Brand Finance®

# World's Most Valuable Media Brands Revealed

- **Disney is the most valuable media brand, up 10% in value to US$34.5 billion**
- **Opening of Shanghai Disneyland propels revenue of Disney Parks division**
- **ITV's brand value takes a hit amidst economic uncertainty following Brexit**
- **LexisNexis' acquisition spree pays off as its brand value grows 44%**

Every year, leading valuation and strategy consultancy Brand Finance values the brands of thousands of the world's biggest companies. Brands are first evaluated to determine their power / strength (based on factors such as marketing investment, familiarity, loyalty, staff satisfaction and corporate reputation) and given a corresponding letter grade up to AAA+. Brand strength is used to determine what proportion of a business's revenue is contributed by the brand, which is projected into perpetuity to determine the brand's value. The world's 25 most valuable media brands are then ranked and included in the Brand Finance Media 25.

View the full list of the world's 25 most valuable media brands here

Disney, the most valuable media brand, grew 10% this year to US$34.5 billion. With an AAA+ brand rating, Disney is the world's sixth most powerful brand. The continued growth in value is attributed in part to the success of its many divisions. Its Parks and Resorts division increased 6% in revenue in Q3 of the 2016 fiscal year due to higher average guest spending, attendance and occupied room nights. The opening of Shanghai Disneyland has carried the division's growth – since it opened its doors, the park has received approximately 7 million visitors, seeing a large influx in attendance during Chinese New Year.

The brand's Interactive Media and Consumer Products segment reaped the benefits of 'Star Wars: The Force Awakens'. Not only did the movie's success drive an 8% increase in merchandise licensing revenue during the first quarter of 2016, it also resulted in an increase in licensing revenue for the games division due to the strong performance of the 'Star Wars: Battlefront' game. Although the release of 'Star Wars: Rogue One' failed to match the success of 'The Force Awakens' (which has grossed close to US$1 billion at the box office) it must be noted that Rogue One became the second-biggest December opening in history, taking US$155 million. Moreover, Disney's shares climbed 1.3% on the Monday following Rogue One's release.

A brand faring far less well this year is ITV. The UK's biggest commercial broadcaster has seen its brand value fall 25% to US$3.5 billion. The brand suffered a 3% drop in advertising revenue last year which led to a 14% drop in pre-tax profits. Economic uncertainty following Brexit was the reason for this dip. Despite this, ITV's Chief Executive Adam Crozier, has expressed optimism that the brand will see a reversal in the coming year and recent data suggesting unexpectedly high consumer confidence in the UK will work in ITV's favour.

Longer-term viewing habits are shifting towards on-demand channels such as Netflix and Amazon, as well as more fragmented media formats such as YouTube. This undeniably poses a threat to ITV and other legacy broadcasters as ad budgets follow consumers in their online migration. To combat this, ITV and the BBC – whose brand value has also fallen - have launched BritBox, a subscription streaming service to following Netflix's footsteps that will both capture audience attention and help ITV to reduce its dependence on the advertising market and potentially give the BBC a more sustainable financial footing if the license fee were to come under sustained attack.

LexisNexis is the fastest growing media brand, up 44% in value to US$1.6 billion. The legal research provider has indulged in an acquisition binge in the last few years. The extensive list of takeovers, including Jordan Publishing, the 'Crash and Project' business of Appriss and Insurance Initiatives to name a few, have allowed LexisNexis to enhance its capabilities in providing more complete solutions and services to the legal community. The wider application of the brand increases revenues and hence brand value, but the economies of scale and enhanced reach are likely to improve brand strength in addition to business performance.

**ENDS**

**Note to Editors**

Brand values are reported in USD. For precise conversions into local currency values, please confirm rates with the Brand Finance team. More information about the methodology, as well as definitions of key terms are available in the Brand Finance Media 25 report document.

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**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*

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.