

South African corporates continue to do the nation brand proud

- **MTN is the nation's most valuable brand with a value of R37 billion**
- **Retail-side improvements renders Telkom the fastest growing brand this year**
- **SABMiller's portfolio is the most valuable, totalling R29.7 billion**

Every year, leading brand valuation and strategy consultancy [Brand Finance](#) puts thousands of the world's top brands to the test. They are evaluated to determine which are the most powerful and the most valuable by country, by industry and against all other brands worldwide. The most valuable South African brands can be found in the Brand Finance South Africa 50. The table's launch event is in partnership with Brand South Africa.

MTN remains the most valuable brand despite losing 32% of its brand value due to some of its reputational challenges. Woolworths holds the strongest brand position with an increase of 21% in brand value. Woolworths now stands at number five.

Meanwhile, Telkom has seen the greatest increase in brand value following the integration of Business Connexion and improved performance on the retail side with good ratings on Value for Money and Customer Satisfaction according to the South African Customer Satisfaction Index (SAcsi). The increase in brand value sees Telkom move from 23rd position last year to 17th in 2016.

Interestingly, many of the top 10 brands from 2015 have retained their positions in 2016 except for Woolworths which has moved to fifth place, and Absa which has moved to seventh. The top 10 brands are: MTN, Vodacom, Sasol, Standard Bank, Woolworths, FNB, Absa, Nedbank, Investec and Mediclinic. Brands seeing a significant increase in value include Investec (27%) and WesBank (27%). Two new brands have entered the Top 50. Country Road, now owned by Woolworths, enters at 31st place with a value of R4.64 billion and Growthpoint enters at 50 with a value of R1.47 billion.

SABMiller holds the most valuable portfolio amounting to R29.67 billion with four of its brands standing amongst the country's top 50: Castle, Carling Black Label, Hansa Pilsner and SABMiller. SABMiller is followed by Firststrand with three brands (FNB, WesBank and RMB) valued at R23.12 billion.

The total value of the Top 50 brands increased 3% from R373 billion to R384 billion. Excluding MTN's drop in brand value of R17 billion, the remaining Top 49 brands have a total of R347 billion in 2016, growing 9% from the total value in 2015 (R319 billion).

Newly appointed Director of Brand Finance Africa, Jeremy Sampson, commented, "The more competitive the market, the more important it is to have a strong brand, leverage it to its full potential and measure and monitor it at all times. Brands are increasingly the major assets of companies, yet does anyone have an idea of their true value? Marketing is no longer a 'nice to have' it can be the difference between success and failure"

Brand South Africa's CEO Dr. Kingsley Makhubela warmly congratulated the Top 50 corporate brands saying, "South African commercial brands are a key component of a strong nation brand and how this is experienced by both domestic and international audiences. As such commercial brands are key messengers in positioning the country competitively."

"At the same time, we express our appreciation to all other corporate brands in the country for your contribution to the growth and development of South Africa. We thank you for

playing your part and look forward to honouring you amongst the Top 50 in years to come,” concluded Dr Makhubela.

Chairman of Brand Finance Africa, Mr. Thebe Ikalafeng, commented, “the story of the Top 50 corporate brands is a good story for the South Africa Nation Brand as well as the continental story. Many of these brands have footprints on the continent and this bodes well for perceptions about business on the continent, their ethics, governance and commitment to social upliftment. Brand Finance salutes the Top 50 corporate brands for their excellence in flying the South Africa and African flags.”

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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.
- 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.

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Note to Editors

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

About Brand Finance plc

[Brand Finance plc](#) is the world's leading branded business valuation and strategy consultancy, with offices in over 30 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.

About Brand South Africa

Brand South Africa is the official marketing agency of South Africa, with a mandate to build the country's brand reputation, in order to improve its global competitiveness. Its aim is also to build pride and patriotism among South Africans, in order to contribute to social cohesion and nation brand ambassadorship.

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