

Japan's Most Valuable Brands Revealed

- **Toyota remains Japan's most valuable brand, rising 7% to a brand value of US\$46.3 billion**
- **Subaru is Japan's fastest-growing brand, doubling its value in a year**
- **SoftBank's ambitious expansion sees its brand value surge 26% to US\$20.6 billion**

Every year, leading valuation and strategy consultancy [Brand Finance](#) values the brands of thousands of the world's biggest companies. A brand's strength is assessed (based on factors such as marketing investment, familiarity, preference, sustainability and margins) to determine what proportion of a business's revenue is contributed by the brand. This is projected into perpetuity and discounted to a net present value to determine the brand's value. The 50 most valuable Japanese brands are included in the Brand Finance Japan 50 league table.

[View the list of Japan's 50 most valuable brands here](#)

Toyota has once again reinforced its status as Japan's most valuable brand, up 7% to US\$46.3 billion. Profitability remains strong and, at the date of valuation, most recently reported revenues were up 32% on the same period the year before. It is also Japan's most powerful brand, with a Brand Strength Index (BSI) score of 83.

Toyota was recently overtaken by Volkswagen as the biggest auto manufacturer by unit volume, selling 10,175,000 units in 2016 to Volkswagen's 10,213,486. However, because Volkswagen's sales are split between multiple brands, while Toyota's production is much more concentrated around the core brand, Toyota remains the world's most valuable auto brand.

Toyota does operate a handful of distinct brands of its own, however. First among them is Lexus, though its performance this year (down 3% to US\$4.8 billion) leaves something to be desired. Lexus's sales were down last year; the brand has been hit by the success of Tesla, which operates in exactly the same segment of the market. In a very short space of time Tesla has captured significant market share due to both its innovative hybrid technology and its brand image (i.e. that it is for wealthy, discerning, environmentally-conscious drivers). Lexus has outwardly appeared relaxed about the challenge, suggesting that demand has been driven by novelty and that customers will return to Lexus, but a greater focus on innovation, and communication of that innovation, could be key to long term brand value growth.

After Toyota, the two most valuable Japanese auto brands this year are Nissan in 3rd and Honda in 4th place, valued at US\$24.8 billion (+39%) and US\$21.3 billion (+10%) respectively, however, the auto marque to watch this year is Subaru – Japan's fastest-growing brand. Subaru doubled its brand value to US\$8.1 billion in 2017, rising to 16th place. In the past year, Subaru's producer underwent a rebranding process, dropping its 60-year-old name Fuji Heavy Industries for Subaru Corporation, strongly reinforcing the brand's presence. Last year's record sales also fed into the brand value increase. Subaru sold 1,065,000 units globally in the past financial year, up 11.1%, breaking the 1 million watershed for the first time.

Next to automobiles, TMT brands are among Japan's most valuable, with the NTT Group dominating the industry. It defends second place in the Brand Finance Japan 50 ranking, with a brand value of US\$40.5 billion, up 28% year on year. Originally dealing in telecoms infrastructure, over the years the NTT Group has successfully adapted to the digital market and now provides a wide range of sought-after IT services. The NTT Group is the world's

leading brand in colocation operating over 240 data centres worldwide, while NTT Security's annual Global Threat Intelligence Report is one of the key analyses of the global trends in cyberattacks and of their impact on business and politics. As the data market expands, the demand for NTT Group's services can be expected to bring the brand continued financial benefits.

Two other big brands from the TMT sector also make it to the top 10 this year, registering significant growth, with au up 32% to US\$16.9 billion, and SoftBank's brand value reaching US\$20.6 billion, following 26% surge. SoftBank's ambition to ever increase its global reach and lead technological innovation is often attributed to the charisma and determination of the brand's founder and CEO, Masayoshi Son. In the past year alone, SoftBank has made a number of bold moves towards expansion, buying famous chip-maker ARM, increasing its share in Nvidia, and investing in promising companies like Britain's Improbable, India's Paytm, and China's Didi. The recently launched US\$93-billion SoftBank Vision Fund, which raised the impressive starting capital among a wide range of stakeholders from the Saudi government to the American giant Apple, will manage some of these newly acquired stakes as well as seek new interests in disruptive tech businesses.

After several years of stagnation, Nintendo is the fastest-growing among TMT brands, up 73% to US\$4.7 billion. Nintendo made a comeback with its new console, Switch, which is proving an immense hit after a decade since the launch of the brand's last similarly successful product – Wii.

ENDS

Note to Editors

Brand values are reported in USD. For conversions into JPY, please consult the hover over the 'i' button on the web version of the table and select.

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About Brand Finance

[Brand Finance](#) is the world's leading brand valuation and strategy consultancy, with offices in over 25 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

When looking at brands as business assets that can be bought, sold and licensed, a 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, and is calculated using brand data from the BrandAsset® Valuator database, the world’s largest database of brands, which measures brand equity, consideration and emotional imagery attributes to assess brand personality in a category agnostic manner.

- 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.