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Skechers runs up the ranks after 93% growth in brand value

- **The total brand value of the table is $2.8 trillion**
- **Skechers, the US' fastest growing brand, nearly doubles in brand value**
- **Apple retains its status as the nation and the world's most valuable brand**
- **Disney is the US' 14th most *valuable* brand and the world's most *powerful* brand**
- **Health concerns create conflict with the Coca-Cola brand**

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. America's 500 most valuable brands, which have a total value of US$2.8 trillion, are ranked in the Brand Finance US 500.

37 states are home to brands large enough to make the table. California is the state with the most brands in the table, suppling 72 brands. The state with the second most brands is New York, supplying marginally less than California with 68 brands. Despite the slight difference, Californian brands have a total value of $638 billion, far higher than New York's total of $452 billion. Silicon Valley's status as the home of vast tech brands such as Apple, Google and Facebook is largely responsible for California's dominance.

Skechers is the fastest growing brand this year, nearly doubling in value from 2015 to 2016. Skechers' is seen as more easy-going and inclusive than Nike and Adidas, which in contrast focus on technical performance and competitiveness. Its shoes are also more diverse, with lines for work, sport, casual fashion, kids and casual fashion. However the key to Skechers' recent success has been its recognition of the importance of brand value and marketing investment. Marketrealist.com has commented that Skechers "competes on the basis of comfort, quality, and the creation of brand value for its products." It is clearly achieving that aim; brand value is up 93% from 2015 to $2.6 billion. Investment has been key to delivering this impressive growth; marketing expenditure rose at an annual rate of 12.1% from 2011 to 2015, growing from $119 million to $188 million. A mix of media have been employed including print, TV, outdoor and promotional events as part of a strategy that is slightly more traditional than competitors in its relative sparing use of digital and social media. Endorsement deals with celebrities such Demi Lovato and Megan Trainor have reinforced its down to earth image, resonating particularly with younger, female consumers in particular.

Apple maintains its dominance at the summit of the Brand Finance US 500. Despite annual predictions of a plateau or fall from grace, it has proved a continuous source of success with 2015/16 proving no exception and it remains the most valuable brand in both the US and the world.

Disney is the country's 14th most *valuable* brand this year, with a brand value of $32 billion, however it is the most *powerful* brand worldwide, with a brand value of US$32 billion. Brand Power (also known as brand strength) is the initial part of Brand Finance's analysis that measures factors such as preference, satisfaction, recommendation, awareness and future potential before revenues are applied in the brand value calculation. Disney's strength is founded on its rich history and original creations, however its now dominant position is the result of its many acquisitions and the powerful brands it has brought under its control. Perhaps Disney's most important acquisition of all has been Lucasfilm, and thus, Star Wars. Brand Finance has estimated the value of the Star Wars brand to be US$10 billion, dwarfing the US$4.05 billion Disney paid for Lucasfilm in 2012.

Brand Finance CEO David Haigh comments, "The growth of Skechers' brand this year demonstrates that tech isn't the only sector where rapid economic gains can be made. Skechers' focus on brand shows that with the right strategy and investment, even firms in well-established, competitive industries can grow brand value to boost revenues and most importantly profitability."

Coca-Cola is another iconic brand that is beginning to falter; its brand value is down 5% (by US$1.6 billion) to US$34.2 billion, dropping to 11th place this year. Coca-Cola was America and the world's most valuable brand across all industries in 2007, with a brand value of $43.1bn. Increasing concerns over the links between carbonated drinks and obesity have begun to undermine what the Coca-Cola brand has represented for over one hundred years.

The US' 50 Most Valuable Brands (USDm)

Rank 2016	Rank 2015	Brand	Industry Group	State of Domicile	Brand Value 2016 (USDm)	Brand Rating 2016	Brand Value change (%)	Brand Value 2015 (USDm)	Brand Rating 2015
1	1	Apple	Technology	CA	145918	AAA	14%	128303	AAA
2	2	Google	Technology	CA	94184	AAA+	23%	76683	AAA
3	6	Amazon	Retail	WA	69642	AA+	24%	56124	AAA-
4	3	Microsoft	Technology	WA	67258	AAA	0%	67060	AAA
5	4	Verizon	Telecoms	NY	63116	AAA-	5%	59843	AAA-
6	5	AT&T	Telecoms	TX	59904	AA+	2%	58820	AA+
7	8	Walmart	Retail	AR	53657	AA	-5%	56705	AA+
8	11	Wells Fargo	Banks	CA	44170	AAA-	26%	34925	AAA-
9	22	McDonald's	Food	IL	42937	AAA	-19%	52909	AAA-
10	7	General Electric	Technology	CT	37216	AA+	-22%	48019	AA+
11	9	Coca-Cola	Beverages	GA	34180	AAA+	-5%	35797	AAA+
12	18	Facebook	Technology	CA	34002	AAA-	41%	24180	AAA-
13	10	IBM	Technology	NY	31786	AA	-10%	35428	AA+
14	12	Walt Disney	Media	CA	31674	AAA+	3%	30698	AAA+
15	16	Chase	Banks	NY	30603	AAA-	31%	23392	AA
16	40	Marlboro	Tobacco	VA	29935	AAA-	5%	28608	AAA-
17	17	Home Depot	Retail	GA	28798	AAA-	18%	24471	AA+
18	19	Nike	Apparel	OR	28041	AAA+	16%	24138	AAA+
19	14	Bank of America	Banks	NC	26928	AA	5%	25713	AA+
20	13	Citi	Banks	NY	26031	AA+	-1%	26210	AA+
21	48	Starbucks	Food	WA	23185	AAA-	17%	19762	AA+
22	26	CVS Caremark	Retail	RI	22884	AA+	13%	20267	AA+

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23	15	Intel	Technology	CA	22845	AA+	-9%	25011	AAA-
24	21	Oracle	Technology	CA	22136	AA	-3%	22888	AA+
25	25	Ford	Automobiles	MI	19771	AAA-	-3%	20315	AA+
26	27	UPS	Logistics	GA	19565	AA+	0%	19537	AA+
27	28	ExxonMobil	Oil & Gas	TX	19227	AA	5%	18242	AA+
28	20	Cisco	Telecom Infrastructure	CA	19162	AAA-	17%	16339	AAA-
29	24	Pepsi	Beverages	NY	18947	AAA	-11%	21379	AAA-
30	23	American Express	Diversified Financial Services	NY	18483	AA+	-14%	21567	AAA-
31	29	Chevron	Oil & Gas	CA	17822	AA+	-2%	18163	AA+
32	New	Xfinity	Media	PA	17186	AA+	N/A	N/A	N/A
33	35	Deloitte	Pro Services	NY	16160	AAA	10%	14694	AAA
34	44	NBC	Media	NY	16103	AAA+	34%	12004	AAA-
35	36	Fox	Media	NY	15541	AAA-	7%	14503	AAA-
36	33	Target	Retail	MN	15331	AA	0%	15381	AA
37	69	Johnson's	Pharmaceuticals	NJ	15115	AAA+	-15%	17742	AAA+
38	52	UnitedHealth Group	Professional Services	MN	14934	AA	46%	10231	AA
39	32	Walgreens	Retail	IL	14315	AA	-7%	15345	AA+
40	34	Boeing	Aerospace/Defense	IL	13956	AAA	-8%	15199	AAA
41	39	FedEx	Logistics	TN	13079	AA	-4%	13672	AA+
42	45	J.P. Morgan	Banks	NY	12946	AA-	8%	11958	AA
43	41	Lowe's	Retail	NC	12717	AA	-1%	12790	AA
44	49	Accenture	Technology	IL	12687	AA+	14%	11087	AA
45	37	Sam's Club	Retail	AR	12198	AA	-16%	14453	AA
46	50	Costco	Retail	WA	11847	AA+	12%	10551	AA
47	54	Capital One	Banks	VA	11658	AAA-	24%	9392	AA
48	59	Visa	Diversified Financial Services	CA	11393	AAA-	34%	8528	AA+
49	43	3M	Miscellaneous Manufacture	MN	11057	AA+	-10%	12212	AAA-
50	New	Uber	Technology	CA	11023	AA	N/A	N/A	N/A

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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:

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.