

T: +44 (0)2073899400 M: +44 (0)7762211167 r.haigh@brandfinance.com

Joslyn Pannu, Communications Manager

T: +44 (0)2073899400 M: +44 (0)7885666236 j.pannu@brandfinance.com

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:

Brand Finance[®]

- 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.
- 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.