

African BUSINESS

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Tony Elumelu



AFRICA'S BEST BRANDS

Exclusive ranking of Africa's most-admired and valuable brands

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Africa's Best Brands

BRAND AFRICA'S MOST-ADMIRED AND VALUABLE BRANDS

While we are all familiar with and interact with brands of various products and services on a daily basis, is there a matrix that can work out the value of a brand itself? What is the value of the Apple brand or Dangote Cement? How much would you have to pay if you wished to obtain a licence to use the brand? In addition, which brands are the most admired across the continent? Why is brand value important?

As the number of brands in Africa continues to grow and as African consumers become more brand conscious, so the need to find a system of ranking brands increases.

Brand Africa, the pan-African initiative to drive Africa's reputation and competitiveness, working with Brand Finance Africa, a division of Brand Finance plc, the world's leading independent brand valuation consultancy, and TNS, the internationally respected consumer knowledge and information company, established the continent's first brand-ranking system some three years ago.

African Business is pleased to collaborate on this year's rankings as the first of what we expect to be an annual collaboration to recognise the leading brands in Africa.



in association with Brand-Finance, TNS & Brand Africa

African brands go head to head with global players

Rupert Kemp, valuation director, and **Oliver Schmitz**, managing director Brand Finance Africa, explain the methodology used to determine both the most-admired as well as the most-valuable brands in Africa.

JUST AS AFRICA CONTINUES TO BE A CONTINENT ON THE RISE, growing in excess of 5% annually, a substantially higher rate than other regions, with a rising and attractive consumer base of over 900m, the 2013 Brand Africa table of the 'Most Admired and Valuable Brands in Africa' shows that African brands (brands that are African in origin) are growing at 9% in brand value, compared to non-African brands (international brands operative in Africa), which are growing at 6%.

However, non-African brands have African brand values that are still over three times the size of African brands. Therefore, while the African brands may be gaining ground steadily, they are still well behind global brands in Africa.

The Brand Africa 100 table was established in 2011, in recognition of the growth of African brands, which were beginning to challenge global brands in Africa or lead global brands in new categories such as mobile telecommunications. Brands are an asset. The aim of Brand Africa 100 is to identify, acknowledge and promote African and global brands that are catalysts for Africa's growth, reputation and value.

Brand Africa 100 was developed by Brand Africa in partnership with Brand Finance Africa, a division of Brand Finance plc, the world's leading independent brand valuation consultancy and TNS, the globally respected consumer knowledge and information company. It's a two-phase process that starts with identifying and ranking the 100 most admired brands, and then reranking them based on their calculated brand financial value.

The first phase of the study involved a comprehensive research among consumers 18 years and older, living in representative countries in metropolitan sub-Saharan Africa regions to draw up a list of the most admired African and global brands in Africa. In the first two surveys, the representative countries have included Botswana, Democratic Republic of Congo (DRC), Ghana, Kenya, Nigeria, South Africa, Tanzania, Uganda and Zambia.

BRAND AFRICA: TOP BRANDS BY SECTOR

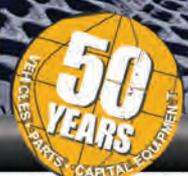
in association with Brand-Finance & TNS

| RANK | BRAND | INDUSTRY GROUP | COUNTRY OF DOMICILE | GLOBAL BRAND VALUE 2013 | AFRICA BRAND VALUE 2013 | AFRICA REVENUES | BV CHANGE | GLOBAL BRAND VALUE 2012 | AFRICA BRAND VALUE 2012 |
|------|-----------------------|--------------------|---------------------|-------------------------|-------------------------|-----------------|-----------|-------------------------|-------------------------|
| 1 | Nike | Apparel | United States | 14,943 | 1,943 | 13% | -20% | 18,735 | 2,436 |
| 2 | Rolax | Apparel | Switzerland | 3,494 | 349 | 10% | 1% | 3,475 | 348 |
| 3 | Adidas | Apparel | Germany | 5,790 | 289 | 5% | -17% | 6,974 | 349 |
| 1 | Toyota | Auto Manufacturers | Japan | 25,979 | 1,819 | 7% | -10% | 28,800 | 2,016 |
| 2 | Honda | Auto Manufacturers | Japan | 16,114 | 806 | 5% | 8% | 14,984 | 749 |
| 3 | Volkswagen | Auto Manufacturers | Germany | 23,666 | 710 | 3% | 100% | 17,758 | 355 |
| 1 | Guaranty Trust Bank | Banks | Nigeria | 201 | 201 | 100% | -36% | 313 | 313 |
| 2 | Zenith Bank | Banks | Nigeria | 172 | 172 | 100% | 12% | 154 | 154 |
| 3 | Intercontinental Bank | Banks | Nigeria | 147 | 147 | 100% | 9% | 134 | 134 |
| 1 | Coca-Cola | Beverages | United States | 34,205 | 3,420 | 10% | 27% | 26,994 | 2,699 |
| 2 | Pepsi | Beverages | United States | 18,701 | 935 | 5% | -2% | 19,093 | 955 |
| 3 | Heineken | Beverages | Netherlands | 4,218 | 527 | 13% | 9% | 3,867 | 483 |
| 1 | Nestlé | Consumer | Switzerland | 18,075 | 542 | 3% | 4% | 17,342 | 520 |
| 2 | Unilever | Consumer | Britain | 1,705 | 256 | 15% | 1% | 1,681 | 252 |
| 3 | Dangote | Consumer | Nigeria | 216 | 216 | 100% | 3% | 211 | 211 |
| 1 | Omo | Cosmetics | Britain | 1,427 | 571 | 40% | 24% | 1,188 | 459 |
| 2 | ARIEL | Cosmetics | United States | 1,886 | 75 | 4% | 23% | 1,532 | 61 |
| 3 | Nivea | Cosmetics | Germany | 5,843 | 584 | 10% | 6% | 5,493 | 549 |
| 1 | Samsung | Electronics | South Korea | 58,771 | 2,939 | 5% | 121% | 26,578 | 1,329 |
| 2 | HP | Electronics | United States | 16,112 | 806 | 5% | -36% | 24,992 | 1,250 |
| 3 | Toshiba | Electronics | China | 14,715 | 736 | 5% | 41% | 10,409 | 520 |
| 1 | Blue Band | Food | Britain | 581 | 224 | 39% | 20% | 483 | 187 |
| 2 | Indomie | Food | Nigeria | 1,706 | 171 | 10% | 230% | 517 | 52 |
| 3 | Milo | Food | Switzerland | 2,786 | 84 | 3% | 3% | 2,708 | 82 |
| 1 | Cadbury | Food Diversified | United States | 5,577 | 279 | 5% | 93% | 2,893 | 145 |
| 2 | Tiger Brands | Food Diversified | South Africa | 201 | 201 | 100% | 11% | 180 | 180 |
| 1 | Shell | Oil & Gas | Netherlands | 29,752 | 3,273 | 11% | 6% | 22,022 | 3,083 |
| 1 | Woolworths | Retail | South Africa | 1,294 | 1,294 | 100% | 24% | 1,040 | 1,040 |
| 2 | Shoprite | Retail | South Africa | 1,115 | 1,115 | 100% | 4% | 1,069 | 1,069 |
| 3 | McDonald's | Retail | United States | 21,642 | 1,082 | 5% | -11% | 24,211 | 1,211 |
| 1 | Motorola | Telecoms | United States | 3,383 | 508 | 15% | 82% | 1,859 | 279 |
| 2 | Nokia | Telecoms | Finland | 3,178 | 222 | 7% | -51% | 7,586 | 455 |
| 3 | Sony Ericsson | Telecoms | Sweden | 1,949 | 97 | 5% | -44% | 3,477 | 174 |
| 1 | MTN | Telecoms Services | South Africa | 5,172 | 4,655 | 90% | -1% | 5,200 | 4,680 |
| 2 | Vodafone | Telecoms Services | Britain | 27,009 | 2,328 | 9% | 4% | 30,740 | 2,245 |
| 3 | Airtel | Telecoms Services | India | 3,746 | 899 | 24% | 30% | 2,874 | 690 |



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Above: Samsung is the world's largest smartphone provider, resulting in growth in brand value.

Each respondent was asked to mention the five local and global brands that they most admired, in order. TNS calculated a score for each brand based on rank sums to create an index.

Where a brand has the same dominant brand identity but a different name across different countries, these were combined to reflect a singular brand. For example in the Standard Bank Group, Standard Bank is the brand name in South Africa but Stanbic everywhere else, but the greater brand identity is the same across all markets.

On the other hand, Barclays Africa trades with Absa in South Africa and as Barclays in other markets. In that instance, the brands are assumed to be different. In summary, to qualify, an admired brand must operate in at least one market beyond its domestic market, and trade with a uniform brand identity and/or name.

The results are always interesting and this year was no exception. The table is still led by the somewhat struggling Nokia, highlighting the fact that the brand still holds strong equity across the African continent even though their global results may be slipping. It remains to be seen if Microsoft, the mobile manufacturer's new owner, can capitalise on the equity still held by the brand on the continent.

The top 10 of the most-admired brands league boasts three African brands: unsurprisingly the mobile network giant MTN finds itself in amongst the most admired.

But what is perhaps a little more surprising is that Dangote, the largest manufacturing conglomerate in West Africa, and Globacom, the Nigeria-based telecommunications provider, are also in the list. Both brands have managed to win the hearts of the communities in which they operate.

Giving a value to the Most-Admired Brands

After establishing the Top 100 Most-Admired Brands in Africa by TNS, the next phase was for Brand Finance to calculate their value based on quality or otherwise available economic and financial data to establish the Brand Africa 100 – Most-Admired and Valuable Brands in Africa.

Getting a list of 100 Most-Admired Brands is an easy challenge as the source is Africa's brand-savvy consumers. But putting a value on the same list is not quite as easy.

AFRICA'S TOP 10 MOST VALUABLE BRANDS

| RANK | BRAND | INDUSTRY GROUP | COUNTRY OF DOMICILE | AFRICAN BRAND VALUE 2013 |
|------|---------------------|-------------------|---------------------|--------------------------|
| 1 | MTN | Telecoms Services | SA | 4,655 |
| 2 | Woolworths | Retail | SA | 1,294 |
| 3 | Shoprite | Retail | SA | 1,115 |
| 4 | Pick n Pay | Retail | SA | 1,035 |
| 5 | Globacom | Telecoms Services | Nigeria | 655 |
| 6 | Castle | Beverages | SA | 272 |
| 7 | Tusker | Beverages | Kenya | 222 |
| 8 | Dangote | Consumer | Nigeria | 216 |
| 9 | Guaranty Trust Bank | Banks | Nigeria | 201 |
| 10 | Tiger Brands | Food Diversified | SA | 201 |

The dominant challenge in Africa is data – but this situation is changing rapidly as Africa is gaining traction as a global player. The aim remains ultimately to achieve a list of the 100 most-admired as brands. In the first two Brand Africa 100 lists, 75 brands from the top 100 met the criteria with the resultant rank reflected in the table on page 20.

The continent is a mixed bag, with the incredible successes of local brands like MTN, which maintains its ranking at the top of the table this year, and non-African brands like Coca-Cola, which has had a long and successful relationship with consumers on the continent.

This year, Coca-Cola's brand value in Africa grew by 27%, the second-largest growth in the 10 brands behind Samsung. The South Korean electronics giant has enjoyed superb period with a year-on-year growth of a staggering 127%. Samsung's brand value was not small to begin with, but it has been particularly spectacular on the back of its success in the smartphone market.

Samsung has started to move out of the shadows of its arch rival, Apple, and is now the largest smartphone provider by market share in the world. This has had an incredible impact on its brand, business, and value, which can be seen in its incredible growth this year. Other interesting brand stories reveal themselves on the back of Samsung's stellar performance.

Mobile phone brands that have performed so well in the past on the continent are now in real distress after failing to keep up with the likes of Samsung and Apple.

Brands like BlackBerry, Nokia, Sony Ericsson and Alcatel have all seen their brand values eroded on the continent, some as high as 91% in the case of the battling mobile phone manufacturer from Canada, BlackBerry.

A stand-out performer beyond Samsung in the telephony industry is Motorola, which has seen its brand value increase by 82%. The expectation is that it will keep improving and playing an active role in the market while Google (its parent company) drives to become a major global competitor with Apple and Samsung.

In the apparel sector, there is also an interesting shift with the largest apparel brands on the continent, Nike and Adidas, losing value this year, while high-end fashion brands like Gucci and Dolce & Gabbana are making gains in value. It has been a very good year for retail brands in Africa, with the sector as a whole growing at 20% in brand value. Major winners include KFC and Pick n Pay, the

BRAND AFRICA: MOST-ADMIRED AND VALUABLE BRANDS

in association with Brand-Finance & TNS

| RANK | BRAND | INDUSTRY GROUP | COUNTRY OF DOMICILE | GLOBAL BRAND VALUE 2013 | AFRICA BRAND VALUE 2013 | AFRICA REVENUES | BV CHANGE | GLOBAL BRAND VALUE 2012 | AFRICA BRAND VALUE 2012 |
|------|---------------|-------------------|---------------------|-------------------------|-------------------------|-----------------|-----------|-------------------------|-------------------------|
| 1 | MTN | Telecoms Services | SA | 5,172 | 4,655 | 90% | -1% | 5,200 | 4,680 |
| 2 | Coca-Cola | Beverages | US | 34,205 | 3,420 | 10% | 27% | 26,994 | 2,699 |
| 3 | Shell | Oil & Gas | Holland | 29,752 | 3,273 | 11% | 6% | 22,022 | 3,083 |
| 4 | Samsung | Electronics | S. Korea | 58,771 | 2,939 | 5% | 121% | 26,578 | 1,329 |
| 5 | Vodafone | Telecoms Services | Britain | 27,009 | 2,328 | 9% | 4% | 30,740 | 2,245 |
| 6 | Nike | Apparel | US | 14,943 | 1,943 | 13% | -20% | 18,735 | 2,436 |
| 7 | Toyota | Auto Manufacture | Japan | 25,979 | 1,819 | 7% | -10% | 28,800 | 2,016 |
| 8 | Woolworths | Retail | SA | 1,294 | 1,294 | 100% | 24% | 1,040 | 1,040 |
| 9 | Shoprite | Retail | SA | 1,115 | 1,115 | 100% | 4% | 1,069 | 1,069 |
| 10 | McDonald's | Retail | US | 21,642 | 1,082 | 5% | -11% | 24,211 | 1,211 |
| 11 | Pick n Pay | Retail | SA | 1,035 | 1,035 | 100% | 89% | 548 | 548 |
| 12 | Pepsi | Beverages | US | 18,701 | 935 | 5% | -2% | 19,093 | 955 |
| 13 | Airtel | Telecoms Services | India | 3,746 | 899 | 24% | 30% | 2,874 | 690 |
| 14 | Honda | Auto Manufacture | Japan | 16,114 | 806 | 5% | 8% | 14,984 | 749 |
| 15 | HP | Electronics | US | 16,112 | 806 | 5% | -36% | 24,992 | 1,250 |
| 16 | Toshiba | Electronics | China | 14,715 | 736 | 5% | 41% | 10,409 | 520 |
| 17 | Volkswagen | Auto Manufacture | Germany | 23,666 | 710 | 3% | 100% | 17,758 | 355 |
| 18 | BMW | Auto Manufacture | Germany | 23,236 | 697 | 3% | 14% | 20,466 | 614 |
| 19 | Peugeot | Auto Manufacture | France | 6,645 | 665 | 10% | 19% | 7,976 | 558 |
| 20 | Globacom | Telecoms Services | Nigeria | 655 | 655 | 100% | 13% | 580 | 580 |
| 21 | Etisalat | Telecoms Services | UAE | 3,159 | 632 | 20% | 25% | 2,534 | 507 |
| 22 | Mercedes-Benz | Auto Manufacture | Germany | 20,298 | 629 | 3% | -3% | 20,889 | 648 |
| 23 | Nivea | Cosmetics | Germany | 5,843 | 584 | 10% | 6% | 5,493 | 549 |
| 24 | Omo | Cosmetics | Britain | 1,427 | 571 | 40% | 24% | 1,188 | 459 |
| 25 | Nestlé | Consumer | Swiss | 18,075 | 542 | 3% | 4% | 17,342 | 520 |
| 26 | Heineken | Beverages | Holland | 4,218 | 527 | 13% | 9% | 3,867 | 483 |
| 27 | Motorola | Telecoms | US | 3,383 | 508 | 15% | 82% | 1,859 | 279 |
| 28 | Guinness | Beverages | Britain | 1,233 | 493 | 40% | -8% | 1,338 | 535 |
| 29 | Philips | Electronics | Holland | 8,000 | 480 | 6% | 18% | 6,786 | 407 |
| 30 | Sony | Electronics | Japan | 9,597 | 480 | 5% | -25% | 12,788 | 639 |
| 31 | Colgate | Cosmetics | US | 4,633 | 463 | 10% | 14% | 4,069 | 407 |
| 32 | Sprite | Beverages | US | 3,992 | 399 | 10% | 3% | 3,882 | 388 |
| 33 | Nissan | Auto Manufacture | Japan | 17,646 | 353 | 2% | 33% | 13,237 | 265 |
| 34 | Rolux | Apparel | Swiss | 3,494 | 349 | 10% | 1% | 3,475 | 348 |
| 35 | KFC | Retail | US | 3,319 | 332 | 10% | 90% | 1,745 | 174 |
| 36 | Hitachi | Electronics | Japan | 16,588 | 332 | 2% | 21% | 13,740 | 275 |
| 37 | Dell | Electronics | US | 6,224 | 311 | 5% | -46% | 11,605 | 580 |
| 38 | Fanta | Beverages | US | 2,988 | 299 | 10% | 94% | 1,540 | 154 |
| 39 | Adidas | Apparel | Germany | 5,790 | 289 | 5% | -17% | 6,974 | 349 |
| 40 | Vaseline | Cosmetics | Britain | 1,070 | 289 | 27% | 8% | 989 | 267 |
| 41 | Panasonic | Electronics | Japan | 9,589 | 288 | 3% | 0% | 9,581 | 287 |
| 42 | Cadbury | Food Diversified | US | 5,577 | 279 | 5% | 93% | 2,893 | 145 |
| 43 | Castle | Beverages | SA | 340 | 272 | 80% | 3% | 330 | 264 |
| 44 | Unilever | Consumer | Britain | 1,705 | 256 | 15% | 1% | 1,681 | 252 |
| 45 | LG | Electronics | S. Korea | 1,541 | 231 | 15% | -75% | 6,126 | 919 |
| 46 | Blue Band | Food | Britain | 581 | 224 | 39% | 20% | 483 | 187 |
| 47 | Nokia | Telecoms | Finland | 3,178 | 222 | 7% | -51% | 7,586 | 455 |
| 48 | Tusker | Beverages | Kenya | 222 | 222 | 100% | 561% | 34 | 34 |
| 49 | Dangote | Consumer | Nigeria | 216 | 216 | 100% | 3% | 211 | 211 |
| 50 | Sunlight | Cosmetics | Britain | 553 | 214 | 39% | 20% | 460 | 178 |

| RANK | BRAND | INDUSTRY GROUP | COUNTRY OF DOMICILE | GLOBAL BRAND VALUE 2013 | AFRICA BRAND VALUE 2013 | AFRICA REVENUES | BV CHANGE | GLOBAL BRAND VALUE 2012 | AFRICA BRAND VALUE 2012 |
|------|------------------------|-------------------|---------------------|-------------------------|-------------------------|-----------------|-----------|-------------------------|-------------------------|
| 51 | Guaranty Trust Bank | Banks | Nigeria | 201 | 201 | 100% | -36% | 313 | 313 |
| 52 | Tiger Brands | Food Diversified | SA | 201 | 201 | 100% | 11% | 180 | 180 |
| 53 | PZ | Consumer | Britain | 500 | 195 | 39% | 438% | 93 | 36 |
| 54 | Close-Up | Cosmetics | Britain | 487 | 188 | 39% | 20% | 405 | 156 |
| 55 | Tigo | Telecoms Services | Luxembourg | 777 | 179 | 23% | 9% | 716 | 165 |
| 56 | Jeep | Auto Manufacture | US | 1,801 | 175 | 10% | -42% | 3,130 | 303 |
| 57 | Zenith Bank | Banks | Nigeria | 172 | 172 | 100% | 12% | 154 | 154 |
| 58 | Indomie | Food | Nigeria | 1,706 | 171 | 10% | 230% | 517 | 52 |
| 59 | Sharp | Electronics | Japan | 5,406 | 162 | 3% | 17% | 4,611 | 138 |
| 60 | Intercontinental Bank | Banks | Nigeria | 147 | 147 | 100% | 9% | 134 | 134 |
| 61 | Clover | Dairy | SA | 127 | 127 | 100% | 11% | 114 | 114 |
| 62 | D & G | Apparel | Italy | 1,195 | 120 | 10% | 91% | 626 | 63 |
| 63 | 7UP | Beverages | US | 2,526 | 114 | 5% | -8% | 2,760 | 124 |
| 64 | United Bank for Africa | Banks | Nigeria | 112 | 112 | 100% | -43% | 198 | 198 |
| 65 | Gucci | Apparel | France | 3,109 | 109 | 4% | 62% | 1,917 | 67 |
| 66 | Mazda | Auto Manufacture | Japan | 3,445 | 103 | 3% | 4% | 3,325 | 100 |
| 67 | Sony Ericsson | Telecoms | Sweden | 1,949 | 97 | 5% | -44% | 3,477 | 174 |
| 68 | SABMiller | Beverages | SA | 329 | 96 | 29% | 9% | 303 | 88 |
| 69 | Oceanic Bank | Banks | Nigeria | 86 | 86 | 100% | 4% | 82 | 82 |
| 70 | Reebok | Apparel | Germany | 1,684 | 84 | 5% | 14% | 1,479 | 74 |
| 71 | Milo | Food | Swiss | 2,786 | 84 | 3% | 3% | 2,708 | 82 |
| 72 | Ariel | Cosmetics | US | 1,886 | 75 | 4% | 23% | 1,532 | 61 |
| 73 | Tastic | Food | SA | 72 | 72 | 100% | 9% | 66 | 66 |
| 74 | Puma | Chemicals | Germany | 1,437 | 72 | 5% | -41% | 2,445 | 122 |
| 75 | Peak Milk | Dairy | Nigeria | 71 | 71 | 100% | 10% | 65 | 65 |



| Left: Fashion brands such as Dolce & Gabbana are making gains in value.

South African grocery chain, which continues to expand its presence across the continent.

Interestingly, McDonald's lost 11% in value over the year, which may signify a difficult time for the American fast-food giant in the highly competitive sector. Following Coca-Cola's success has been its little sibling, Fanta, which has also had a fantastic year.

However, amongst the beverage brands in this year's table there is only one real winner – Tusker, the beer from Kenya, which has gained in brand value by 561% and become one of Africa's leading local beers.

It was not as great a year for Guinness, which lost 8% in value. In the financial sector, none of the large global banks or large South African brands that have been so successful on the continent is in the table. These brands were not selected by the African consumers as the most admired brands in Africa and therefore did not meet the criteria for inclusion in the table.

Valuing a brand

Brand Finance uses the 'royalty relief' methodology to value brands. It is called this because it is essentially a hypothesis of what someone would have to pay the brand owner in licence fees (royalties) if they wanted to use their brand.

There are a number of methods that one could use for brand valu-

Tusker, the beer from Kenya, has gained in brand value by 561% and become one of Africa's leading local beers

561%

TOP 100 BRAND AFRICA: MOST-ADMIRED BRANDS IN AFRICA

in association with Brand-Finance & TNS

| RANK | BRAND | ADMIRATION SCORE % |
|------|------------------------|--------------------|
| 1 | Nokia | 11.0% |
| 2 | Coca-Cola | 7.5% |
| 3 | MTN | 6.8% |
| 4 | Toyota | 5.2% |
| 5 | Samsung | 4.5% |
| 6 | LG | 3.6% |
| 7 | Peak Milk | 3.3% |
| 8 | Dangote | 3.0% |
| 9 | Nike | 2.8% |
| 10 | Globacom | 2.5% |
| 11 | Indomie | 2.3% |
| 12 | Honda | 1.9% |
| 13 | Adidas | 1.9% |
| 14 | Omo | 1.7% |
| 15 | Sony | 1.7% |
| 16 | Mercedes-Benz | 1.6% |
| 17 | Philips | 1.5% |
| 18 | Airtel | 1.5% |
| 19 | Vodacom/fone | 1.4% |
| 20 | Sharp | 1.3% |
| 21 | Pepsi | 1.2% |
| 22 | Guinness | 1.1% |
| 23 | Unilever | 1.1% |
| 24 | United Bank for Africa | 0.9% |
| 25 | Cadbury | 0.9% |
| 26 | Nestlé | 0.9% |
| 27 | Blue Band | 0.9% |
| 28 | BMW | 0.8% |
| 29 | Fanta | 0.8% |
| 30 | BlackBerry | 0.7% |
| 31 | Colgate | 0.6% |
| 32 | Motorola | 0.6% |
| 33 | Tigo | 0.6% |
| 34 | Sony Ericsson | 0.6% |
| 35 | Mumias Sugar | 0.6% |
| 36 | SABMiller | 0.6% |
| 37 | Nivea | 0.6% |
| 38 | Panasonic | 0.6% |
| 39 | Gucci | 0.5% |
| 40 | Guaranty Trust Bank | 0.5% |
| 41 | Puma | 0.5% |
| 42 | PZ | 0.5% |
| 43 | Etisalat | 0.5% |
| 44 | Intercontinental Bank | 0.5% |
| 45 | Levi Strauss | 0.5% |
| 46 | Jeep | 0.5% |
| 47 | Tusker | 0.5% |
| 48 | Hitachi | 0.5% |
| 49 | Pick n Pay | 0.4% |
| 50 | Golden Penny | 0.4% |

| RANK | BRAND | ADMIRATION SCORE % |
|------|---------------|--------------------|
| 51 | Nissan | 0.4% |
| 52 | Clover | 0.4% |
| 53 | D & G | 0.4% |
| 54 | Ariel | 0.4% |
| 55 | White Star | 0.4% |
| 56 | KFC | 0.4% |
| 57 | Toshiba | 0.4% |
| 58 | Five Alive | 0.4% |
| 59 | Royco | 0.4% |
| 60 | Castle | 0.4% |
| 61 | Hummer | 0.4% |
| 62 | Geisha | 0.4% |
| 63 | Sunlight | 0.4% |
| 64 | Milo | 0.3% |
| 65 | Close-Up | 0.3% |
| 66 | Zenith Bank | 0.3% |
| 67 | HP | 0.3% |
| 68 | McDonald's | 0.3% |
| 69 | Oceanic Bank | 0.3% |
| 70 | Dell | 0.3% |
| 71 | Heineken | 0.3% |
| 72 | Woolworths | 0.3% |
| 73 | Nice & Lovely | 0.3% |
| 74 | Nido | 0.3% |
| 75 | Shell | 0.3% |
| 76 | Dettol | 0.3% |
| 77 | Rolax | 0.2% |
| 78 | Tiger Brands | 0.2% |
| 79 | Vaseline | 0.2% |
| 80 | Peugeot | 0.2% |
| 81 | Reebok | 0.2% |
| 82 | Volkswagen | 0.2% |
| 83 | Sprite | 0.2% |
| 84 | Alcatel | 0.2% |
| 85 | Shoprite | 0.2% |
| 86 | Mazda | 0.2% |
| 87 | 7UP | 0.2% |
| 88 | DStv | 0.2% |
| 89 | Chrysler | 0.2% |
| 90 | Range Rover | 0.2% |
| 91 | Tastic | 0.2% |
| 92 | Simba | 0.2% |
| 93 | Versace | 0.2% |
| 94 | Equity Bank | 0.2% |
| 95 | Total | 0.2% |
| 96 | Mountain Dew | 0.2% |
| 97 | Sanyo | 0.1% |
| 98 | Ford | 0.1% |
| 99 | Yamaha | 0.1% |
| 100 | Kia Motors | 0.1% |

MOST VALUABLE AFRICAN AND GLOBAL BRANDS

in association with Brand-Finance & TNS

| RANK | BRAND | INDUSTRY GROUP | COUNTRY OF DOMICILE | GLOBAL BRAND VALUE 2013 | AFRICA BRAND VALUE 2013 | AFRICA REVENUES | BV CHANGE | GLOBAL BRAND VALUE 2012 | AFRICA BRAND VALUE 2012 |
|------|------------|--------------------|---------------------|-------------------------|-------------------------|-----------------|-----------|-------------------------|-------------------------|
| 1 | MTN | Telecoms Services | SA | 5,172 | 4,655 | 90% | -1% | 5,200 | 4,680 |
| 2 | Coca-Cola | Beverages | US | 34,205 | 3,420 | 10% | 27% | 26,994 | 2,699 |
| 3 | Shell | Oil & Gas | Holland | 29,752 | 3,273 | 11% | 6% | 22,022 | 3,083 |
| 4 | Samsung | Electronics | S. Korea | 58,771 | 2,939 | 5% | 121% | 26,578 | 1,329 |
| 5 | Vodafone | Telecoms Services | Britain | 27,009 | 2,328 | 9% | 4% | 30,740 | 2,245 |
| 6 | Nike | Apparel | US | 14,943 | 1,943 | 13% | -20% | 18,735 | 2,436 |
| 7 | Toyota | Auto Manufacturers | Japan | 25,979 | 1,819 | 7% | -10% | 28,800 | 2,016 |
| 8 | Woolworths | Retail | SA | 1,294 | 1,294 | 100% | 24% | 1,040 | 1,040 |
| 9 | Shoprite | Retail | SA | 1,115 | 1,115 | 100% | 4% | 1,069 | 1,069 |
| 10 | McDonald's | Retail | US | 21,642 | 1,082 | 5% | -11% | 24,211 | 1,211 |



Left: Branded. It's not just a beer, it's Castle beer.

tion for a licensing agreement, both parties will bring reasons why each is strong and the other is weak across a whole range of areas in the business, therefore bargaining for a better licensing rate.

Brand Finance aims to try and replicate this type of negotiation by creating a Brand Strength Index.

The Brand Strength Index benchmarks brands against each other across a number of facets; for example, financial performance, and admiration scores from the Brand Africa 100 TNS survey.

With this benchmarking, one can see which brands are stronger or weaker in certain areas and then weight them up to get to an overall strength position. In its own right, this is a very useful exercise for brands and can help them understand and track the competitive landscape in which they operate.

The next step in valuing the brands is to work out the size of royalty that may be applicable to a particular brand. There are some brands that operate in a highly branded sector where brand plays a large role in the purchasing decision, for example, Versace in high-end fashion; whereas there are other brands that operate in very low branded sectors where brand is less important in decision making, for example, the oil and gas sector.

Databases of existing royalty agreements are used to establish the ranges of royalties that have been charged in the past for brands from particular sectors. Once ranges of royalties from particular sectors are defined, one can use brand-strength analysis to understand what type of royalty an individual brand may fetch, the logic being that a stronger brand would be able to charge higher royalty rates than a weaker brand. By applying the brand strength to the sector royalty range, a hypothetical a royalty rate can be calculated.

With royalty rates calculated, forecasted revenues are needed to see what the royalty paid will actually look like. To do this, one needs to determine brand-specific revenues, estimating a proportion of parent company revenues attributable to the brand globally and on the African continent.

Forecasting revenues is generally a function of historic revenues, equity analyst forecasts and economic growth rates.

Once forecasted revenues have been set, the royalty rate can be applied to the forecasted revenues to derive brand revenues. With a stream of brand revenues calculated, they are discounted post tax to a net present value, which equals the brand value. ■

Benchmarking is a very useful exercise for brands and can help them understand and track the competitive landscape in which they operate

ation. However, the royalty relief method is the most accepted in the accounting and legal fields for three main reasons.

First, it uses real-life existing agreements and transactions as a reference. Brands are licensed in real commercial situations and therefore one can use royalty rates set by the agreeing parties as an initial reference point to the method.

Second, it can be based on publicly available financial data. Since royalties are generally charged off total revenues, it is usually easier to obtain these figures.

Third, it is compliant under the International Valuation Standards Authority to determine the fair market value of brands.

As the royalty relief method is a hypothetical licensing scenario, it is also able to clearly define what it means by brand, which can be problematic with other methods. In these valuations, Brand Finance defines brand as the "Trademark and associated IP including the word mark and trademark iconography".

The first step in valuing a brand with the royalty relief method is understanding the strength of the brand. If one imagines a negotia-