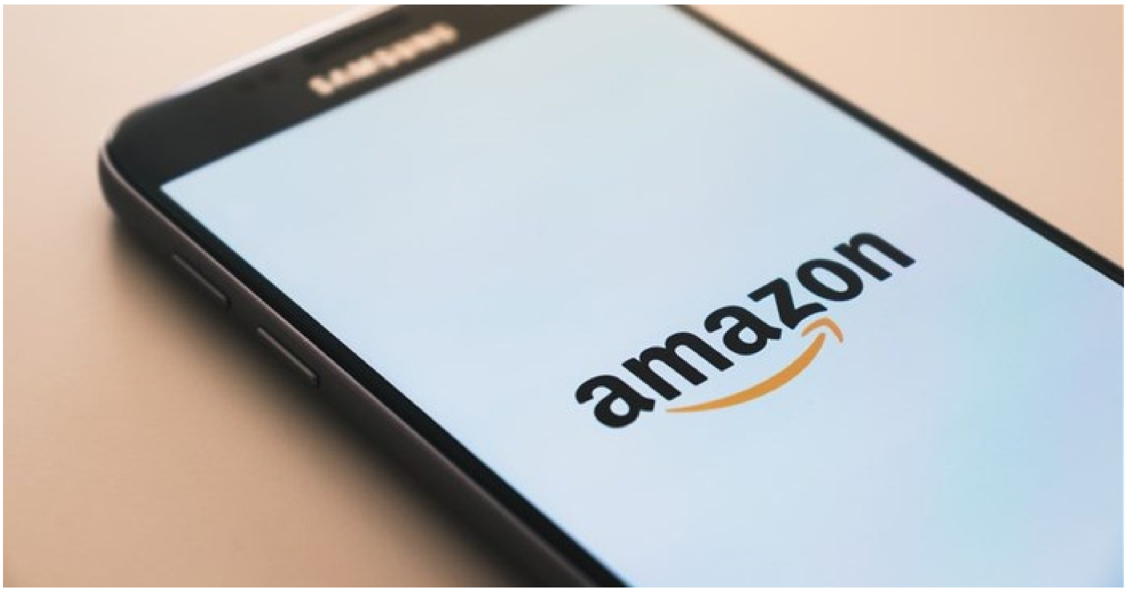
Amazon breaks $200bn mark, still world's most valuable brand

Amazon has become the first brand in Brand Finance Global 500 ranking to exceed the $200bn value mark, retaining its title as the world's most valuable brand for the third consecutive year.



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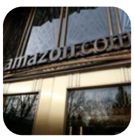
Following 18% growth from $187.9bn last year, Amazon's brand value has now reached $220.8bn, over $60bn more than Google's and $80bn more than Apple's.

Brand Finance releases report for the world's most valuable brands in 2019
22 Jan 2019

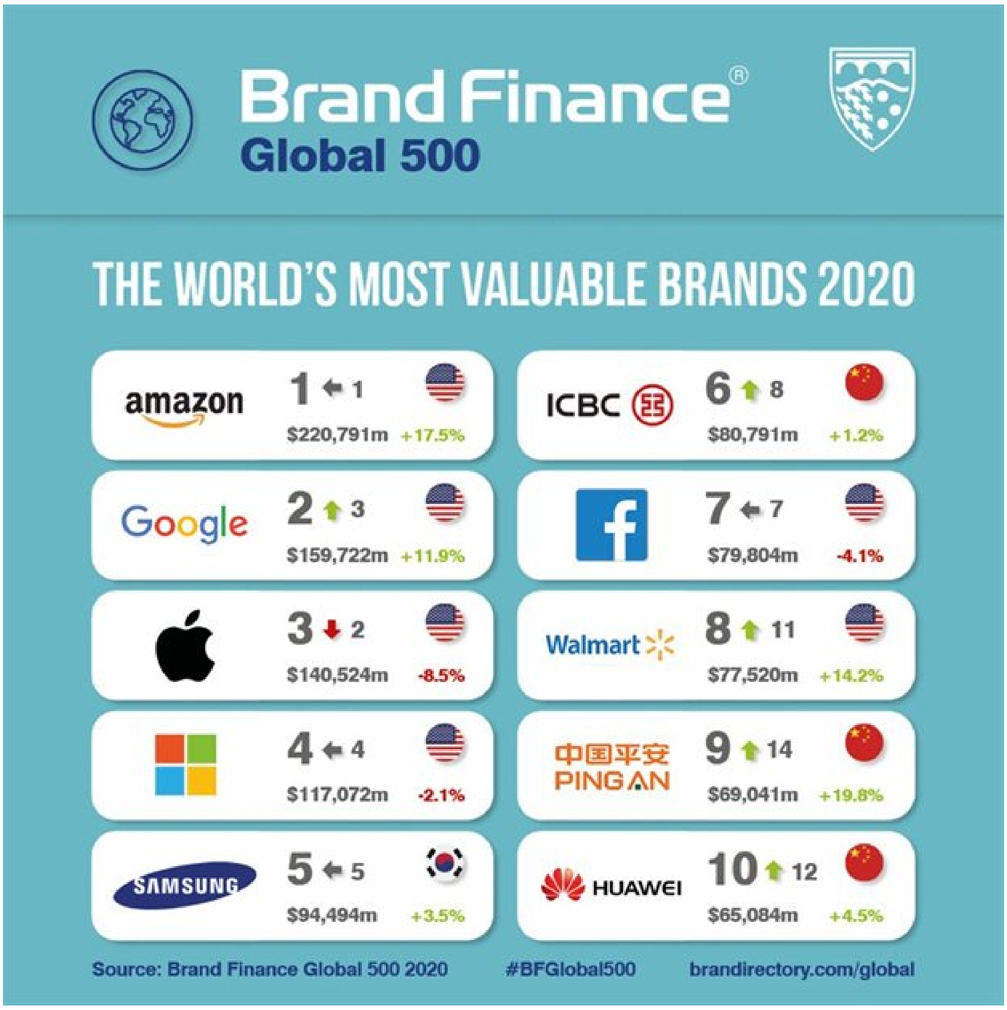
The world's largest online marketplace, Amazon has also branched out into cloud computing, artificial intelligence, consumer electronics, digital streaming, logistics, and is looking to enter other industries. With a diverse product and service portfolio, and thanks to continued investment in fast-growing sectors and innovative technologies, Amazon is not only the leader of today, but also primed for tomorrow.

Nevertheless, the majority of Amazon's revenue still comes from retail, and challenges to the growth of the company's core operations may result in brand value stagnation in the future. In November 2019, it was announced that Nike would no longer be selling its merchandise on the platform, to develop its own direct sales channels.



Amazon's bottomless appetite
François Lévêque 3 Jun 2019

Amazon may have to contend with other big brands following Nike's lead, which would undermine its reputation as the 'Everything Store'. Another potential sticking point is the future of Amazon's international business. From environmentalist opposition in Europe, to backlash from local retailers in India, to saturation of China's e-commerce market by Alibaba and its subsidiaries – matching globally the status that Amazon enjoys in the US, may prove difficult.



Global 500 Most Valuable Brands.

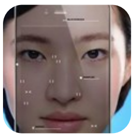
"The disrupter of the entire retail ecosystem, the brand that boasts the highest brand value ever, Amazon continues to impress across imperishable consumer truths: value, convenience, and choice. Today, Amazon's situation seems more than comfortable, but what will the roaring twenties hold in store?"

Digital can't buy success

Forty-four retail brands feature in this year's ranking alongside Amazon, with a combined value of nearly $800bn, making the sector the third most valuable behind tech and banking. As the boost from the novelty of operating in the digital space fizzles out, some online retailers have started to lose brand value, while bricks and mortar chains, which have learnt to successfully adapt to the changing marketplace, are consequently making gains.

In stark contrast to Amazon's success, eBay's brand value has continued to erode, falling 9% to $8.2bn. Despite the number of active buyers steadily increasing over the last year, reaching an impressive 183 million, eBay is failing to maintain relevance in an increasingly monopolised sector. Attempts to diversify and introduce new revenue streams, through eBay Payments and promoted listings, and potential spin-offs in the pipeline, could mean the brand fares better in the coming year.

Some Chinese e-commerce brands have also seen declines this year, with Taobao ($37bn) and Tmall ($30.7bn) losing 21% and 16% respectively. Approximately two-thirds of all online sales in China transact across the Alibaba-owned Tmall and Taobao platforms, and despite revenues growing at impressive rates to date, now both brands have to negotiate a potential slowdown in business in the coming years, negatively impacting the forward-looking brand valuation.



L'Oréal teams up with Alibaba for AI-based app targeting acne sufferers
22 May 2019

In the traditional retail space, American giant Walmart (up 14% to $77.5bn) has seen its brand value resurge, jumping up three places and entering the top 10 once again. As well as committing to its expansion programme in key markets, Walmart has focused on an innovative digital proposition, through a partnership with Microsoft and with the launch of Alphabot – robots that pick and pack online grocery orders at high speeds.

Discount supermarket chain rivals Lidl ($12.4bn) and Aldi ($14.3bn) are the fastest-growing retail brands and among the top 10 fastest-growing brands overall this year, increasing 40% and 37% respectively. Lidl and Aldi have reshaped the supermarket landscape by winning market share from their long-established high-street counterparts.

Initially competing on price leadership, both chains have gradually earned their customers' trust and loyalty. With almost identical propositions, however, the brands will need to differentiate themselves in order to continue to successfully widen their footprint globally.

"Despite the unprecedented disruption caused by e-commerce, the popular assertion that entering digital operations brings instant success while bricks and mortar stores are doomed for extinction is being proved wrong. As digital operators find they need to remain attentive to consumers and traditional retailers, such as Walmart, successfully adapt to change, we are back to normal as all players realise that ultimately the customer is king."

The customer is king, and a service culture is his queen
André Mack 1 Jul 2019

Mirroring the situation in retail, many traditional hoteliers are seeing significant growth this year, while brands operating in the digital space see mixed results. Hilton Hotels & Resorts remains the sector's top brand and one of the fastest-growing brands in the ranking overall, improving its brand value 35% to $10.8bn, thanks to marrying experience with a clear vision for growth.

The Hilton enterprise as a whole, which enjoyed strong growth across its brand portfolio, opened more luxury properties than in any previous year as it celebrated its 100th anniversary. Although still trailing Hilton, Marriott has also seen substantial growth over the past year, recording a 20% uptick to $6.0bn. Their pace of brand value growth is comparable to Airbnb's, up 28% to $10.5bn, while another digital player – Booking.com – saw a 15% decline to $10.2bn this year.

Telecoms call for help

A call to the help desk may be in order for the telecoms industry, as the majority of brands – 4 out of 5 – saw their brand value decline this year, despite strong investments. Over the past five years, the combined value of telecoms brands in the Brand Finance Global 500 has stagnated – $558.4bn in 2020, compared to $567.7bn in 2015 – while all other major sectors recorded significant increases.

Big telcos are being squeezed from all sides as OTT messaging apps like WhatsApp are impacting voice and SMS revenue, and challenger brands offer comparable data services at below-market rates, leading to fierce price competition and decreasing margins.

US giant AT&T is the fastest-falling telecoms brand this year, down 32% to $59.1bn. Just like its biggest rival Verizon, AT&T finds itself outside of the top 10 most valuable brands in the world for the first time in nearly a decade. The company diversified its entertainment portfolio over the last few years, culminating with the acquisition of WarnerMedia, part of a plan to move away from reliance on the traditional telco business and pay television, as both revenue streams have been drying up over the last years.

The upcoming launch of HBO Max with WarnerMedia, which will compete with over-the-top (OTT) media brands like Netflix, should help propel the company forward. AT&T recently announced a plan to drive significant growth through 2022, including limiting acquisitions, paying down debt to improve its balance sheet, and investing in strategic areas, such as 5G infrastructure enabling innovative services far above and beyond internet data.

#BizTrends2020: The golden age of content
10 Jan 2020

Clearly the next big opportunity for the telecoms industry, the 5G space is inviting fierce competition, with Huawei expanding into markets traditionally covered by Western providers. Despite sparking controversy, the Chinese giant is making clear headway, and with a brand value of $65.1bn, now counts among the world's top 10 most valuable brands for the first time.

> *It is not surprising that a number of telco brands have placed bets on newopportunities from video content rights to the internet of things ventures. Focus on extracting as much value as possible from the declining segments cannot sustain growth in the long term, as the consumption of telecommunications has changed for good. AT&T is the perfect example of howto fight back against the shrinking of the traditional market as they lead the charge in 5G – an area ripe for expansion.*

Of the handful of telecoms operators that grew brand value this year, the top spot goes to Vietnamese telco Viettel, recording an impressive 34% growth to $5.8bn and moving 126 spots up to 355th – the highest jump in the ranking this year. The state-run telecommunications provider announced mid-2019 its consolidated revenue increased 7.4% year-on-year. In addition to improved revenue in 4G services and overseas markets, the company had the largest number of customers registered for mobile number portability services, 53% of total demand in the market. As the first telecoms company to successfully test a 5G network in Vietnam, it is clear Viettel is planning for the future too.

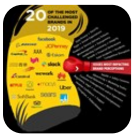
Brand bubble bursting?

Despite many success stories, there are also clear signs of a slowdown. The combined value of the Brand Finance Global 500 has increased by less than 2% year on year, and while 244 brands have increased their brand value, another 212 are down, including 95 by 10% or more. Those which once enjoyed long-term success are now needing to adjust in a world more unpredictable than ever, while many tech brands are suffering after failing to meet the bullish expectations of investors.

This is true of Chinese software giant Baidu which recorded the largest drop in brand value, down 54% to $8.9bn. The company reported its first quarterly loss since its initial public offering (IPO) back in 2005. Along with the intense market competition, the brand's revenues were heavily impacted as regulators placed more attention on online advertising. Baidu is now focusing on other areas to drive long-term growth, such as its cloud division, smart speakers, and even driverless cars in an effort to secure better results for the future.

In contrast, one company still very much on the road to success is Tesla, racing ahead as the fastest-growing brand with a brand value of $12.4bn, up 65% on last year's valuation. The electric vehicle innovator began sales to customers in further reaches than ever before, including China, Australia, the UK, and several markets in Eastern Europe. Although there have been concerns of achieving production targets, the brand appears to be living up to its hype and is growing in value and strength.

Excitement alone, though, cannot carry a brand – it must deliver on its promise, something Uber is battling to do as its brand value dropped by one third, down 32% to $15.3bn, forcing it to share the ride with five fastest-falling brands in the ranking. The company went public this year but with disappointing results, closing its first day of trading with a 7.6% reduction in valuation.



The most challenged brands in 2019 and issues impacting brand perception [infographic]

7 Jan 2020

Uber continues to take hits, including the loss of its license to operate in London after repeated safety failures. Reminded by investors of the old adage that 'revenue is vanity, profit is sanity, cash is reality ', the company is trying to get back on track and reorganised its internal structure in Q3 2019, focusing on five segments, with a prioritisation on efficiency, profitability, and positive cashflow.

Unlike apps which have not been able to satisfy expectations, Instagram is enjoying an explosion of growth, securing the second-highest brand value increase this year, up 58% to $26.4bn. With more than 1 billion active monthly users and a focus on new technology, like the latest Checkout feature that benefits both consumers and other brands, Instagram is catering to demand and staying relevant.

"Twenty years on from the dot-com bubble, as we witness global slowdown and the failure of hyped IPOs from WeWork to Uber, we may be only months away from the startup bubble bursting right in our faces. When expectation and reality do not match, the truth will out and the results can be devastating. The cost of capital is increasing, putting breaks on indefinite brand value growth, and a shift from a startup bidding war towards appraising real value is necessary."

Among well-established brands which have now hit turbulence, Boeing is declining a significant 29% to $22.7bn. It quickly went from a company of safety first to one laden with a reputation for cover-ups, and its future is now on the line.

Saudi Aramco strikes oil

With a brand value of $46.8bn, Saudi Aramco is the most valuable among the 44 new entrants in the ranking. The publication of the Saudi Arabian oil and gas company's financials at the time of the IPO allowed for its brand to be included in Brand Finance's annual study for the first time. Placing 24th globally, Saudi Aramco also claims the title of the most valuable brand in the Middle East and Africa.

The IPO has proven to be successful for the brand as Saudi Aramco raised $25.6bn, making it the largest ever to date. Even after navigating through recent attacks on two of its oil processing sites, it is now the world's most valuable listed company, comfortably ahead of tech titans Apple and Microsoft.

Saudi Aramco is focused on leveraging its strength in upstream, while growing its downstream operations through acquisitions, both in Saudi Arabia and key global markets. The company must now focus on developing international perceptions of the brand in order to open it up further for partnerships and investment.

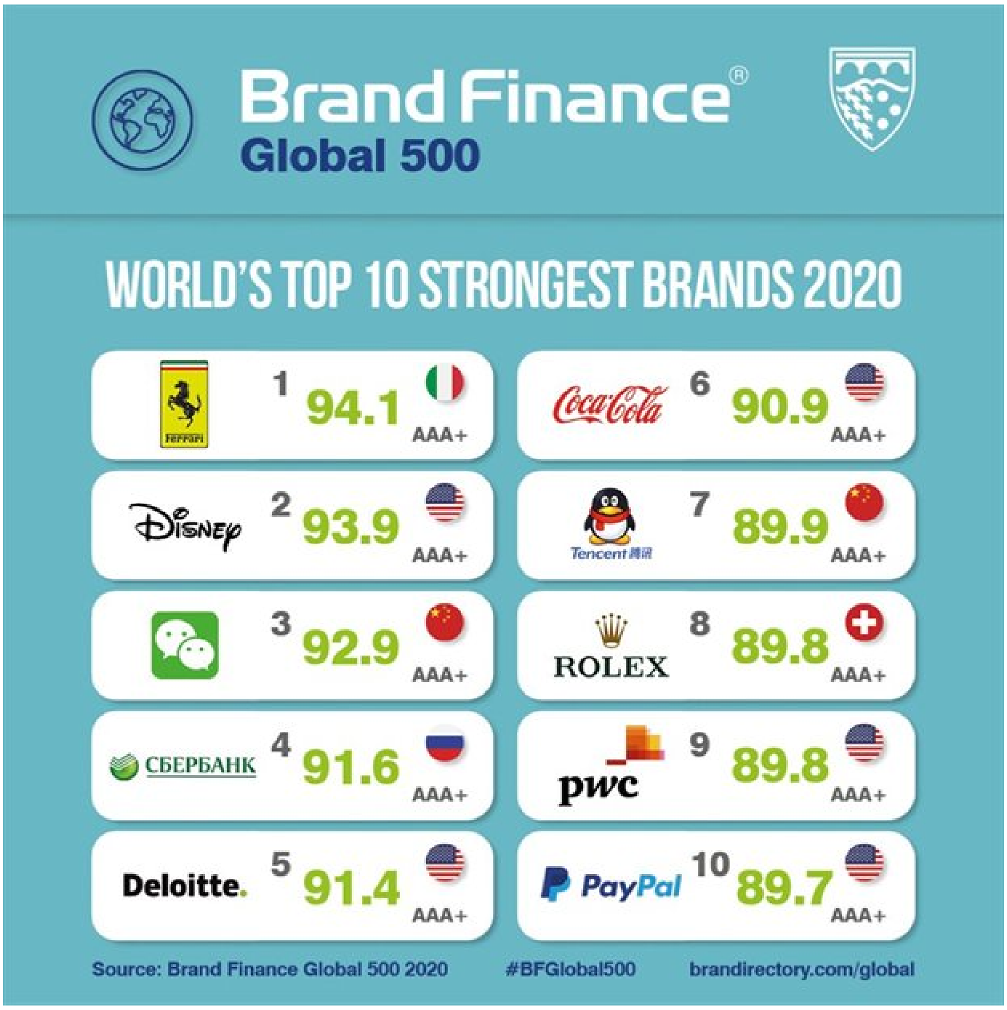
Saudi Aramco is now just a fraction behind Shell, which ranks 23rd in brand value with $47.5bn. Despite sustained lower oil and gas prices, the Anglo-Dutch giant continues to achieve a significant price and volume premium thanks to its strong brand, and has held on to its position as the most valuable brand in the industry. Shell recently shared a new strategy to enable the company to thrive through the transition to a lower-carbon energy system, placing focus on new energy investments that will shape the portfolio and help drive growth over the next few years.

“Some might argue that the end is nigh for Big Oil, but many sectors will be difficult to decarbonise and will likely need oil and gas for decades to come. The challenge at hand for the industry is to make the production and use of oil and gas as efficient as possible throughout this transition, while actively preparing for the future by investing in renewables.”

Brand Strength Section

Ferrari in pole position again

For the second year in a row, Ferrari, the iconic Italian luxury sports car manufacturer, has retained its position as the world’s strongest brand with a Brand Strength Index (BSI) score of 94.1 out of 100. Brand Finance determines the relative strength of brands through a balanced scorecard of metrics evaluating marketing investment, stakeholder equity, and business performance. According to these criteria, Ferrari is the strongest of only 12 brands in the Brand Finance Global 500 2020 ranking to have been awarded the highest AAA+ rating.



Global 500 Strongest Brands.

Alongside revenue forecasts, brand strength is a crucial driver of brand value. As Ferrari’s brand strength maintained its rating, its brand value grew, improving 9% to $9.1bn. Ferrari announced five new models in 2019, including the SF90 Stradale and Ferrari Roma, both aimed at new market segments. The company also established a manufacturing agreement with the Giorgio Armani Group to help push Ferrari collections into a more premium space. For years, Ferrari has utilised merchandise to support brand awareness and diversify revenue streams, and are now taking steps to preserve the exclusivity of the brand. The company plans to reduce current licensing agreements by 50% and eliminate 30% of product categories.

“The embodiment of luxury, Ferrari continues to be admired and desired around the world, and its outstanding brand strength reflects this. It is no wonder that many consumers, who might never own a Ferrari car, want a bag or a watch emblazoned with the Prancing Horse, but it is also crucial that the company management remain at the steering wheel of the brand’s future and maintain its exclusive positioning by monitoring the licensing output closely.”

Disney bounces back

After failing to make the top 10 world’s strongest brands last year, Disney is making a comeback, taking second place with a BSI of 93.9 and AAA+ rating. Disney is no longer just children’s films or vacation spots – with the acquisition of 21st Century Fox, the company has secured its place as a leader in the media industry. Disney has also put an emphasis on delivering a direct-to-consumer experience. With the recent launch of Disney+, intended to take on Netflix and other emerging rivals such as HBO Max, the brand has poised itself for success.

Apple, Disney and Netflix's streaming battle isn't winner-take-all
Amanda Lotz & Ramon Lobato 12 Nov 2019

WeChat’s appeal

In third place, WeChat has also claimed the elite AAA+ brand strength rating and a corresponding BSI score of 92.9 of out 100. With over one billion monthly users, the app has positioned itself as essential for everyday communication in China. WeChat has significantly broadened its proposition since its inception, successfully leveraging its brand to develop an extraordinary level of vertical product integration. With WeChat Pay now being accepted in more than 60 countries and the platform opening to international travellers in China for the first time, the brand has set its sights on global markets.

As WeChat’s brand strength has flourished so has its brand value, increasing 7% year on year to $54.1bn. Simultaneously, it has claimed the titles of the highest brand value increase over the past five years, up a colossal 1424% (72% CAGR), and the highest rank increase, jumping 415 places in the Brand Finance Global 500 since 2015.

Regional analysis section

Americas

While Amazon is the most valuable B2C brand and IBM tops the B2B category across both continents, Corona is crowned the most valuable brand in Latin America with a brand value of $8.1bn. The beer brand continues to use music festivals as a marketing tool, hosting yearly Corona SunSets events in its largest export countries – a strategy which seems to be paying off, having caused a significant amount of media frenzy in 2019. Alongside Corona’s original approach to marketing, the brand paves the way for innovation in the industry, most recently announcing plans to launch a seltzer in 2020, backed by a $40mn marketing investment.

It will be interesting to see how the iconic beer brand holds up after Anheuser-Busch InBev’s decision to take Corona’s production out of its home market of Mexico. Local production is aimed at satisfying high demand and solving supply problems, particularly in China. Nevertheless, the brand’s managers must be careful not to dilute its strength in the process.

Europe
In Europe, German brands outperformed other countries, accounting for 6 of the continent's top 10 most valuable brands and 6% of the total brand value in the Brand Finance Global 500 ranking. This is largely attributed to the country's booming automobile industry, led by Mercedes-Benz. Valued at $65bn, the German giant remains the most valuable B2C brand in Europe.

This year, Mercedes-Benz enjoyed an 8% growth, boosted by a 1.3% increase in sales to 2.34 million vehicles in 2019. China remains Mercedes-Benz's largest market, where the brand continues to grow in popularity, reporting a 6.2% increase in sales, with the luxury Mercedes-Maybach S-Class limousine being sold at a rate of over 700 cars monthly. Alongside reputation for premium quality, innovation is a key feature that sets Mercedes apart. The brand continues to reach for the stars, announcing plans for a new concept car based on the 2009 blockbuster film, *Avatar*.

German supermarket brand Lidl is Europe's fastest-growing brand in the ranking, an example of how bricks and mortar retailers can succeed in the changing market. The European luxury apparel sector, however, also records notable brand value growth, with Louis Vuitton up 21% to $16.5bn, Gucci up 20% to $17.6bn, and Chanel up 19% to $13.7bn.

Despite fears of economic slowdown, luxury is booming globally, with brands recording strong sales performances across key markets in the US, Europe, and particularly China. The ability to leverage social media to appeal to younger consumers has allowed the European players to market themselves as innovative and fresh, while maintaining premium brand positioning.

Middle East & Africa
While Saudi Aramco is the most valuable B2B brand in the region, Emirati telecoms giant, Etisalat remains the most valuable B2C brand in the Middle East and Africa for the third consecutive year. The brand's growing role in fulfilling the UAE's National Innovation Strategy and its dominant influence in shaping the region's digital future are behind its continued success.

As the premier digital and telecommunications partner of the upcoming Expo2020 in Dubai this October, all eyes will be on Etisalat as it prepares to excite the Expo's expected 25 million visitors with a seamless 5G connectivity that brings the event's themes to life. Etisalat's footprint in 16 countries across Asia, Middle East, and Africa makes it home to an impressive portfolio of brands including Mobily, Ufone, Maroc Telecom, PTCL, and Etisalat Misr. Demonstrating a consistent performance over the years, Etisalat retains its titles as the most valuable as well as strongest telecoms brand in the region.

As the Middle East's fastest-growing brand, Abu Dhabi National Oil Company (ADNOC) is the first UAE brand to achieve a brand valuation of more than $10bn, a testament to the success of the Group's ongoing transformation strategy. Since 1971, ADNOC has created thousands of jobs, driven the growth of a diverse knowledge-based economy, and played a key role in Abu Dhabi's global emergence.

ADNOC continues to look for new and innovative ways to maximise the value of its resources, pioneering those approaches and technologies that will ensure it is able to meet the demands of an ever-changing energy market, and continue to have a positive impact on the Abu Dhabi economy for generations to come.

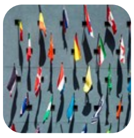
Jeremy Sampson, managing director of Brand Finance Africa, commented:

> *“Yet again Africa has no brands mentioned, nor any contenders. The continent remains dislocated economically and physically with local brands parochial rather than pan African. I guess a little as Europe was a century ago. A reason to call it the most unbranded continent in the world. The mentality of many managements remains commodity rooted rather than brand conscious. But a continent with huge potential as the population grows and many becomes more economically viable.”*

However:

- ***Tencent is part-owned by Johannesburg listed Naspers, now with a listing in Amsterdam.***
- ***MTN, SA's most valuable brand remains mired in controversy***
- ***The luxury group Richemont whilst having SA roots is Swiss, with a SA Chairman and many brands maintaining their countries of origin: Cartier, Mont Blanc etc, etc.***
- ***Probably the main brand with the most potential is Nigeria's Dangote, which is truly pan-African***

> *"Interestingly Amazon has established a bridgehead for Africa in Cape Town in the last 12 months. Whilst South Africa continues to languish politically and economically, Nigeria appears to languish less whilst Egypt and especially Ethiopia are on the rise."*



South Africa moves up one spot in 2019 Brand Finance Nation Brands ranking

16 Oct 2019

Asia

Increasing in brand value by 4% to US$94.5 billion, Samsung remains the most valuable B2C brand in Asia and the fifth most valuable brand in the Brand Finance Global 500 ranking. The tech giant managed to beat its predicted earnings this year, largely due to the popularity of its 5G phones – as of November 2019, the company owns 54% of the global 5G market.

Samsung seems set to continue this trend as it looks to develop cutting-edge technologies in the coming year, including the new foldable Samsung Galaxy Bloom phone and SelfieType invisible virtual keyboard. The success of Samsung Group's consumer electronics division coupled with a strategic investment in semiconductor startup, IVWorks, appears to have set the brand on a positive trajectory.

The largest utility brand in the world, State Grid is once again also Asia's most valuable B2B brand. It has recorded solid brand value growth, up 11% to $57bn. The brand is increasing its focus on CSR initiatives, through funding charities and committing to poverty alleviation. State Grid has also supported China's push to become a greener, more environmentally friendly nation, with a clear target to be the advocate and leader of ubiquitous electric internet of things.

Mitsubishi Group is the fastest-growing Asian brand in the ranking, increasing in brand value by 43% to $37.7bn. Climbing 22 spots in the ranking, the Japanese keiretsu has profited from the successful business operations of its various autonomous entities, which continue to play a pivotal role in Japan's economic development since the beginning of the post-war era.

Mitsubishi Group's brand has reaped the benefits of prudent accounting, as the introduction of the new IFRS 15 standard has caused Mitsubishi Corporation's booked revenue to double year on year. In addition, the brand has benefited from Mitsubishi Corporation's plans towards sustainable growth, culminating in the business's intent to acquire Dutch renewable energy company, Eneco.

Australasia

Australia's largest mobile network provider, Telstra, has recorded a considerable drop in brand value over the past year, down 24% to $8.1bn, resulting in supermarket chain Woolworths claiming the top spot as the most valuable B2C brand in Australasia for the first time since 2015, despite rather modest brand value growth of 1% to $8.1bn. Woolworths' increasing brand strength (up 4.2 to BSI 81.9) has enabled the brand to overcome a tough market, where retail activity is contracting, and economic growth forecasts are gloomy.

Mining brand BHP has remained Australasia's most valuable B2B brand, despite recording a 3% drop in brand value to $5.8bn. BHP's brand value has relied solely on its strong revenue forecasts in the face of a brand strength decline (down

1.8 to BSI 71.0) caused by weakening corporate social responsibility scores.

With increasing intolerance of new mining projects, both among the Australian public and internationally, the brand needs to step up its stakeholder engagement. Operating across borders, BHP is also exposed to fluctuating global trade and has suffered as a result of softening demand in one of its key markets, China.