COMMUNICATING BRAND EQUITY TO SHAREHOLDERS

A Research Report

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ABSTRACT

The governing objective of public companies is to maximise their shareholder value. The goal of branding and branding strategy is to contribute to this governing objective. Brands may contribute significantly to a company's value but this value may not be evident to shareholders due to the intangible nature of these assets. The consequences of not communicating this intangible brand value to shareholders are that the share price may suffer. Empirical studies on how brand equity is being utilised by management are in short supply. This study attempts to provide insight into the importance company management attach to brand equity and how they communicate the importance of this value.

The research entailed a content analysis using the annual reports of the top 105 public companies in South Africa. Brand equity and Brand Equity represented the concepts that were investigated in the study. The research question posed was thus: **To what extent are companies communicating the value of their intangible brand equity to shareholders and investors?** Secondary factors that may influence this communication were investigated in addition to the above namely: 1) How branding strategies (corporate, house of brands or mixed strategy) influence extent to which companies communicate the value of their intangible brand equity to shareholders and investors? 2) How the industries in which companies operate influence extent to which companies communicate the value of their intangible brand equity to shareholders and investors?

The research produced the following result. Taking all the measures of brand equity into account revealed that brand equity only represented 0.000 012% of all the words contained in the 92 annual reports investigated. The research was structured in such a manner so as to afford the maximum opportunity of demonstrating the use of brand equity. To this end both brand equity and brand value as well as 14 synonyms for brand equity and brand value as well as 24 metrics used to measure brand equity were searched for and counted.

The conclusion was that this research provided empirical evidence that the communication of brand equity via annual reports to shareholders and potential investors was negligible (0.000 012 %). It is considered so low that **for practical**

purposes the communication of brand equity can be considered as non existent. The possible reasons for this poor communication could include: Marketing managers and management in general have a poor understanding of brand equity and the benefits of communicating this equity to shareholders. Annual reports are still considered essentially financial documents with little scope to elaborate on intangible assets. This could provide thus also provide limited scope for marketing managers to contribute to this document. The South African market may not have brands or industries that support brands with large equity and thus there is limited need to communicate this value.

This extremely low level of communication of brand equity resulted in the two secondary questions posed being disregarded. There seemed little point in taking close to zero communication and trying to further divide these results into 3 strategies and 10industries that may have influenced the results. Thus the questions below were not answered:

Does branding strategies (corporate, house of brands or mixed strategy) influence extent to which companies communicate the value of their intangible brand equity to shareholders and investors?

Will the industry in which companies operate influence extent to which companies communicate the value of their intangible brand equity to shareholders and investors?

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1 ORIENTATION

1.1 Introduction

Although the concept of brand equity was presented as early as the 1970s (Green and Srinivasan, 1978), a sharp increase was seen in business and academic discussions regarding brand equity during the early 1990s. Brand management is thus a relatively young field of study with the most important theories and the most valuable literature being produced during the last twenty years. The literature has concentrated on defining brands, determining brand equity from both customer and financial perspective and documenting its impact on investors, manufactures and consumers (Aaker, 1991 and 1996; Ambler, 2003; Farquhar, 1989; Keller 1998).

Today, it is widely accepted that brands have a value as an intangible asset because they are able to generate future cash flows (Aaker and Jacobson, 1994). In 1994 forty three percent of US companies measured brand equity in some form and in 1999 forty percent of UK companies were reported to do the same (Ambler, 2003: 60). The value of brands may be substantial as illustrated in table 1.

Table 1: Business Week / Interbrand 2006 Global Brand Ranking

Rank	Brand	Country of Origin	Sector	2006 Brand Value ($ m)
1	Coca-Cola	U.S.	Beverage	67,000
2	Microsoft	U.S.	Computer software	56,926
3	IBM	U.S.	Computer Services	56,201
4	GE	U.S.	Diversified	48,907
5	Intel	U.S.	Computer hardware	32,319
6	Nokia	Finland	Telecoms Equipment	30,131
7	Toyota	Japan	Automotive	27,941
8	Disney	U.S.	Media	27,848
9	McDonald's	U.S.	Restaurants	27,501
10	Mercedes-Benz	Germany	Automotive	21,795

Source: Interbrand, 2006: 4

As such valuable assets, brands need to be managed in order to ensure their continued success. The literature however provides a very limited number of empirical studies on why brand equity is being measured and how it is being used by management. In this study an attempt will be made to add empirical evidence to the

literature by evaluating the extent to which management is conveying the value of their brands to investors.

1.2 Objectives of this Research

The central research objective (research objective 1) entails determining the extent to which brand equity, as an intangible asset, is being communicated to shareholders and potential investors by the company.

Research objective 2; entails determining if communicating brand equity to shareholders showed any variation dependant on whether companies used corporate branding, house branding (individual product brands), or mixed branding (combination of both corporate and house branding).

Research objective 3; entails determining if communicating brand equity to shareholders showed any variation according to the industry in which the company operated.

It is hoped that this study will then stimulate further empirical studies with regards to the reasons why and how management are making use of brand equity.

1.3 Statement of the Problem and Sub-problems

The governing objective of public companies is to maximise their shareholder value. The goal of branding and branding strategy is to contribute to this governing objective (Doyle, 2001). The value that brands offer as intangible assets resides in the ability to generate increased future cash flows and this can be calculated as the net present value (NPV) of the brand as illustrated in table 1 above. Present accounting standard however limit the inclusion of intangible assets on the balance sheet and as such limit the ability of companies to communicate the value of brands to shareholders and potential investors. The dilemma thus arises that brands may contribute significantly to a company's value but this value may not be fully communicated to shareholders. The consequences of not communicating this intangible brand value to shareholders are that the share price may suffer. This lower share price arises as the true value of the company is hidden in the intangible brand value and investors are not made aware of this value.

In summation then management experiences the following problem;
A brand may be a valuable intangible asset, yet it may be difficult to communicate the value of such a brand to shareholders in traditional accounting formats. This may, in turn, present managers with a problem as the lack of knowledge, on the shareholder's part, may influence shareholder value.
The main research question thus is: To what extent are companies communicating the value of their intangible brand equity to shareholders and investors?

Important to note however is that corporate, mixed and house-of-brands strategies in the order presented have been shown to have the largest to smallest impact on intangible brand value (Rao, Agarwal & Dahlhoff, 2004). It may thus be expected that companies with corporate branding strategies communicate this value to a greater extent to shareholders and potential investors than companies following a mixed branding strategy. The same may be assumed for mixed verses house-of-brand strategy.
The second research question that arises from the above: Do branding strategies (corporate, house of brands or mixed strategy) influence the extent to which companies communicate the value of their intangible brand equity to shareholders and investors?

In certain industries the value of brands as an intangible asset, has been shown to be more important than in other industries. As such, in the utilities industry brand equity is considered to be negligible in contrast to the luxury goods industry where brand equity represents approximately 70% of the total company value (Perrier, 1997: 44). It is thus assumed that companies operating in industries where brand equity is important will be more inclined to communicate this value to shareholders and potential investors than companies in industries where brand equity is not important.
The third research question that arises from the above: Will the industry in which companies operate influence the extent to which companies communicate the value of their intangible brand equity to shareholders and investors?

1.4 Delimitation of the Study

The research entails a content analysis of the top 105 public companies in South Africa. These companies will be selected based on the list published by the Financial Mail (2007) "S.A. Giants". The list is based on financial results for 2005 to 2006 and the companies are ranked according to turnover in that financial year. For the list of companies refer to Appendix B. The top 105 companies listed on the JSE were chosen as the representative sample as opposed to random sampling of all the listed companies. The reason for this choice was to afford the greatest opportunity to demonstrate the use of brand equity and its communication to shareholders. It is reasoned that the larger the company the greater the probability that equity has been built up in the brand and thus the greater the need to demonstrate this equity to shareholders. Note; as such this sample is biased and will have a poor validity if attempting to extrapolate these findings to the general population of companies. This bias should provide an over representation of brand equity relative to the general population. The research was conducted on 105 (32%) of a possible 326 companies listed on the JSE (Johannesburg Securities Exchange, no date). A sample that represents 5% of the population is often regarded as providing sufficient precision (Cooper and Schindler, 2003).

Only companies that have published annual reports in 2005 and more recently will be included in the list of companies researched. Annual reports are considered an ideal research instrument to investigate the main research question. This is because annual reports form the back bone of the communication between the company and the shareholders or potential investors.

Brand Value and Brand Equity and its communication to shareholders will represent the concepts to be investigated in this study. Annual reports will be analysed using content analysis. This system determines the number of times certain predetermined words are used in the company's annual reports. These predetermined words will include the following words brand, brand value, brand equity as well as synonyms for brand value and brand equity and lastly selected metrics used to evaluate brand equity. For more detail on the selected words refer to Table 4. The frequencies with which these words are used will determine the degree of communication of brand equity to shareholders within annual reports. The companies will be categorised into

a) industries and b) branding strategy utilised in order to determine if these factors are influencing the communication of brand equity. This data and its interpretation should provide some empirical evidence on how brand equity is being utilised.

1.5 Importance of the Study

A large body of research and literature is available that defines brand value and brand equity, how these concepts are measured, and their relative importance (Aaker, 1991 and 1996; Ambler, 2003; Farquhar, 1989; Keller 1998). The literature also provides detail on how and why brand value/ equity can be used by management (Clifton and Simmons, 2004). The literature however, provides very little insight into the reasons why managers request brand valuations or how they actually utilise this information. Empirical studies on how brand equity is being utilised by management are in short supply. This study will provide insight into the importance company management attach to brand valuation and how they communicate the importance of this value.

It is that the aim of this study to stimulate further investigation into managers' use of brand equity. Only once it can be empirically established why and how brand equity is being used OR NOT being used by management can the existing systems of brand valuation be evaluated. It has been suggested by Ambler that brand valuation is at best only part of the measurement needed to evaluate a brand. It has also been suggested by the same author that measurement of brand equity needs to be customised according to the company's specific business strategy (Aaker, 1996; Ambler, 2003). Empirical evidence may reveal that the lack of brand equity usage in management is because current models are not company specific enough in addressing and evaluating the brand for management purposes.

A dichotomy in brand valuation exists. In order to establish brand equity as an asset on the balance sheet a consistent method of evaluation needs to be adopted internationally that will provide guidance to accountants. Thus consistency and uniformity in evaluation are important. For management to evaluate brands the metrics in evaluating brand equity should depend on the individual company's strategy being perused. Thus the dichotomy consistency verses individually designed measures of brand equity. Is this dichotomy contributing to the poor utilisation of brand value and brand equity?

This study is seen as a starting point to the above mentioned dilemmas. It first needs to be ascertained if brand value or brand equity is being used by managers. If it is being used then the question of how it is being used can be addressed. If it is not being used the reasons why it is not being used can be investigated. This study will focus on the communication of brand equity to shareholders via annual reports as this is considered an important aspect of brand equity utilisation for the following reasons. Brand equity represents a large portion of the intangible value of certain companies and the true value of these companies can only be realised if shareholders are aware of this value. Thus it is assumed that if brand equity is important to management its value will be communicated to its shareholders. For these reasons this study is regarded as a good foundation in order to addressing the above dilemmas.

1.6 Outline of the Research Report

The traditionally accepted format for a Research Report will be followed in this document. In this light the present section, which provides an introduction, will thus be followed by an explanation of the foundation for this study.

As this is an exploratory study into a relatively new field of research the theoretical foundation to this study is limited. The theory that is relevant to the communication of brand equity to shareholders and investors is however covered in the literature review. The foundation to this study thus explores more the reasons why and how brand equity have become important as well as why and how management should be utilising brand equity. Lastly it provides insight into why brand equity may not be utilised by current marketing managers to the extent that its potential suggests.

The third chapter provides a literature review with special attention given to the topics deemed important in developing an understanding of brand equity, how it is utilised and how the international accounting fraternity accounts for it. The topics covered in greater detail include:

- Defining brands.
- Brand value / equity definitions.
- Determining brand equity
  - Measuring brand equity.
  - Measuring brand value.
  - Financial value of brands.

- Accounting principles and brand value.

- Relative importance of brands compared to other assets.
- Type of branding strategy and the financial implications.

The research methodology follows in the fourth chapter with the three main research questions discussed in greater detail. The three research questions considered are; 1) to what extent are companies communicating the value of their intangible brand equity to shareholders and investors? 2) Do branding strategies influence the extent to which companies communicate the value of their intangible brand equity to shareholders and investors? 3) Will the industry in which companies operate influence the extent to which companies communicate the value of their intangible brand equity to shareholders and investors? Details are then provided on why the annual reports of the top 105 companies were selected as the best sample for this study. The study was conducted using content analysis to determine the extent of communication of brand equity to shareholders. Details on how the content analysis was conducted are then provided. Lastly this chapter provides insight into the data analysis techniques employed.

The results of the research conducted into the occurrence of the word brand and the occurrence of brand equity in annual reports are provided in the fifth chapter. This chapter also provides insight into the response rates obtained and reasons for the way the data are presented in the appendixes.

The last chapter takes the results obtained above and they are then interpreted and discussed. These results are interpreted in the light of existing theory and how these results compare to existing literature. The conclusions are then drawn and these demonstrate the very poor communication of brand equity to shareholders via annual reports. The implications of this poor communication are then elaborated on. Lastly this chapter deals with the limitations of this study and makes recommendations for future research in this field.

1.7 Summary

The substantial financial value that is accredited to brands has contributed significantly towards focusing the literature on brand equity over the past 20 years. This literature has concentrated on defining brand value and equity, how it's measured, its importance and how and why it can be used by management. Statistics are available to show that about 40 % of UK and US firms measure brand equity. However empirical studies demonstrating how or why managers are using brand equity are limited. The purpose of this study is to provide empirical evidence on how brand equity is being used. The scope of the study will fall more specifically on how management is communicating brand equity in annual reports.

2 FOUNDATION OF THE STUDY

2.1 Introduction

The foundation for this study was driven by the lack of information on how, why or even if management are making use of brand equity. Very few empirical studies demonstrating how brand equity is used, by marketing managers or managers in general, could be sourced. Academics, branding agencies and the popular press have all contributed to the literature on brand equity but few demonstrate empirical evidence on how management use brand equity.

2.2 Academics, Branding Agencies and the Popular Press

In the past 20 years a dramatic shift has taken place in the market place with the source of value creation shifting from tangible to intangible assets. This shift was at its peak during the dot. com bubble (early 2000) during this period the aggregated market- to- book value of 7.3 for the S&P 500 was recorded The S&P 500 representing the broad based index for the leading 500 companies in the USA. A market-to-book value of 7.3 implies that 15 % of the value of a company is ascribed to its tangible assets and the remaining 85% of the value is attributed to the value of intangible assets (Haigh, no date). This shift in value from the tangible to the intangible created interest in firstly methods to determine what constituted this intangible value and secondly methods to calculate this value.

The dramatic increase in mergers and acquisitions during the mid 1980 saw increased pressure being applied to accountants to explain the off-balance sheet value of intangibles. As such it was the accountants that popularised the use of brand equity as an explanation for intangible value and not marketers (Kerin and Sethuraman, 1998). The impressively large monetary values ascribed to brand value as demonstrated in table 1 above then aided in catapulting brand equity into the spotlight. Once brand equity was in the spotlight the combined efforts of the popular press, academia and advertising / branding agencies elevated brand equity to the status of stardom.

Advertising agencies promote the valuation of brands in order to generate an income for the agencies. This is achieved by providing brand valuations and strategies to promote brand value. The application of brand valuation is found in two main

categories; financial transactions, where brand value is used in a variety of brand related transactions with external parties and strategic brand management focusing on internal management to increase the economic value of brands (Clifton and Simmons, 2004). Brand equities application in strategic brand management is further demonstrated by Clifton and Simmons (2004) to be of aid in making the following decision:

- Investment decisions regarding capital allocation or return requirements for both tangible and intangible assets.
- In order to measure the return on brand investment in comparison to other investments.
- Ability to prioritise investment in individual brands according to highest returns.
- Licensing of brands to subsidiaries and the royalties that are liable.
- Transforming the marketing department from a cost centre into a profit centre by connecting brand investment and brand returns.
- Aid to allocating marketing expenditure according to the benefits derived from the brand asset.
- Assessing co-branding initiatives according to benefits and risk to the value of the company's existing brand.
- Determining the appropriate branding strategy after a merger.
- **Communicating the economic value creation of brands to the capital market in order to support share price and obtain funding**.

Ambler (2003) suggests that brand equity and the utilisation of the correct metrics to determine brand equity can aid decision making in a variety of fields. As such brand equity can aid in the traditional decision making on brands as suggested above. It can however also be used to improve innovate performance by introducing new brands and products, finding new customer segments for existing products or new ways of selling, servicing or using the brand. It can be used to drive employee- based brand equity with the benefits of improved employee retention, increased employee satisfaction, employee motivation, attracting the best new job candidates, improved business results and ultimately **improved shareholder value**.

The popular press finds brand valuation news worthy, this is probably largely due to the efforts of major branding agencies in promoting brand value and the extremely large values these brands have. The sheer economic scales of the larger brand

values are news worthy. This has aided brand valuation agencies to promote brand valuation on a national and international scale by holding brand value competitions. These competitions then rank the top brands internationally according to their brand value (Table 1), the same occurs in local markets as demonstrated in Table 2 below.

Table 2: Brand Ranking and Brand Value Relative to Total Assets in RSA

Rank	Brand	Sector	Total Assets 2005 Rm	Brand Value Rm	% of Total Assets
1	Standard Bank	Financial services	755 678	10 165	13.5%
2	MTN	Telecommunications	44 812	8 895	20%
3	Vodacom	Telecommunications	22 585	6 501	29%
4	Absa	Financial services	347 161	4 924	2%
5	First National Bank	Financial services	Many brands	2 915	-
6	Telkom	Telecommunications	57 597	2 704	5%
7	Castel Lager	Alcoholic Beverages	Many brands SAB	2 576	-
8	De Beers	Mining	49 790	2 443	5%
9	Old Mutual	Financial services	80 574	2 366	3%
10	Pick 'n Pay	Retail	Many brands	2 318	-

(Adapted from Interbrand / Sampson 2006)

From the above it becomes apparent that branding agencies, academics and the popular press have all contributed to improving the awareness and importance of brand equity. However despite the above, a gap potentially exists between the importance and virtues of good brand equity management and the actual use of brand equity as a management tool at the coal face. This poor implementation of brand equity management may be explained by the lack of formal training that most market managers have in brand equity. The poor training is in its turn due to brand equity being a relatively new field of interest and research, about 20 years old. Being a relatively new field of study this means that very little, if any emphasis was placed on teaching brand equity and its virtues to marketing students.

2.3 Summary

To summarise, brand equity and its management are considered important by branding agencies and academics, but are marketing managers and management in general concerned with brand equity? What empirical evidence exists to demonstrate if or how brand equity is being utilised by management to maximise brand value? The scope of the above question is too broad for this study but an attempt will be made to cover an aspect of brand equity application. This study will explore and gather empirical data on the extent of management's communication of brand equity to its shareholders and investors. This study is seen as just a fragment of how management is using brand equity and further research is needed to determine the full extent of its use.

3 LITERATURE REVIEW

3.1 Introduction

The relation of the proposed study to existing theory was found to have the following broad overtones. The literature has concentrated on defining brands, determining brand equity from both customer and financial perspective and documenting its impact on investors, manufactures and consumers (Aaker, 1991 and 1996; Farquhar, 1989; Keller 1998). Empirical studies evaluating how and why managers are using brand equity and if the use is consistent with proposed theories is very limited in the literature. The purpose of this study is thus to provide empirical evidence on how managers are communicating brand equity to shareholders and investors. The literature reviews that were deemed relevant to provide background and insight into this topic are provided below.

- Defining brands.
- Brand value / equity definitions.
- Determining brand equity
  - Measuring brand equity.
  - Measuring brand value.
  - Financial value of brands.
  - Accounting principles and brand value.
- Relative importance of brands compared to other assets.
- Type of branding strategy and the financial implications.

3.2 Defining Brands

Branding has been around for a long time despite its increased popularity in the last 20 years. The term "brand" derives its meaning from the Norse word *brander* meaning to burn. Branding was and is still used as a means of identifying livestock belonging to a specific owner. However brands have developed in the business arena into an entity encompassing far more than just a mark to identify a company. Today brands are used to differentiate goods and services from competitors; they have replaced the direct face-to-face supplier-customer relationship. Brands now represent the pact between consumer and manufacturer assuring that the product is authentic and of good quality (Perrier, 1997).

The academics and authors below provide the following definitions for a brand:

A brand is a distinguishing name and/or symbol (such as a logo, trademark, or package design) intended to identify the goods or services of either one seller or a group of sellers, and to differentiate those goods or services from those of competitors (Aaker, 1991).

A brand can be either: a name, term, symbol or design (or any combination of these) which identifies one or more products (mostly used in the USA); the identification plus the product itself and its packaging, i.e. the gestalt (mostly used in the UK) (Ambler, 2003: 280).

A brand is a "gut feeling" an emotional, intuitive response by individuals each creating their own version of the brand. When enough individuals arrive at the same gut feeling a company can claim to have a brand. Thus it is a concept shared by society that is an approximate, yet distinct, understanding of a product, service or company (Neumeier, 2003: 2).

A brand goes beyond its mere existence as a symbol of a product and interacts with the customer in a multiplicity of sensory, intellectual or even quasi-religious ways. A brand represents a set of attitudes and associations entertained by consumers "a share of the mind" that consumers have towards the brand. The brand thus is represented by the common collective share of each of the individual consumer's share of the mind (Arvidsson, 2005: 189).

The definition of a brand certainly seems to be developing and this has come about in order to better describe brands as our understanding of brands develop. As such the definition of a brand has developed and should include the following aspects:
A tangible; a distinguishing name and/or symbol (such as a logo, trademark, or package design).
Used to; identify specific goods or services and differentiate them from competitors.
Convey; to the consumer as a particular pattern or effect to make it grow stronger and more real as it feeds off the communicative productivity of a mediatised consumer culture (Arvidsson, 2005: 191).
In order to create an intangible; the collective share off all the individual minds (a concept shared by society) pertaining to the attitudes and associations to a brand.

Using the above a brand may be defined as; **a tangible name or symbol used to identify and differentiate goods and/or services that are conveyed to the consumer in order to create a shared concept of the goods and services in the collective minds of the society**.

This definition leads to the next point of how to place a value on a brand and highlights the major problem of measuring customer's individual intangible perspectives of brands. It is the attitude and associations that are in the minds of a collective society that to a large extent determine the value of a brand. What is in the collective minds of society regarding a brand is however not easily measured and this will therefore be considered in greater detail.

3.3 Brand Value / Equity Definitions

The lack of common terminology between marketing and accounting functions is a problem in defining brand equity and brand value. Brand equity(s) from a marketing perspective refer to the principles that the brand, is perceived, to stand for and are derived from personal values (Ambler, 2003). In general, marketers tend to define brand equity from a consumer-orientated perspective as a measure of consumers attachment to the brand or as a description of consumers beliefs and associations with a brand. Accountants however tend to define brand equity from a company-orientated perspective, of something that accrues to a company, and the value of a brand is perceived as a separate asset that can be sold or included on the balance sheet (Wood, 2000). From a financial perspective it represents the financial worth of the brand equity. The financial worth of the brand may depend on the purpose for which it is being measured but is usually expressed as the present value of expected cash flows attributable to the brand equity (Ambler, 2003). As such the definition of brand equity differs depending on whether an accounting perspective or marketing perspective is employed:

Brand equity, to an accountant, is the accumulated intangible assets from past marketing that has not yet been taken into profit (Ambler, 2003: 47).

Brand equity, to a marketer, is an intangible asset for the company, seen as the reservoir of results gained by good marketing but not yet delivered to the profit and loss account. Awareness, attitude, associations, memories and habits, which cause people to choose or recommend the brand more often and/or in larger quantities and/or at a higher price than would otherwise be the case (Ambler, 2003: 281).

Ambler makes a strong case in distinguishing between brand equity and brand value as follows: Brand equity is understood to represent the company asset (the brand). Brand value indicates what the asset is worth in financial terms (a measurement). As such the asset needs to be distinguished from the instruments used to measure brand equity such as valuation, market share etc (Ambler, 2003). Ambler suggests that brand value is thus just one of the many metrics that may be used to evaluate brand equity.

For the purpose of this research brand equity will represent the marketers' point of view. As such **brand equity will be understood to represent the company asset (the brand) as defined in marketing sense to include both financial and non financial metrics.**

The definitions provided above help to clarify the terminology used for the terms brand equity and brand value. In reality however industry may use these two terms interchangeably depending on the author. In this regard and author may use the term brand equity and be incorrectly (according to the above definitions) referring to the financial value of a brand. The opposite is also true brand value may be used incorrectly (again according to the above definitions) to refer to company asset (the brand) in its entirety. As such an author of an annual report may be commenting on brand equity or brand value and the explicit meaning of the term being used may be obscure.

3.4 Determining Brand Equity

3.4.1 Measuring brand equity

The difficulty in determining brand equity is that it cannot be measured directly. It is not possible to measure directly what is going on in a persons head about a particular brand and it is even more difficult to calculate this for a group of individuals. Thus, in order to measure brand equity Ambler (2003: 63) suggests that following proxies are used and in addition further suggests that most systems of evaluation are based on variations of these proxies:

- Inputs: Such as the amount of advertising and communication.
- Intermediate measures: Seek to estimate what is in people's heads about the brand and include aspects such as awareness, attitude, perceived quality, customer satisfaction, etc.
- Behaviour: What people think and feel about the brand and include aspects such as sales, market share, relative price, customer gains, retention, loyalty, penetration, etc.

To illustrate the concept of measurement an overview will be given of existing measures used by leading international advertising agencies and academics.

3.4.1.1 Young & Rubicam

Young & Rubicam, a major international advertising agency, make use of a system of brand equity measurement called the "Brand Asset Valuator". This system builds one aspect on the next from the bottom up (Aaker, 1996; Ambler, 2003: 58; Patterson, no date) including:

- Knowledge: Understanding of the product or service.
- Esteem: Regard for the brand.
- Relevance: Personal appropriateness of the brand.
- Differentiation: Perceived distinctiveness of the brand.

The above are then used to make up two pairs of metrics namely:
Differentiation X Relevance = Brand strength
Esteem X Knowledge = Brand stature

These metrics are used on a grid with brand strength and brand stature mapped out from high to low in order to gauge financial returns.

3.4.1.2 Brandz WPP

Brandz WPP makes use of the "Brand Dynamic Pyramid" model. (Fig 1) At the lower part of the pyramid a consumer is vaguely aware of the brand; in comparison the top of the pyramid represents a loyal relationship.

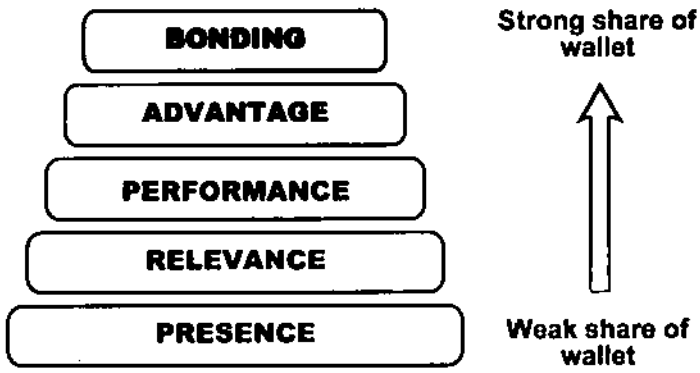


Figure 1: Brand Dynamic Pyramid Source: (Brandz. No date)

The pyramid has five levels and these levels are discussed below (Ambler, 2003: 58; Brandz. No date):

- Bonding: Rational and emotional attachments to the brand to the exclusion of most other brands.
- Advantage: Perceived to have an emotional or rational advantage over other brands in the category.
- Performance: Perceived to deliver acceptable product performance and is on the consumer's short-list.
- Relevance: Relevant to consumer's needs, in the right price range or in consideration set.
- Presence: Active familiarity based on past trial, saliency or knowledge of the brand promise.

Both the above mentioned models are based on extensive global consumer research across dozens of product categories and cost millions of dollars. This is in comparison to many other models that are poorly built (Ambler, 2003: 58).

3.4.1.3 "The Brand Equity Ten"

Aaker (1996: 319) developed "The Brand Equity Ten" as a means of measuring brand equity by combining the best of Young & Rubicam, Total Research, Interbrand and others. These were developed as a supplement to establish financial metrics such as sales, cost analyses, margins, return on assets, etc. Aaker is of the opinion that the financial measures tend to be short term and favour the need to deliver immediate financial results. In contrast these short term financial metrics needed to be tempered by long term brand equity metrics "The Brand Equity Ten". It was however conceded that the "The Brand Equity Ten" may not represent the optimum set of measures in all contexts and that it should be modified to the task at hand.. The Brand Equity Ten considers five types of measures and includes:

- Loyalty measures: Price premium and customer satisfaction / loyalty.
- Perceived quality / leadership measures: Perceived quality and brand leadership / popularity.
- Associations / differentiation measures: Perceived value; brand personality and organisational associations.
- Awareness measures: Brand awareness.
- Market Behaviour Measures: Market share; market price and distribution coverage.

3.4.1.4 Amblers Nine Metrics

Ambler (2003) suggests that brand valuation as reflected in a single price for the brand is at best only one of the metrics that should be used to measure brand equity. He then illustrates the flaws in brand valuations and why it should not be used as a sole means of evaluating brands. In accordance with Aaker, Ambler (2003: 118) suggests that the metrics being measured should be tailored to the company's strategy. Nine metrics are given in order to evaluate the brand (three financial and six

brand equity measures) but additional metrics should be added according to the company strategy. The metrics provided by Ambler (2003: 126-130) are the following:

- Sales: volume /value or market share.
- Marketing investment: period cost or share of voice.
- Bottom line: economic profit or share of profit.
- Brand awareness
- Market penetration
- Brand quality, perceived quality.
- Customer satisfaction
- Brand loyalty
- Availability

3.4.1.5 Conclusion

The above examples are provided in order to present the reader with insight into the numerous models available to measure brand equity. Any one of these or many other models may be used by a company to measure its brand equity. The manner in which brand equity is conveyed to shareholders is thus very dependant on the measurement system being used by the company. Not only are the terms brand equity and brand value used indiscriminately but a host of different methods are used to measure brand equity as seen above. These measures are not consistent and vary depending on the author's definition of brand equity. These measurements are then defined by new terms created to express brand equity according to the author's definitions (as marketers each author is striving to differentiate and have a unique nomenclature for their brand equity). The net result is that brand equity, brand value and a host of metaphors to measure brand equity may be used to communicate brand equity to shareholders.

3.4.2 Measuring brand value

The measurement of brand value is very dependent on the purpose for which the valuation is to be used and who will be using the information. As such values used to provide control and direction for management may be different from those needed for taxes. The net result is that different models are available to determine brand value

and each have their own pros and cons. The following represent methods that may be used to measure brand value.

3.4.2.1 Cost-based

Valuations are based on the actual costs to create or the theoretical costs to re-create a brand. The valuations are based on the following:
Historical creation costs: These represent actual expenditure used to create the brand at current monetary value. The problems encountered are that the cost information is not easily available, historical expenditure is not a guide to present value. The present brand value may be far greater than the historical costs used to generate the brand (Perrier, 1997).

Current re-creation costs: Based on estimating the costs to re-create a brand. The major problem with this method is that brands by their very nature are unique and thus attempting to estimate a replacement cost of a unique brand is extremely difficult (Perrier, 1997).

3.4.2.2 Market-based

Brand values are estimated by comparing the value of similar brands sold on the open market. The problems associated with this method include; information concerning the specifics regarding the sales prices of the brands is not readily available in the open market and the unique nature of brands again makes comparisons difficult (Perrier, 1997).

3.4.2.3 Income-based

The theoretical future earnings of a brand are determined and this income is then discounted at an appropriate risk for the brand in order to determine the 'net present value' (NPV) of the brand. Two methods are generally used:
Royalty-relief method: In paying royalties for the use of a brand a third party pays a percentage of the sales generated under that brand to the brand owners. In the royalty relief method of estimating brand value the brand belongs to the company. Future sales are estimated and the value of the brand is determined as an equivalent of the amount due should royalties have been paid on the estimated income.

Problems encountered are the lack of information on royalty rates, they are generally very complex deals and large variations exist depending on market sector or geographic region (Perrier, 1997).

Discounted cash flows (DCF): Is based on estimating future cash flows related to the brand. These future cash flows are then discounted according to the perceived risk associated with the brand in order to determine the net present value of the brand (Perrier, 1997). Problems encountered are that the DCF is heavily reliant on assumptions of the future interest rates and inflation which may be predicated with relative accuracy but still remain predictions. No theoretical or empirical evidence is available to justify the non financial measures used to asses brand strength are suitable. It makes assumptions about future marketing efforts and uses these to calculate present brand value (Ambler, 2003). Thus the major problem with this method is the need to make predictions of the future and the lack of agreement on suitable metrics to determine the non financial indicators of brand strength.

Despite its drawbacks the DCF methods of evaluating brand value, is according to the author, the most popular method used in industry to evaluate brands. This is based on the large number of brand valuation and advertising agencies making use of this system. It is also expected that this model will gain in popularity purely because of the lack of a better alternative. In order to demonstrate how DCF method of brand valuation is used an example is included in appendix A.

3.4.2.4 Other methods

Premium pricing techniques; are often used to value intellectual property and the best example is with patented drugs. Patented drugs can demand huge premiums. This method has been used to determine the value premium that a branded product provides over non branded product. This method also has its problems such as lack of non branded products that can be used to compare with the branded products and evaluating branded products relative to one another. Branding might also be geared to increase sales and not necessarily used to charge a price premium (Perrier, 1997).

Owner value; the value of brands may be far greater than the sum of their individual values to a company. As such if one brand supports a second in the same company

the sum of the two brands may exceed the value of the individual brand on its own. Having these two brands together provides greater owner value than owning the two brands independently. As such determining the market value is not suitable and alternatives need to be considered such as deprival value (Perrier, 1997).

Tax valuations; will be specified by taxing statutes and values determined using their guidelines.

3.4.2.5 Conclusion

The above methods of brand valuation provide insight into how brand value can be determined and the short comings of each of these methods. The methods of valuation may vary but they should all provide a value in monetary terms and tracing these values in the context of a content analysis of annual reports should be relatively easy. Thus determining if the value of a brand has been conveyed to shareholders in annual reports will provide fewer variations than using brand equity. Brand equity can be expressed using a large number of different variables as discussed under section 3.4.

3.4.3 Financial value of brands

Brand equity, for many companies, is by far their biggest and most valuable asset. It lacks the attention it deserves because it is not on the balance sheet and it is hard to measure (Ambler, 2003). Brand equity is found to be commonly linked to a set of assets associated with the brand (Ambler, 2003; Keller, 2002; Aaker, 1996). The management of brands thus involves investments to create and maintain these assets. Aaker (1996) suggests the major asset categories are; brand name awareness, brand loyalty, perceived quality and brand association. Figure 2, list seventeen different methods by which the major assets create value and how they then relate to creating value for both the customer and the firm.

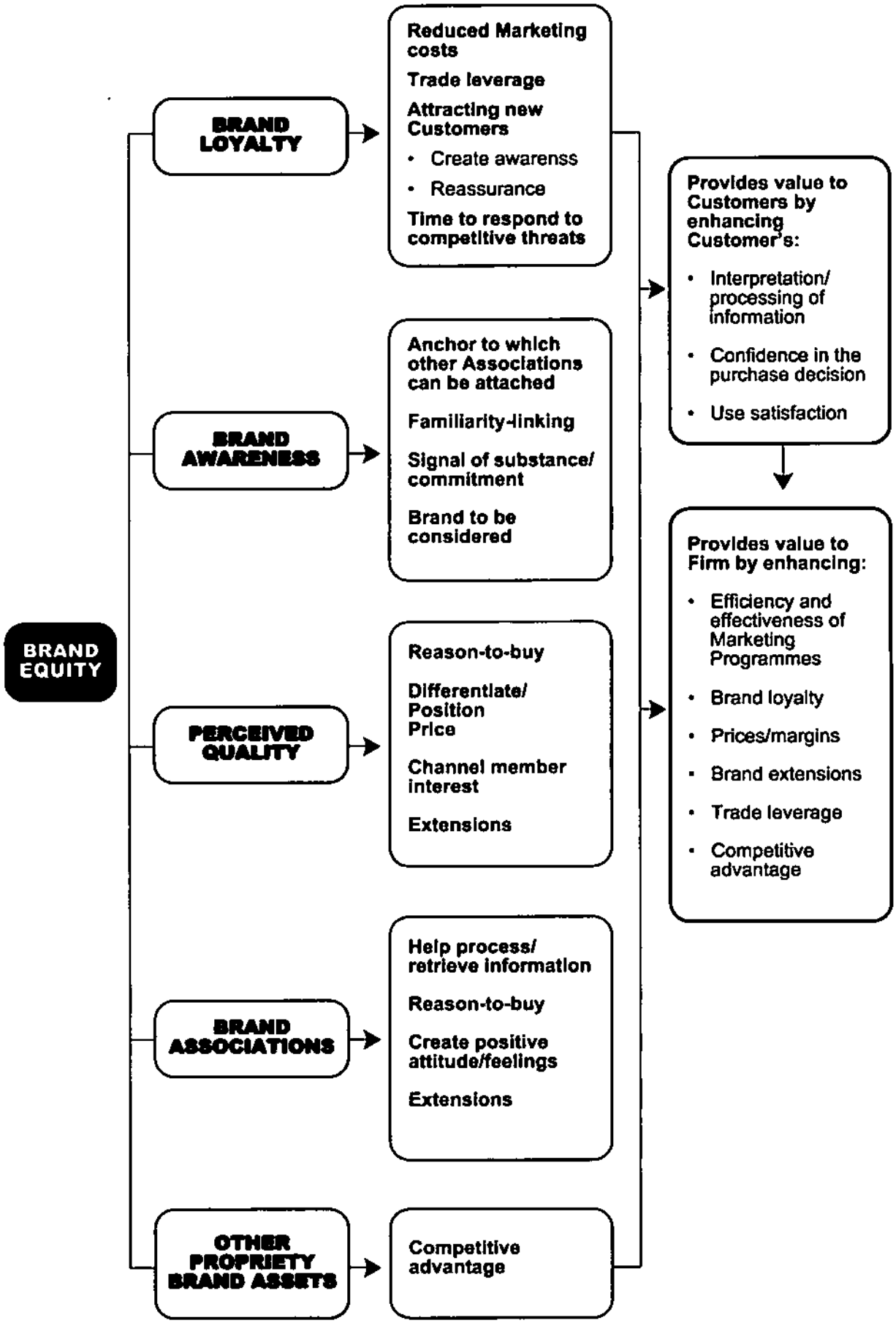

BRAND EQUITY
BRAND LOYALTY
Reduced Marketing costs
Trade leverage
Attracting new Customers
• Create awarenss
• Reassurance
Time to respond to competitive threats
BRAND AWARENESS
Anchor to which other Associations can be attached
Familiarity-linking
Signal of substance/ commitment
Brand to be considered
PERCEIVED QUALITY
Reason-to-buy
Differentiate/ Position Price
Channel member interest
Extensions
BRAND ASSOCIATIONS
Help process/ retrieve information
Reason-to-buy
Create positive attitude/feelings
Extensions
OTHER PROPRIETY BRAND ASSETS
Competitive advantage
Provides value to Customers by enhancing Customer's:
• Interpretation/ processing of information
• Confidence in the purchase decision
• Use satisfaction
Provides value to Firm by enhancing:
• Efficiency and effectiveness of Marketing Programmes
• Brand loyalty
• Prices/margins
• Brand extensions
• Trade leverage
• Competitive advantage

Figure 2: How Brand Equity Generates Value **Source: (Aaker, 1996: 9)**

Linking an intangible asset (the brand) to improved financial performance is logically depicted above in figure 2, however empirical evidence is also provided. Aaker (1996) provides three extensive studies using perceived quality to show improved return on investment (ROI), prices and stock returns. Firm's stock prices have also been shown to be positively correlated to perceived quality (Aaker and Jacobson, 1994). In addition, brand loyalty has been demonstrated empirically to have financial value. Client retention has been demonstrated to contribute to reduced costs and increased profits with a 5% reduction in customer loss equating to 25-85% increased profit (Jansen van Rensburg, 2007; Reichheld, 1993: 65; Weinstein, 2002: 260).

The financial benefits associated with brands and other intangible assets started to become apparent in the late 1980s. The empirical evidence attesting to this fact was the continuous increase in the gap between company's book values and their stock values as well as the premium above stock market value paid in mergers and acquisitions. The brand as an intangible is considered by many companies to be their most valuable intangible asset as reflected in table1. The financial value of the leading international brands has been shown to be substantial with 50% plus of market capitalisation represented by brand value in companies such as Disney, McDonalds, Nestle etc. (Ambler, 2003; Clifton and Simmons, 2004). Further the cost of bringing a new brand to the market has been estimated at 100 million dollars, with a 50% probability of failure (Cobb-Walgren, Ruble & Donthu, 1995: 25). Thus it is not surprising that companies seeking growth opportunities may prefer to acquire existing brands.

In the sections above, it has been established that brands provide financial value and that this value is reflected in stock prices. The link between the consumer and the stock price has been established empirically as follows. It has been demonstrated empirically that strong brands (brands with greater brand equity) increase both consumer preference and purchase intent (brand loyalty) for the brand (Cobb-Walgren, Ruble & Donthu, 1995: 39). Customer satisfaction provides a host of advantages to a company including increased consumer preference and purchase intent. Further empirical data showed that customer satisfaction, as measured by the American Customer Satisfaction Index (ACSI), is significantly positively related to the market value of equity (Fornell, Mithas, Morgeson III & Krishnan, 2006: 11). Fornell, *et*

al (2006) takes this one step further with the extraordinary finding that customer satisfaction upsets the basic financial principle that assets producing high returns have high risk. The price of any asset is determined by the current value of the future cash payments it generates, discounted to compensate for risk and the cost of capital. Higher returns are usually associated with greater risks however this is not the case with customer satisfaction. Improved customer satisfaction generates improved sales thus income increases but the cost of capital remains the same; the risk does not increase.

The link is thus established showing the relationship that a strong brand generates greater sales for a number of reasons and that this culminates in a better share price for shareholders. The question however remains are shareholders being informed of brand equity and is this value being communicated to shareholders and potential investors.

3.4.4 Accounting principles and brand value

As this study will investigate the communication of brand value to shareholders it is only fitting that some background be included on the accounting regulations governing brand value. The governing bodies and the financial standards dictating how brand value may be captured in annual reports are set out below.

The international accounting standards are currently issued by the International Accounting Standards Board (IASB) and are set out as accounting standards known as the International Financial Reporting Standards (IFRS). All the standards used in IFRS were adopted and then developed from the International Accounting Standards (IAS) in April 2001 and many of these standards are still known by their old name IAS. Even though the IAS is no longer produced it remains in effect unless they are replaced or modified by IFRS. IFRS are used in many parts of the world, including the European Union, Hong Kong, Australia, Russia, South Africa, Singapore and Pakistan. Nearly 100 countries currently require or permit the use of, or have a policy of convergence with, IFRS (International Accounting Standards Board, 2007; Wikipedia contributors, 2007). Internationally guidance on intangible assets was provided by IAS 9 that was replaced by IAS 38 in 1998. IAS 38 still provides the essence of the currently accepted methods on how to account for intangible assets.

IAS 38 was revised in March 2004 and then adopted by IRFS in April 2004 as IRFS 3," Intangibles Acquired in a Business Combination" (Deloitte, no date).

The largest capital market remaining with its own standards is the US. The United States Securities and Exchange Commission requires all overseas companies that are listed in the US to prepare their results under US GAAP. The Securities and Exchange Commission (SEC) designated the Financial Accounting Standards Board (FASB) as the organization responsible for setting these accounting standards. The FASB is a private, not-for-profit organization whose primary purpose is to develop generally accepted accounting principles within the United States (Financial Accounting Standards Board, No date; Wikipedia contributors, 2007). Guidance on intangible assets is provided in various pronouncements in the US including, Section G-40 and I-60 (APB17) as well as two statements issued on July 20, 2001: Statement No 141 "Business Combinations and Statement" and No 142 "Goodwill and Other Intangible Assets". APB opinion 16 and 17 guided these standards prior to FASB 141 and 142 (Cohen, 2005: 47).

As South African accounting principles are dictated by IRFS (IAS 38) regulations, the implications of these regulations on communicating brand value in annual reports will be considered in greater detail below. The information presented below was sourced and is available on PricewaterhouseCoopers (no date) website. This web site was used as a source in preference to the original policies and regulations provided on the IASB site. The reason for this preference is that this site takes the technical documents presented on the IASB site and makes them easier to use. This ease of use is accomplished by providing explanations and examples that aid in the practical application of IFRS regulations.

Intangible assets are defined as non-monetary assets without physical substance (IAS38R.8).Examples of intangible assets include computer software, licences, patents, **brands** and copyrights (IAS38R.9). In order to qualify as an intangible asset, the asset must meet all of the following criteria (IAS38R.10, 21):
The asset must be identifiable;
The entity must have control over the asset;
It is probable that economic benefit will flow to the entity; and
The cost of the asset can be measured reliably.

In the case of purchased intangible assets (purchased as a separate entity) the following accounting principles apply:

- Initial measurement for separately acquired intangible assets.
- All intangible assets that meet the recognition criteria above should be measured at cost (IAS38R.24).

Initial measurement for intangible assets acquired as part of a business combination. The cost of intangible assets acquired through a business combination is deemed to be their fair value at the date of acquisition (IAS38R.33 and IFRS3.45). An intangible asset is recognised separately from goodwill if its fair value can be measured reliably (IAS38R.33-34)

The most reliable measure of fair value is quoted market prices in an active market (IAS38R.39) or for recent similar transactions. If these are not available the following valuation methods are considered acceptable:

- Market comparison approach (asset sold for 1.4 times annual sales revenue).
- Excess operating profits (present value of additional profits generated by the asset).
- Premium pricing.
- Royalty saving.

For internally-generated intangible assets the following accounting principles apply: Internally generated goodwill is not recognised as an intangible asset (IAS38R.48). The reason for this is that it is difficult to demonstrate that economic benefits will be generated and because the costs of such items cannot be distinguished from the cost of developing the business as a whole (IAS38R.64). Many other internally-generated intangibles are also not recognised for the same reasons. As such the IAS specifically **prohibits the recognition of internally-generated brands**, mastheads, publishing titles, customer lists etc (IAS38R.63).

From the above it is apparent that brands may be included on financial reports as part of the explanation of goodwill generated in the purchase of a company. Brands may however not be included in the financial reports as an intangible asset if they are

internally-generated. The above principles are found in both the international IFRS and the United States FASB. These accounting principles are better understood once the reasoning behind their inclusion as intangibles is understood. With the purchase of companies more and more value was being ascribed to goodwill with no requirements to explain this value to shareholder. As an example Disney with 50% plus of its market capitalization represented by brand value will have had 50% of its value represented as goodwill if it was sold. The new accounting standards require that goodwill be broken down into the various intangible assets contributing to the traditional goodwill. Once the intangibles are accounted for the remaining portion that can not be accounted for is then called goodwill. This was done in order to keep investors more informed.

The IRFS and FASB prohibit brands that are internally-generated from being included on financial statements because of practical problems in establishing their value. Those in favor of including internally-generated brand value on financial statements pose the following argument: Brands, which are not recognised in the books of companies that developed them, are suddenly given full asset status once they (or the company that owns them) are sold. Since intangibles such as brands will only be on the balance sheet after a company has been bought, how will analysts evaluate the performance of companies where brands are important, but are not recorded because they have not been sold? Tiger Brands in South Africa is used to illustrate the case in point. It will also be interesting to see how the IASB responds to the anomaly that will arise when companies either include intangible as assets because of some historic event or do not because the intangibles were internally generated (Sinclair, 2005). In short the argument reasons that if brands are recognised in one instant (as part of goodwill) they should also be recognised in the other aspects (internally-generated).

From a different perspective the argument is made for including intangibles as follows: As it is so very difficult to value intangibles no changes should be made to the current methods of corporate disclosure. This argument reflects the confusion surrounding the measurement of brand value and its disclosure. The difficulties in valuing intangibles (a measurement issue) should not preclude their disclosure in footnotes to financial reports (Lev: 2001). Thus the argument is made to include intangibles in annual reports to shareholders but not necessarily by including them on the balance sheet. Lev (2001) takes this further by proposing the "Value Chain Scoreboard" to

assist in disclosing intangibles to shareholders. This framework classifies intangibles into three categories:
Discovery and learning: (example - R&D, workforce training)
Implementation: (example – intellectual property such as patents and trademarks)
Commercialisation: (example - customers that include brands and performance that include market share, royalties etc.)

From the above it becomes apparent that brand value may be expressed as part of goodwill in purchased companies and that secondly it may be expressed in the content part of annual reports that are not dictated by accounting standards.

3.5 Relative Importance of Brands Compared to other Assets

What is an asset? What is a tangible asset and how does this compare to an intangible asset? These are possibly good questions to start with before examining the relative importance of a brand as an asset. Cohen (2005) makes use of the Financial Accounting Standards Board definition of an asset as "a probable future economic benefit obtained or controlled by a particular entity as a result of past transactions or events". Note this definition does not require an asset to be tangible in nature. He goes on to define tangible assets as those asset we can see, feel, taste, buy, sell and so on and everything else is then considered as an intangible asset. Intangible assets are then further sub-divided into identifiable intangible assets and unidentifiable intangibles. Identifiable intangibles included intellectual property (patents, copyrights, trademarks and trade secrets), research and development, brands and software codes. Unidentifiable intangibles assets remain hidden until some transaction (i.e. an acquisition) gives rise to their identification. Goodwill is the most commonly discussed unidentifiable asset but it can also include human capital (Cohen, 2005: 23). This background makes the investigation into the relative importance of brands easier to understand.

In examining industries, logic dictates that brands will play a more prominent role in certain industries when compared to others. As such brands play a prominent role in the luxury goods market (perfumes, designer clothing, tobacco, sports cars, etc) and a negligible role in certain other industries (mining, sewerage and waste disposal, producers of raw materials etc). Perrier (1997: 44) provides a good overview of the

"Interbrand" (a branding strategy and valuation company) method of calculating brand value. In this regard, Table 3 indicates the relative importance of brands in comparison to tangibles and other intangibles. No explanation is however provided on how these relative comparisons are derived, logic however dictates that these are reasonable deductions.

Table 3: Relative Importance of Brands and other Assets

	Tangibles (%)	Brands (%)	Other Intangibles (%)
Utilities	70	0	30
Industrial	70	5	25
Pharmaceutical	40	10	50
Retail	70	15	15
Information Technology	30	20	50
Automotive	50	30	20
Financial Services	20	30	50
Food and Drink	40	55	5
Luxury Goods	25	70	5

Source: (Perrier, R. 1997: 44)

Doyle (2001) makes use of the 'resource-based theory' that defines a firm in terms of its assets and core capabilities as the basis for developing its strategy. Firms produce shareholder value due to the differential advantage they are able to attain in a market. This differential advantage comes about due to the firm's core capabilities that are determined by both tangible and intangible resources. Intangible assets, providing core capabilities, include technology, strategic assets, brands, human resources and organisational culture. Doyle however does stress that brands are just one of many intangible assets and that their importance should not be overemphasised relative to other resources such as patents, technology, skills and the commitment of staff.

The literature review failed to provide any further insight into the relative importance of brands in comparison to other tangible and intangible assets. The reason for this may be found in work done by Lev (2004: 110) in which 750 to1000 U.S. companies per year were researched. This research was conducted between 1983 and 2000 and concentrated on organisations that invested heavily in research and development. The question was posed to managers 'why they don't voluntarily disclose information

about intangibles value to shareholders'. The answer was surprising: with few exceptions (primarily the pharmaceutical industry) managers did not have this information as GAAP did not oblige companies to report on it. Thus if individual companies are not aware of the relative importance of tangible and intangible assets to their business then the process of extrapolating this non existent information to the industry level will be impossible. The literature review did show that intangibles are considered important based on the sheer volume of information available in; marketing on brand value; human resources on intellectual and human capital; research and development etc. Most of these topics are considered to be important in their own specific field with little crossover to consider the interaction of the intangibles in different fields such as marketing, human resources, computer software and research and development. This is a field that could provide challenging research for the future.

3.6 Type of Branding Strategy and the Financial Implications

Can the branding strategy that a firm follows influence its intangible value (brand equity)? Despite an extensive literature research Rao, Agarwal & Dahlhoff, (2004) report that they could find no literature to answering the above question. They thus undertook a study using five year data from a sample of 113 U.S. firms in order to determine how manifest branding strategy related to the firms intangible value. Tobin's q that measures the ratio of the market value of the firm to the replacement costs of the firm's assets was used to determine the intangible value. Tobin's q is a forward-looking measure, providing market-based views of investor expectations of the firm's future profit potential. Nine control variables were included in the study to estimate the effects of branding strategy on Tobin's q.

A three-category taxonomy was used to classify the branding strategies as follows (Rao, *et al.* 2004:127):

a) Corporate branding:

With the corporate branding strategy, the corporate name is dominant in endorsing all or part of the firm's product and service brands. At the least, the corporate name is an element of the product brand names. This holds throughout all its subsidiaries and at all company levels. Examples of companies that employ this strategy are Hewlett-Packard, McDonalds and FedEX.

b) Mixed branding:

In a mixed branding strategy, firms typically employ a set of house or family brands, such as subsidiary names, in their brand portfolio, in addition to using the corporate name for certain products. Brands with names other than the firm's name are typically strong and significant to the firm. For example, apart from Pepsi's flagship brand, it operates with Mountain Dew and Aquafina brands and its subsidiaries Tropicana and Frito-Lay use individual brands at the product level (e.g., Doritos, Ruffles).

c) House of brands:

In the house-of-brands strategy, the firm does not use its corporate name or the name of its subsidiaries for branding its products. Instead, it uses individual brand names to market its products. Companies such as Unilever, ConAgra and Diageo keep their corporate name in the background and use individual brands such as Dove and Lipton marketed by Unilever and Pampers and Crest marketed by Procter & Gamble.

In exploring the reasons why the above branding strategies could affect a firm's intangible value Rao, *et al.* (2004) suggest the following:

1) Corporate branding:

This strategy's major advantage lies in its economies of scale in marketing and its efficiency in creating brand equity. These factors contribute to lowering per item promotional costs and the total marketing budget across the portfolio of all products can be reduced. Although this strategy can help brand extensions, there is a risk of dilution or loss of brand identity, if over extended. Further it may limit a firm's ability to expand into unrelated categories. An additional advantage associated with corporate branding is its efficiency in communicating with stakeholders other than customers. These stakeholders include employees, retailers, shareholders etc that are all able to relate to the corporate brand.

2) House of brands:

This strategy provides significant possibilities for creating distinctly positioned brands that create their own individual brand equity. Multiple brands enable the firm to serve different market segments better by customizing offers more precisely. These firms can usually command more shelf space than corporate brands, leaving less shelf space for competitors. On the negative side this strategy is costly for the firm in order to maintain existing brands or to introduce new products that require a new brand to be established.

3) Mixed branding:

This strategy combines the advantages and disadvantages of corporate and house of brands strategies.

The results of this empirical study demonstrated that intangible value created using Tobin's q was greatest for corporate, followed by house of branding with mixed branding being the lowest. This was contrary to the expected sequence of corporate, mixed and house of brand strategy. However the study did conclude that 65% of the 113 firms in the sample did not manifest the best branding strategy possible if their objective was to improve Tobin's q. In an inferred best strategy with the same firms in order to maximise Tobin's q it was found that adopting a corporate or mixed branding strategy rather than a house of brands strategy was best (Rao, *et al.* 2004: 137).

This present study is not concerned whether the correct strategy is being used to maximise intangible value but if a variation exist in the communication of brand value to shareholders with the different branding strategies. It is however interesting to note that if 65% of firms are considered to be using the wrong branding strategy to maximise shareholder value then it seems unlikely that this is considered very important to the management of the firms.

3.7 Conclusion

In conclusion the literature review highlighted the following three phenomena that will be investigated in this empirical study.

Phenomena1: Brands have been shown to have financial value due to their ability to generate future cash flows (Aaker and Jacobson, 1994: 200). The financial value of leading international brands have been shown to be substantial with 50% plus of market capitalisation represented by brand value in companies such as Disney, McDonalds, Nestle etc. (Ambler, 2003: 44; Clifton and Simmons, 2004: 28). It has been demonstrated empirically that strong brands (brands with greater brand equity) increase both consumer preference and purchase intent (brand loyalty) for the brand (Cobb-Walgren, Ruble & Donthu, 1995). Loyal customers who buy repeatedly have been shown to translate into share price benefits, providing greater returns to shareholders. Higher returns are usually associated with greater risks however this is not the case with customer satisfaction. Improved customer satisfaction generates improved sales thus income increases but the cost of capital remains the same; the

risk does not increase (Fornell, Mithas, Morgeson III & Krishnan, 2006). The literature supports the notion that brands have value and that that value is reflected in improved share prices. The literature however provides a very limited number of empirical studies on why brand equity is being measured and how it is being used by management. In this study an attempt will be made to add empirical evidence to the literature by evaluating the extent to which management is conveying the value of their brands to shareholders and investors.

Phenomena 2: The best strategy for a firm to follow in order to maximise the impact of its intangible value was found to be a corporate branding strategy followed by a mixed branding strategy followed by a house-of-brands strategy. These results were reported in an empirical study determining the relationship between a firms branding strategy and its intangible value, as measured by Tobin's q. Tobin's q is the ratio of the market value of the firm to the replacement costs of the firm's assets. It is a forward-looking measure, providing market-based views of investor expectations of the firm's future profit potential (Rao, Agarwal & Dahlhoff, 2004). This study provides the basis for determining the influence that branding strategy may have on the extent to which companies communicate their intangible brand equity to shareholders and investors.

Phenomena 3: Firms produce shareholder value due to the differential advantage they are able to attain in a market. This differential advantage comes about due to the firm's core capabilities that are determined by both tangible and intangible resources. Brands form part of these intangible resources and this then provides insight into the role of brands in creating shareholder value. Care should however be exercised in over emphasising the importance of brand value relative to other resources such as patents, technology, skills and commitment of staff (Doyle, 2001). The relative importance of brands compared to other resources is provided in table 3 above. The above phenomena provide the basis for determining how the industry, in which the company operates, may influence the extent to which companies communicate the value of their intangible brand equity to shareholders and investors. It also provides a convenient classification of industries and the relative importance of branding in those industries and may serve as a base for the envisaged empirical study above.

The above literature review provided a sound basis on which to build this empirical study and provides sufficient background to the topic of brands and their value. It was found that empirical studies demonstrating how and why managers are using brand equity (if this use is consistent with proposed theories) were found to be very limited in the literature. The purpose of this study is thus to provide empirical evidence on how managers are communicating brand equity to shareholders and investors and how the industry and branding strategy may influence this communication.

4 RESEARCH METHODOLOGY

4.1 Introduction

The research methodology provides the reader with insight not only into how the research was conducted but also why the specific methodology was chosen. The research methodology will consider the following aspects:

- Rationale for methodology.
- Problem and sub-problem.
- Objectives of this research.
- Sample selection and size.
- Method of data collection.
- Data analysis.
- Conclusion.

4.2 Rationale for Methodology

The research conducted in this study will be exploratory in nature as the extent of communication of brand equity to shareholders is unknown. Although explorative studies generally rely on qualitative techniques this study will be breaking with this tradition and will be making use of quantitative techniques. The study will be exploring the quantity, the extent of the communication of brand equity to shareholders by management as opposed to a qualitative study that examines the character or nature of why brand equity is, or is not, being communicated to shareholders (Cooper and Schindler 2003). A second reason for the use of quantitative techniques is that this research will be done using content analysis. Content analysis lends itself well to this study, namely to research the communication of brand equity to shareholders via annual reports.

Content analysis was considered ideal for this study as it offered both good validity and reliability of results if conducted correctly. Reliability of content analysis refers to its stability; the tendency for coders to re-code the same data in the same way over a period of time (reproducibility); the tendency for a group of coders to classify categories membership in the same way (accuracy); or the extent to which the classification of a text corresponds to a standard or norm statistically. Due to the human nature of researchers coding errors can only be minimised and not eliminated

thus an 80% margin of reliability is suggested for this type of study (Busch, De Maret, Flynn, Kellum, Le, Brad Meyers, Saunders, White, & Palmquist, 2005: 11).

The validity of content analysis refers to the correspondence of the categories to the conclusions, and the generalisation of results to a theory. The validity of categories is dependent on the defining of a category by its agreed upon multiple classifiers. As such brand value or equity must be defined by using established multiple classifiers (synonyms) or implicit variables, to improve validity. A major problem with content analysis remains the challengeable nature of the conclusions reached by its inferential procedures i.e. do the conclusions follow from the data or are they explained due to some other phenomena. As such can the lack of communication of brand equity to shareholders via annual reports be inferred to reflect that this is unimportant to management? The generalisations of conclusions are dependant on how one determines concept categories, as well as how reliable these categories are. It is imperative that categories are defined so as to accurately measure the idea and or items one is seeking to measure. The same applies to the construction of rules (Busch, *et al.*, 2005: 11)

Content analysis is used to determine the presence of certain words or concepts within texts. Researchers quantify and analyze the presence, meanings and relationships of such words and concepts, then make inferences about the messages within the texts. Doing a content analysis on text results in the text being coded i.e. breaking the text into manageable categories. Categories may be introduced at any level such as word, word sense, phrase, sentence, or text. The content is then examined using one of content analysis' basic methods: conceptual analysis or relational analysis. Conceptual analysis establishes the existence and frequency of concepts (most often represented by words or phrases) in a text. Relational analysis takes this further by examining the relationships among concepts in a theme (Busch, *et al.*, 2005). The purpose of this study is to determine if and the extent to which brand value / equity is being communicated to shareholders. As no existing empirical studies are available in this field it is not certain even if any communication of brand value / equity is taking place. In this light it was decided to commence with a conceptual analysis as this would provide insight into whether brand equity is being communicated and the level of communication.

The research will entail a content analysis of annual reports for publicly listed companies in South Africa. The reason for using publicly listed companies is twofold; Listed companies have a legal responsibility to communicate the company's annual results to shareholders thus they need to provide shareholders with annual reports. The second reason is that these annual reports are available to the general public and are thus easily accessible. These were considered a better alternative to self-administered instruments sent by mail or electronically as these instruments are notorious for their poor response rates.

The remainder of this section provides greater detail on the research methods followed.

4.3 Problem and Sub-problems

The governing objective of public companies is to maximise their shareholder value. The goal of branding and branding strategy is to contribute to this governing objective (Doyle, 2001: 267). The value that brands offer as intangible assets resides in their ability to generate increased future cash flows and this can be determined as the Net Present Value (NPV) of the brand. Present accounting standards however limit the inclusion of intangible assets on the balance sheet and as such limit the ability of companies to communicate the value of brands to shareholders and potential investors. The dilemma thus arises that brands may contribute significantly to a company's value but this value may not be fully communicated to shareholders. The consequences of not communicating this intangible brand equity to shareholders are that the share price may suffer. This lower share price arises as the true value of the company is hidden in the intangible brand equity and investors are not made aware of this value.

Management thus experience the following problems:

Firstly a brand may be a valuable intangible asset, yet it may be difficult to communicate the value of such a brand to shareholders in traditional accounting formats. This may, in turn, present managers with a problem as the lack of knowledge, on the shareholder's part, may influence share price. Managers are presented with an opportunity to express this brand equity to shareholders in the form of their annual reports. Are managers making use of this opportunity to express this intangible value to their shareholders and investors?

The main research question thus is: To what extent are companies communicating the value of their intangible brand equity to shareholders and investors?

Rao, *et al.* (2004:137) using Tobin's q suggests the optimum branding strategy to maximise shareholder value is; corporate, mixed and house-of-brands strategies in the order presented. Companies following a corporate branding strategy should be demonstrating the intangible value and efficiency in generating this value to shareholders. It is reasonable to assume that the financial community is more aware of corporate brands (and thus their intangible value) than of individual brands of a firm that follows a house-of-brands strategy. It is thus presumed that investors are not familiar with what brands constitute a firms brand portfolio in a house-of-brands strategy and this results in an inability to recognise this value in the share price. A house-of-brands may need to inform shareholders of what brands are in their portfolio and the advantages associated with this strategy i.e. the ability to better target market segments and the reduced risk associated with owning a large number of brands (Rao, *et al.* 2004:139). Thus regardless of the branding strategy being followed investors should be made aware of the value that brands add to the company. It may be expected that companies with corporate branding strategies communicate this value to a greater extent to shareholders and potential investors than companies following a mixed branding strategy. However companies following a house-of-branding strategy should be informing investors of their various brand and the intangible value they provide.

The second research question that arises from the above: Do branding strategies (corporate, house of brands or mixed strategy) influence the extent to which companies communicate the value of their intangible brand equity to shareholders and investors?

Logic dictates that brands will play a more prominent role in certain industries in comparison to others. In certain industries the value of brands, as intangible assets, has been shown to be more important than in other industries. As such in the utilities industry brand equity is considered to be negligible, in contrast to the luxury goods industry where brand equity represents approximately 70% of the total company value (Perrier, 1997: 44). The literature review failed to provide any further insight into the relative importance of brands in comparison to other tangible and intangible assets. It

is thus assumed that companies operating in industries where brand equity is important will be more inclined to communicate this value to shareholders and potential investors than companies in industries where brand equity in not important.

The third research question that arises from the above: Will the industry in which companies operate influence the extent to which companies communicate the value of their intangible brand equity to shareholders and investors?

4.4 Objectives of this Research

The primary research objective (research objective 1) entails determining the extent to which brand equity as an intangible asset is being communicated to shareholders and potential investors by the company.

Research objective 2; entails determining if communicating brand equity to shareholders show any variation dependant on whether companies used corporate branding, house branding (individual product brands), or mixed branding (combination of both corporate and house branding).

Research objective 3; entails determining if communicating brand equity to shareholders showed any variation according to the industry in which the company operated.

4.5 Sample Selection and Size

The sample will consist of the top 105 public companies in South Africa. These companies will be selected based on the annually published list by the Financial Mail (2007) "S.A. Giants". The list is based on financial results for 2005 to 2006 and the companies are ranked according to turnover in a financial year. For the list of companies refer to Appendix B. Only companies that have published annual reports in 2005 and more recently will be included in the list of companies researched. This will aid in keeping the data as recent as possible and help to eliminate any bias that may occur due to changing concepts in brand management. Should any of the top 105 companies not have an annual report available from 2005 to present or if these results are not accessible for any reason then these companies will be listed as being not available. Annual reports that are not available will be treated in the same manner as non responses used under conventional research methods.

The top 105 companies listed on the JSE were chosen as the representative sample as opposed to random sampling of all the listed companies. The reason for this choice was to afford the greatest opportunity to demonstrate the use of brand equity and its communication to shareholders. It is reasoned that the larger the company the greater the probability that equity has been built up in the brand and thus the greater the need to demonstrate this equity to shareholders. This sample may thus be classified as non probability, purposive sample based on the judgment parameters provided above. Note; as such this sample is biased and will have a poor validity if attempting to extrapolate these findings to the general population of companies. This bias should provide an over representation of brand equity relative to the general population.

The research was conducted on 105 (32%) of a possible 326 companies listed on the JSE (Johannesburg Securities Exchange, No date). A sample that represents 5% of the population is often regarded as providing sufficient precision (Cooper and Schindler, 2003) provided that all aspects that may influence the sample are taken into account. Regarding the influences on sample size, problems may be encountered with the subdivision of this population into the 10 industries suggested. This sample may be too restrictive to provide accurate results for such a large number of subgroups and the possible large variance that may exist between these groups. It is however felt that in order to gain an accurate perspective on industry influence on the communication of brand equity, an international study will be required to accurately represent all the sub groups. As such South Africa is expected to have a large mining influence and poor luxury good representation. Italy may however be expected to have exactly the opposite representation, few mining industries and a large number of luxury industries. This sample should provide some insight into the South African perspective on the influence of industry on the communication of brand equity, all be it of a sample size that may be too small. Regarding the main research question the occurrence of brand equity in annual reports and the second question the variation caused by branding strategy on the communication of brand equity this sample is considered large enough.

Alternate samples considered were to determine the top 100 South African brands correlate those to companies listed on the JSE and use the resultant companies. The latter alternative was however considered to be too biased to evaluate the influence of

brands being communicated to shareholders in different industries and was thus rejected.

4.6 Method of Data Collection

The source of all data needed for this research project is to be found in the listed companies annual reports. Annual reports for 2005 onwards will be sourced from the internet. Should the most recent (2007) annual reports not be available then 2006 or 2005 annual reports will be utilised. Annual reports are considered an ideal research instrument to investigate the main research question; the extent to which companies communicate the value of their intangible brand equity to shareholders and investors. This is because annual reports form the back bone of the communication between the company and the shareholders or potential investors. Any issues that are considered important to the company should thus be communicated to its shareholders via its annual report. If brand equity is considered to be important by the company this should be communicated to its shareholders and potential investors via annual report.

4.7 Instrumentation

The instrumentation will entail ranking the top 105 publicly listed companies in South Africa, categorising these companies according to their manifest branding strategy and the industry in which they operate. These companies' annual reports will then be researched using content analysis.

4.7.1 Ranking the top 105 publicly listed companies

The top 105 companies will be ranked and numbered according to their turnover with the largest company being represented by the number one and the smallest company by number one hundred and five. This method of ranking is provided by the list (appendix B) published by the Financial Mail (2007) "S.A. Giants" where companies are ranked according to turnover in a financial year.

4.7.2 Manifest branding strategy categorisation

The next step will entail categorising the companies according to their manifest branding strategy as either corporate branding strategy, mixed branding strategy or a house-of-brands strategy. The above categorisation will be based on the definitions provided by Rao, *et al.* (2004:127) and are as follows:

Corporate branding: With the corporate branding strategy, the corporate name is dominant in endorsing all or part of the firm's product and service brands. At the least,

the corporate name is an element of the product brand names. This holds throughout all its subsidiaries and at all company levels.

Mixed branding: In a mixed branding strategy, firms typically employ a set of house or family brands, such as subsidiary names, in their brand portfolio, in addition to using the corporate name for certain products. Brands with names other than the firm's name are typically strong and significant to the firm.

House of brands: In the house-of-brands strategy, the firm does not use its corporate name or the name of its subsidiaries for branding its products. Instead, it uses individual brand names to market its products.

4.7.3 Industry categorisation

Each of the companies will further be categorised into the following industries as demonstrated below. As branding is more important as an intangible asset in certain industries than in others this value will differ depending on the industry being considered. This variation in value is demonstrated in table 3. The variable value of brands in an industry may influence the extent to which companies communicate the value of their intangible brand equity to shareholders and investors. It is this phenomenon that is to be investigated; do companies in different industries vary in their extent of communication of brand equity to shareholders. Perrier (1997: 44) provides a convenient classification of industries and the relative importance of branding in these industries: this then forms the basis of classification used in this study. In the South African context however mining plays an important role and this industry was added to the list of industries used by Perrier. The top 105 publicly listed companies in South Africa will be categorised into one of the following industries:

Utilities

Utilities represent a business enterprise, as a public-service corporation, performing an essential public service and often regulated by the federal, state, or local government. Examples of utilities include public services, such as a telephone or electric-light system, a streetcar or railroad line, or the like.

Industrial

This industry is the segment of the economy concerned with production of goods. The primary sector of industry is agriculture, mining and raw material extraction. The secondary sector of industry is manufacturing - which is what is colloquially meant by the word "industry". This section will also be used to include the service industry that

caters to industry such as recruitment agencies etc. For South African industry mining and extraction will be considered separately.

Pharmaceutical

Commercial business licensed to research, develop, market and/or distribute drugs, most commonly in the context of healthcare.

Retail

Retailing consists of the sale of goods or merchandise, from a fixed location such as a department store or kiosk, in small or individual lots for direct consumption by the purchaser. Retailing may include subordinated services, such as delivery.

Information Technology

Information Technology pertains to the development, implementation, and maintenance of computer hardware and software systems to organize and communicate information electronically.

Automotive

The automotive industry pertains to the design, operation, manufacture, or sale of automobiles.

Financial Services

Financial services consist of organisations that deal with the management of money. Banks, investment banks, insurance companies, credit card companies, government sponsored enterprises, and stock brokerages, are examples of the types of firms comprising the industry, which provides a variety of money and investment related services.

Food and Drink

The food industry is the complex, global collective of diverse businesses that together supply much of the food and beverages consumed by the world population.

Luxury Goods

These are considered to be goods at the highest end of the market in terms of quality and price. Classic luxury goods include haute couture clothing, accessories, and luggage.

Mining

Mining is the extraction of valuable minerals or other geological materials from the earth, usually (but not always) from an ore body, vein, or (coal) seam. Any material that cannot be grown from agricultural processes, or created artificially in a laboratory or factory, is usually mined. Mining in a wider sense can also include extraction of petroleum, natural gas, and even water.

The above definitions were sourced from Lexico Publishing, dictionary.com.

4.7.4 Conceptual versus relational analysis

The first choice in determining the instrument used in the measurement of content analysis is to determine which of the basic methods; conceptual analysis or relational analysis are to be used. Conceptual analysis establishes the existence and frequency of concepts in a text and relational analysis examines the relationships among concepts in a text. The purpose of this study is to determine if, and the extent to which, brand equity is being communicated to shareholders. As no existing empirical studies are available in this field it is not even certain if any communication of brand equity is taking place. In this light it was decided to commence with a conceptual analysis as this would provide insight into whether brand equity is being communicated and the level of communication.

Conceptual content analysis is thus to be used in this study.

4.7.5 Coding for conceptual analysis

The coding method used is that proposed by Carley (1992) in an unpublished document but presented by Busch *et al* (2005: 5) and referred to as the "Eight Category Coding Steps".

4.7.5.1 The level of analysis

The level of analysis for this study will be wide reaching (as inclusive as practically possible) as it is considered to be an introductory exploratory investigation. The priority is to determine if brand equity is being communicated and if so the level of communication. More in depth studies could follow on this and investigate how brand equity is communicated. As such the following concepts are to be analysed:

Brand Value and Brand Equity and its communication to shareholders will represent the concepts to be investigated in this study.

The term brand value and brand equity is used interchangeably in the literature. This document has clearly defined the two terms as separate entities with detailed descriptions provided in the literature review. The fact that this document defines the financial value of the brand as only one of many metrics used to describe brand equity will not help in doing a literature search. Thus both terms brand value and brand equity need to be included in the content analysis of annual reports.

No synonyms could be found for the combined terms brand value or brand equity HOWEVER synonyms for value and equity may be found and used to denote the same concept. Once combined with brand these terms could be used to denote brand value or equity. The following list was compiled: Brand appraisal, Brand assessment, Brand asset, Brand economic value, Brand esteem, Brand evaluation, Brand importance, Brand price, Brand profit, and Brand worth.

The same concept as above was applied to the term brand. However the synonyms found for brand showed that the majority of synonyms used represented only a portion of the brand i.e. trade mark or logo. However two synonyms may at a push qualify as being suitable to represent brand equity namely: Trade name value / equity and Marque value /equity.

An incredibly large number of metrics can be used to evaluate brand equity (see section 3.4). These same metrics are often employed in determining the financial value of a brand and in particular they are used to determine the brand strength and risk in calculating value. The problem with including the terms that constitute the metrics used to determine brand equity in content analysis are the following. A large number of different metrics can be used, a large number of the metrics used are synonyms or self created words and lastly the use of some of these words may be used in a context that does not pertain to brand value. Some of the problems above can be avoided if these metrics are combined with brand as a prefix. Thus metrics that may be combined with brand to denote the equity of the brand to shareholders are considered. The source of these metrics was derived from Ambler, Y&R, Brandz WPP and Brand Equity 10 of Aaker. The following list was compiled using brand as a prefix; attitude, availability, awareness, bonding, communication, differentiation, distribution, economic profit, esteem, knowledge, leadership, loyalty, market share, penetration, performance, period costs, personality, presence, price premium, quality, relevance, retention, satisfaction and share of profit.

A method of determining how important brands are to a company and the communication of this importance to shareholders is to determine the frequency of use of the term "brand" in annual reports. As such the term brand in isolation was also considered and the frequency of its use in the researched annual reports determined.

The complete list of words included in this content analysis is provided in the table 4 below.

Table 4: List of all Words to be Included in the Content Analysis

Brand	Equity & Value	Synonyms for Brand	Synonyms for Value & Equity	Metrics used to evaluate brand equity
				With prefix Brand
Brand	Brand Value	Trade name value	Brand appraisal	attitude
	Brand equity	Trade name Equity	Brand assessment	availability
		Marque value	Brand asset	awareness
		Marque Equity	Brand economic value	bonding
			Brand esteem	communication
			Brand evaluation	differentiation
			Brand importance	distribution
			Brand price	economic profit
			Brand profit	esteem
			Brand worth	knowledge
				leadership
				loyalty
				market share
				penetration
				performance
				period costs
				personality
				presence
				price premium
				quality
				relevance
				retention
				satisfaction
				share of profit

4.7.5.2 The number of concepts to code for

This study will take the form of developing pre-defined categories and as such no additional categories will be added to these pre-defined set as the research is undertaken. The research will further only investigate the single concept discussed above.

Pre-defined categories and a single concept as set out above will be investigated.

4.7.5.3 Coding for the existence or frequency of a concept

As the primary purpose of the study is to determine the extent of communication of brand equity to shareholders the frequency will be determined as a reflection of its relative importance.

The coding will be done in order to reflect the frequency of the selected concept in annual reports.

4.7.5.4 Distinguish among concepts

The definitions provided in sections 3.3 to 3.5 provide some insight on how brand equity and brand value is used in industry. Brand equity and brand value may be used interchangeably depending on the author (accountant or marketer). Brand equity may also be expressed in non financial terms such as awareness, attitude etc. Brand equity may be expressed using a large number of measures of consumer's attachment to the brand or as a description of consumer's beliefs and associations to the brand without actually mentioning brand equity. Further the concepts used to describe brand equity are not consistent and vary depending on the method used to define and quantify (measure) the brand performance. Some companies will also develop their own terms to express brand equity such as Young & Rubicam where brand stature represents a combination of brand esteem and knowledge. The net result is that brand equity, brand value and a host of metaphors to measure brand equity may be used to communicate the importance of brand equity to shareholders.

With the above in mind the following categories have been established to define concepts:

Brand counted on its own to gauge the importance of branding.

Brand value and brand equity.

Synonyms for brand equity and brand value

Metrics used to define brand equity.

This list of words as found in table 4 above can include present, past and future tense as well as singular or multiple forms of the words.

4.7.5.5 Rules for coding of the texts

As implicit concepts are not going to be considered in the coding no rules need to be developed to make the concepts explicit.

4.7.5.6 Processing "irrelevant" Information

Information in the text that is not coded will be ignored. However the total number of words in each annual report needs to be determined in order to establish the relative use of the concepts of brand equity.

Information not in the code will be ignored.

4.7.5.7 Coding of the texts

Computer programs will be used to examine the text as follows. All annual reports will be downloaded from the internet as PDF files. These annual reports will then be searched for the terms in Table 4 using Adobe 7 word search function. This function brings up each word that is searched for and the context in which it is used can be viewed. The context will then be scanned to determine the relevance and only words used in context will be included. In using this program the following problems are encountered and must be corrected for.

The program searches for the word as well as the occurrence of these letters in other words. As such a search for brand may include the occurrence of brand in other words and add this to the word count for brand. An example of this is the occurrence of brand in the company name Rem**brandt** or Coopers and Lay**brand**. In these or

similar cases the word being searched for is not to be added to the word count i.e. Rem**brand**t cannot be added to the count for brand.

If the word occurs as part of a company name but is intended to convey the meaning of brand or any of the other words being searched for, it is to be counted. As such brand found in the name Tiger Brands will be counted, the only exception to this rule being the occurrence of this name in the annual report of that particular company. As such Tiger Brand will be counted to represent brand in any other annual report bar Tiger Brands own annual report. This is done to avoid over representation of these terms and the bias effect it may have on the word count.

If any of the words occur as a person's name or as a part of the company address they will not be counted. As such Mr HC Brand will not be included in the word count for brand nor will Shaft brand number 13 be included.

Adobe 7 does not have a function to perform a word count on a document and thus all annual reports in PDF format are copied and pasted into Microsoft Office Word 2003. Once in Word format a word count is done and recorded.

4.8 Data Analysis

The number of times that the agreed code for brand equity appears will be calculated and converted to a percentage for each of the above categories based on the total number of words used in each category. From this data the mean number of brand equity representations will be determined. Once the prevalence of the use of brand equity is established (and if its use is significant) then the prevalence with in branding strategy and industry can be determined.

In order to determine if significant differences exist between the above mentioned categories in the use of brand value ANOVAs analysis of variance will be conducted. This should then provide results indicating if the different categories show significant differences in the communication of brand equity to shareholders. The above methods of comparing and analysing data should be statistically appropriate and acceptable in order to derive meaningful insight into the research problems.

4.9 Conclusion

The research methodology selected to demonstrate the extent to which companies communicating brand equity to shareholders is biased towards maximising these results. To this end selecting the top 105 companies as opposed to random selection of companies is used. This is done as the top companies are reasoned to have developed greater brand equity and thus they should have more reason to communicate this value to shareholders. In addition a large number of synonyms (14), metrics (24) and the use of brand value were used in order to maximise the chances of identifying brand equity in annual reports. This was done as opposed to just searching for brand equity in order to maximise the potential for demonstrating brand equity. In interpreting the results of this study the bias towards maximising the results, for the demonstration of brand equity should be borne in mind.

5 RESEARCH RESULTS

5.1 Introduction

The research conducted into the communication of brand equity by the managers of publicly listed companies in South Africa revealed some astonishing results. The annual reports of 105 companies were researched of which 13 companies had annual reports that could not be processed for various reasons. The result was that 92 annual reports were used in order to determine the extent of communication of brand equity to shareholders. This represents just over 30% of the companies listed on the JSE. The results of the content analysis on the 92 annual reports showed that the total word count in all these reports was 5 671 781 words. The number of times the word brand appeared was 1 865 times. The decision to include the word brand was taken in order to gauge the importance of brands and the communication of this importance to shareholders. Thus the more times the word brand appeared in the annual report the more important brands were deemed to be to the company.

The remainder of this chapter will discuss in greater detail the results obtained regarding the communication of brand equity. This will be followed by the influence of the branding strategy on the communication of brand equity and lastly, the influence of the industry on the communication of brand equity will be shown.

5.2 The Communication of Brand Equity in Annual Reports

The underlying purpose of this research was to determine the extent of communication of brand equity by mangers to shareholders and investors. To this end the following results were obtained as demonstrated in table 5 below.

Table 5: The Communication of Brand Equity

		As a % of the total word count
Total number of Annual reports	92	
Total number of words in 92 reports	5,671,781	
Total number of times the word brand is used	1,865	0.000 32%
Total number of times brand equity / value is used	14	0.000 002 5%
Total number of times the synonym for brand equity / value is used	3	0.000 000 5%
Total number of times metrics that indicate brand equity are used	48	0.000 008 5%

The total number of times that the word brand is used in the 92 annual reports was 1 865 times and this represents only 0.000 32% of all the words used. The total number of times that brand equity and brand value were used was 14 times, synonyms for brand equity and value only 3 times and the metrics for evaluating brand equity 48 times. Taking all the measures of brand equity (65) into account shows that it only represented 0.000 012% of all the words contained in the 92 annual reports investigated.

Brand equity (taking all measures into account) was demonstrated in 33 of the 92 annual reports researched. One in every three annual reports researched had some reference to brand equity and these results are demonstrated in the table 5A below. Of the 33 annual reports 14 mentioned brand equity once, 11 mentioned brand equity twice, 4 mentioned brand equity three times, 3 mentioned brand equity four times and one mentioned brand equity five times. For greater detail on the companies and terms used to indicate brand equity refer to appendix P.

The scope of this research does not provide for relational analysis which examines the relationships among concepts in a text. However with brand equity being represented only 65 times in all the reports the trends of its use could be detected. The annual reports of only 4 of the 65 reports researched showed relevance to demonstrating the value of brand equity to shareholders. For the vast majority the selected words used to demonstrate brand equity were used to explain past and present marketing, advertising and company strategy. For greater detail on the contextual use of the words used to demonstrate brand equity refer to appendix Q. Extracts from the annual reports demonstrating the use of the selected word are provided in this appendix.

Table 5A Annual Reports Demonstrating Brand Equity

	Top SA companies	Equity	Value	Profit	Metrics	Total
3	SABMiller Plc	0	0	0	1	1
5	Sasol	0	0	0	1	1
8	Imperial Holdings	0	0	1	0	1
9	Old Mutual Plc	0	0	0	1	1
11	FirstRand	0	1	0	0	1
22	Massmart Holdings	1	0	0	0	1
27	Datatec	0	0	0	1	1
30	The Spar Group	0	0	0	1	1
46	New Clicks Holdings	0	0	0	1	1
51	Reunert	0	0	0	1	1
59	Metropolitan Holdings	0	0	0	1	1
62	Sun International	1	0	0	0	1
74	Pretoria Portland Cement	0	0	0	1	1
80	African Oxygen	0	0	0	1	1
6	The Bidvest Group	0	1	1	0	2
10	Telkom	0	0	0	2	2
12	Barloworld	0	0	0	2	2
18	Steinhoff International	0	0	0	2	2
19	Richemont Securities AG	0	0	0	2	2
45	Investec & PLc	0	0	0	2	2
67	AVI	0	1	0	1	2
68	Distell Group	1	0	0	1	2
69	Mr Price Group	0	0	0	2	2
98	Cashbuild	0	0	0	2	2
102	Primedia	0	0	0	2	2
17	Shoprite Holdings	1	0	0	2	3
43	JD Group	1	0	0	2	3
60	Foschini	0	1	0	2	3
97	Lewis Group	0	0	0	3	3
21	Nedbank	0	0	0	4	4
31	Tiger Brands	1	2	0	1	4
54	Ellerine Holdings	0	0	1	3	4
44	Santam	0	2	0	3	5
	Total	**6**	**8**	**3**	**48**	**65**

5.3 Branding Strategies Influence on the Communication of Brand Equity

The role that the branding strategy (corporate, mixed or house of brands) plays in influencing the degree of communication of brand equity in annual reports was as follows:

Table 6: Branding Strategy and the Communication of Brand Equity

Strategy	Corporate	Mixed	House of Brands
Number of annual reports	50	20	22
Total number of word in the annual reports	3 312 307	1 392 125	967 349
Total number of times the word brand is used	440	945	480
Total number of times brand equity / value is used	3	4	7
Total number of times the synonym for brand equity / value is used	0	3	0
Total number of times metrics that indicate brand equity are used	22	16	10
Combined total use of brand equity	25	23	17

Table 7: Branding Strategy as a Percentage of the Total Word Count and Brand Equity

Strategy	Corporate	Mixed	House of Brands
Number of annual reports	50	20	22
Total number of word in the annual reports	3 312 307	1 392 125	967 349
Total number of times the word brand is used	0.000 13%	0.000 68%	0.000 50%
Total number of times brand equity / value is used	0.000 000 9%	0.0000 002 9%	0.000 007 2%
Total number of times the synonym for brand equity / value is used	0%	0.000 002 2%	0%
Total number of times metrics that indicate brand equity are used	0.000 006 6%	0.000 011 5%	0.000 010 3%
Combined total use of brand equity	0.000 007 5%	0.000 016 5%	0.000 017 6%

The 92 annual reports investigated were classified into 50 (with 3 312 307 words) as corporate branded companies, 20 (with 1 392 125 words) as mixed branded companies and 22 (with 967 349 words) as house of brands companies. The use of the word brand under each of these strategies was corporate 0.000 13%, mixed 0.000 68% and house of brands 0.000 50%. The total combined (brand value and equity, synonyms and metrics) number of words that reflect brand equity in the annual reports was; corporate branded companies 0.000 008%; mixed branded companies 0.000 017%; house of brands companies 0.000 018%. For more detail on how each category contributed to the above % refer to table 6 and table 7 above. Greater detail on the contribution of the individual companies to the communication of brand equity may be viewed in appendix C; the influence under corporate branding strategy may be reviewed in appendix J and K; mixed branding strategy in appendix F and G and house of brands strategy in appendix H and I.

5.4 Industry influence on the communication of brand equity

The role that the various industries play in influencing the degree of communication of brand equity to shareholders and investors via the company's annual reports is provided below in table 8 and 9.

Table 8: Industry and the Influence on the Communication of Brand Equity

	Utilities	Industrial	Pharma - ceutical	Retail	I.T.	Automot	Financial Services	Food and Drink	Luxury Goods	Mining
Number of annual reports	1	29	1	15	4	5	18	2	3	14
Total number of word in the annual reports	293,046	1,515,609	62,870	632,830	182,230	242,526	1,361,601	134,360	161,586	1,085,123
Total number of times the word brand is used	28	482	24	581	23	49	286	307	59	26
Total number of times brand equity / value Is used	0	3	0	5	0	0	4	1	1	0
Total number of times the synonym for brand equity / value is used	0	0	0	1	0	1	1	0	0	0
Total number of times metrics that indicate brand equity are used	2	11	0	19	1	0	11	2	2	0
Combined total use of brand equity	2	14	0	25	1	1	16	3	3	0

Table 9: Industry as a Percentage of the Total Word count and its Influence on Communication of Brand Equity

	Utilities	Industrial	Pharma-ceutical	Retail	I.T.	Automot	Financial Services	Food and Drink	Luxury Goods	Mining
Number of annual reports	1	29	1	15	4	5	18	2	3	14
Total number of word in the annual reports	293,046	1,515,609	62,870	632,830	182,230	242,526	1,361,601	134,360	161,586	1,085,123
Total number of times the word brand is used	0.000 095%	0.000 318%	0.000 382%	0.000 918%	0.000 126%	0.000 202%	0.000 210%	0.000 2 285%	0.000 365%	0.000 024%
Total number of times brand equity / value is used	0	0.000 002%	0	0.000 0008%	0	0	0.000 003%	0.000 007%	0.000 006%	0
Total number of times the synonym for brand equity / value is used	0	0	0	0.000 002%	0	0.000 004%	0.000 001%	0	0	0
Total number of times metrics that indicate brand equity are used	0.000 007%	0.000 007%	0	0.000 030%	0.000 005%	0	0.000 008%	0.000 015%	0.000 012%	0
Combined total use of brand equity	0.000 007%	0.000 009%	0	0.000 040%	0.000 005%	0.000 004%	0.000 012%	0.000 022%	0.000 019%	0

largest industry represented was the industrial industry with 29 (32%) of all the annual reports. This was followed by a grouping of financial services with 18 (20%), retail with 15 (16%) and mining with 14 (15%) of all the annual reports. The last group

consists of industries that had less than 6% representation namely; automotive 5, information technology 4, luxury goods 3, food and drink 2, utilities and pharmaceutical 1 annual report.

The relative importance of brands in the industries is demonstrated by the frequency of the use of the word "brand" in the annual reports relative to all the words contained in the annual reports. These results as demonstrated in table 9 show that the most attention was given to brands in order of importance as follows; food and drink (0.002 285%), retail (0.000 918%), pharmaceutical (0.000 382%), luxury goods (0.000 365%), industrial (0.000 318%), financial services (0.000 210%), automotive industry (0.000 202%), information technology (0.000 126%), utilities (0.000 095%) and mining (0.000 024%).

Table 9 also demonstrates the degree of communication of brand equity to shareholders via the annual reports researched. The combined total use of brand equity represents the sum of all the usage of the terms brand value, brand equity, the synonyms for brand equity and value as well as the metrics that indicate brand equity. The combined sum thus represents the total number of words that indicate brand equity to shareholders. These results from the largest to the smallest indicators are as follows; retail (0.000 040%), food and drink (0.000 022%), luxury goods (0.000 019%), financial services (0.000 012%), industrial (0.000 009%), utilities (0.000 007%), information technology (0.000 005%), automotive industry (0.000 004%), pharmaceutical (0.000 000%) and mining (0.000 000%).

Greater detail on the contribution of the individual companies to the communication of brand equity under the industrial classification used above may be reviewed in appendix K; to appendix O.

5.5 Presentation of information

The tables presented in the appendix need a short description in order to clarify their presentation. It may be noted when examining the tables presented in the appendix that the list of synonyms and metrics for brand value and equity are a lot shorter than those given in the research methodology. The reason for this is that all the synonyms and metrics that did not occur in any of the 92 annual reports researched were left out of the tables in the appendix. In clarification; if for example the synonym for brand value "brand appraisal" did not occur in any of the 92 annual reports researched then it was not included in the tables in the appendix.

The synonyms for brand equity and value were represented by 14 different synonyms of which only one "brand profit" was found to occur 3 times in the 92 annual reports. The remaining 13 synonyms had no representation in any of the 92 annual reports researched and were thus not included in the tables found in the appendix. Table 10 below shows all the terms highlighted in yellow to have zero representation in the 92 annual reports researched. In the same light, of the 24 metrics that were chosen to indicate brand equity only 11 metrics were used in the 92 annual reports researched. Again table 10 below also demonstrates the number of times the synonym or metric was encountered in the 92 annual reports.

Table 10: Synonyms and Metrics Highlighted had no Representation in Reports

Synonyms for Brand	Synonyms for Value & Equity	Occurrence in 92 annual reports	Metrics used to evaluate brand equity	Occurrence in 92 annual reports
			With prefix Brand	
Trade name value	Brand appraisal		attitude	
Trade name Equity	Brand assessment		availability	4
Marque value	Brand asset		awareness	19
Marque Equity	Brand economic value		bonding	
	Brand esteem		communication	
	Brand evaluation		differentiation	5
	Brand importance		distribution	1
	Brand price		economic profit	
	Brand profit	3	esteem	
	Brand worth		knowledge	
			leadership	1
			loyalty	8
			market share	
			penetration	
			performance	1
			period costs	
			personality	2
			presence	3
			price premium	
			quality	3
			relevance	1
			retention	
			satisfaction	
			share of profit	

6 DISCUSSION AND CONCLUSIONS

6.1 Introduction

The primary purpose of this research was to provide some insight into how management is making use of brand equity. The reason behind this was to establish if the importance attached to brand equity by academics and branding agencies was of the same magnitude as that demonstrated by management. The endeavour was thus to provide the greatest opportunity to gather empirical evidence that would demonstrate managements regard for brand equity. Of the various options available to demonstrate management's use of brand equity it was concluded that the communication of this value to shareholders should be of major concern to management. As the purpose of a company is to generate returns for its shareholders and as intangible assets have been demonstrated to compromise a large proportion of company's value, it seems logical that management should be keen to explain this value. One of the major contributors to intangible value is brand equity and thus the degree of communication of this equity in annual reports was considered the ideal location to determine managements regard for brand equity.

This study was thus conducted by making use of 105 (32%) of the potential of 326 companies listed on the JSE (Johannesburg Securities Exchange, No date). In order to provide the greatest opportunity to demonstrate brand equity in use, the top 105 companies on the JSE were selected. The reasoning behind choosing the largest 105 companies was that the larger the company the greater its potential to develop brand equity and thus the greater the need to communicate this value to shareholders. Content analysis was then conducted on the annual reports of these 105 companies in order to determine the use of or inference to brand equity in the content. The result was that of the 105 companies selected only 92 (88%) of the company's annual reports were suitable for content analysis by the methods selected. Thus the results of 12% of the top companies that could not be analysed using content analysis were ignored.

The use of content analysis, as the analytical tool to provide insight into the use of brand equity, was considered an appropriate methode. To this end both brand equity and brand value as well as 14 synonyms for brand equity and brand value and 24

metrics used to measure brand equity were searched for and counted. The word 'brand' was also searched for as an indicator of the relevant importance of brands to the companies. Thus the importance of brands and as well as brand equity was determined in this study.

Of secondary importance in this study was to determine if the company's branding strategy and the industry in which they operate influenced the degree of communication of brand equity. The 92 companies studied were separated into companies with corporate, mixed and house of brands branding strategies and the incidence of brand and brand equity determined for each of these categories. The 92 companies were then separated into 11 industries and the influence of industry on brand and brand equity determined.

The following sections will deal with the three main research questions posed namely:

To what extent are companies communicating the value of their intangible brand equity to shareholders and investors?

Do branding strategies (corporate, house of brands or mixed strategy) influence extent to which companies communicate the value of their intangible brand equity to shareholders and investors?

Will the industry in which companies operate influence the extent to which companies communicate the value of their intangible brand equity to shareholders and investors?

6.2 Communication of brand equity via annual reports

Brand equity represents part of the intangible assets that companies develop. The values ascribed to brand equity may be substantial as demonstrated in table 1 and table 2. In this light both academics and branding agencies have been toting the importance and the virtues of managing brand equity. Because of the magnitude of brand equity it has been suggested that this value should be made available to shareholders (Ambler, 2003; Lev, 2004; Sinclair. 2005). The amendments by the accounting fraternity to include intangible assets and especially brand equity in the goodwill calculations for mergers and acquisitions have added fuel to the argument of including brand equity in annual financial reports. Due to problems encountered in calculating brand value it has been suggested that brand equity be considered in a separate section of annual report and not necessarily in the balance sheet (Lev,

2004). Communicating the economic value of brands to the capital market is essential in order to support share price and obtain capital funding. Thus the above argument exists to support the inclusion of brand equity in annual reports.

In contrast to the above it is suggested that brand equity is being poorly communicated to shareholders via annual reports for the following reasons. As brand valuation and brand equity measurement are both a relatively new field of interest to most marketing managers, who presently occupy positions of upper management, they would have had limited formal training in this regard. Thus this lack of training may be reflected in the poor communication of brand equity to shareholders via annual reports. It may also be argued that marketing managers possibly make a very limited contribution to an essentially accountant driven document.

The results of this research indicate that the total number of times that the word brand is used in the 92 annual reports was 1 865 times and this represents only 0.000 32% of all the words used. Considering the 92 annual reports brand equity, value and its metrics could only be demonstrated in 33 of the company's annual reports. Taking all the measures of brand equity into account shows that it only represented 0.000 012% of all the words contained in the 92 annual reports investigated. To give some indication of the magnitude or rather the lack of magnitude of these results the graphic representation of these figures are provided in figure 3 below.

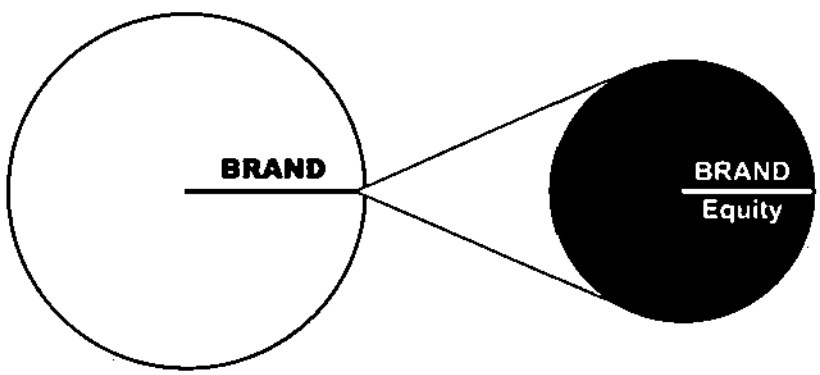


Figure 3: Brand (left) as % of total words and brand equity (right) as a % of brand in annual reports

From the above it becomes apparent that very little (no?) emphasis is placed on the communication of brands in annual reports. The communication of brand equity to shareholders via annual reports can, as demonstrated above, for all practical reasons

be considered as non existent (0.000 012 %). Thus in addressing the primary research question:

To what extent are companies communicating the value of their intangible brand equity to shareholders and investors?

The answer to this question would thus have to be:

Companies are, in practical terms, not communicating the value of their intangible brand equity to shareholders and investors via annual reports.

In arguing against the above statement it may be reasoned that just over 30% (33 of 92 reports) of the companies communicated brand equity to shareholders. Thirty percent is a good argument in favour of positive communication of brand equity to shareholders. The problem with this reasoning is that the use of brand equity as a percentage of all the words used in these 33 reports will still remain dismally low. Brand equity was only demonstrated 65 times in the 33 reports. The next problem with this reasoning is in the way metrics are used. In order to demonstrate brand equity several metrics are normally used in combination, Ambler (2003) suggest a minimum of nine metrics be used. This research has verified that 25 (75%) of the 33 annual reports demonstrating brand equity made use of less then 3 metrics. This would suggest that the words counted in this research are not being used as metrics to demonstrate brand equity. Lastly in support of the above the contextual use of selected words to demonstrate brand equity suggest that only 4 of the 65 metrics used in the reports communicate brand equity to shareholders. The remaining 61 of the 65 words are used to describe predominantly strategic actions taken in the companies.

The reasons for the lack of communication of brand equity can be ascribed to:

Marketing managers and management in general have a lack of understanding regarding brand equity and the benefits of communicating this equity to shareholders.

Annual reports are still considered as essentially financial documents with little scope to elaborate on intangible assets. This could provide limited scope for marketing managers to contribute.

The South African market may not have brands or industries that support brands with large equity and thus there is limited need to communicate this value.

Regardless of the possible reasons, the bottom line remains that brand equity is not being communicated and minimal communication of brands in general is taking place via annual reports.

6.3 Industry and branding strategies influence on the communication of brand equity

Above it has been established that "no" communication of brand equity is taking place via annual reports. As such the remaining questions regarding the influence of branding strategy and industry on the communication of brand equity via annual reports becomes redundant. It becomes a futile task to determine these influences with such infinitesimally small contributions of brand equity to each sector.

One factor that may shed light on the lack of communication of brand equity in annual reports may be the composition of the top 105 companies on the JSE. Perrier (1997) in table 3 shows that the importance of brands in the industrial industry (which includes mining) to be only 5% of all assets and that in the retail industry brands only account for 15% of all assets. The top 92 companies researched on the JSE consist of 29 in the industrial industry and 14 in the mining industry. Thus these two industries combined have a total representation of 47% of all the reports researched. If you then consider that of the 47% of the companies researched, brand equity represents less than 5% of the total companies assets, then it is not that surprising that no attention is given to it. If one then combines the above with retail than 63% of the companies researched had brand assets that accounted for less than 15% of their total asset value. This predominance of retail and industrial industry (with their low brand asset values) in the South African market may provide some explanation for the poor communication of brand equity to shareholders. However no single industry investigated could be shown to have a meaningful contribution to communicating brand equity regardless of the industry investigated. Refer to table 9 for detail.

6.4 Conclusion

Brand equity is receiving a hefty amount of attention from, branding agencies and the popular press!

Brand equity has been demonstrated in the previous sections to be a valuable asset to shareholders!

The virtue of bringing this value to the attention of shareholders has been demonstrated in the previous sections!

HOWEVER

This research has provided empirical evidence that the communication of brand equity via annual reports to shareholders and potential investors is negligible (0.000 012 %). It is considered so low that for practical purposes the communication of this value can be considered as non existent.

This extremely low level of communication of brand equity resulted in the two secondary questions posed being disregarded. There is little point in taking close to zero communication and trying to further divide these results into 3 strategies and 10industries. Thus the questions below were not answered:

Does branding strategies (corporate, house of brands or mixed strategy) influence extent to which companies communicate the value of their intangible brand equity to shareholders and investors?

Will the industry in which companies operate influence extent to which companies communicate the value of their intangible brand equity to shareholders and investors?

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8 APPENDIX A

EXAMPLES OF A BRAND VALUATION METHODS

Internationally most brands are now valued using some form of discounted value of future brand earnings in order to establish a net present value for the brand. "Interbrand" a branding strategy and valuation company that was founded in 1974 and one of the pioneers of brand valuation is used to illustrate of how brands are valued. This is not an endorsement of the Interbrand as being superior or inferior to other brand valuation methods but merely to serve as an example.

Interbrand values brands taking the following into consideration as follows:

- *Market analysis: To determine the proportion of earnings attributable to the brand.*
- *Financial analysis: Identify business earnings.*
- *Brand analysis: To assess the security of the brand (Given as a brand strength score).*
- *Legal analysis: To determine if a brand is a true piece of 'property' (Perrier, 1997:33).*

The following example is taken from Clifton and Simmons (2004:40) and is used to illustrate Interbrand's methodology.To capture the complex value creation of a brand, take the following five steps:

- *Market segmentation.*

Brands influence customer choice, but the influence varies depending on the market in which the brand operates. Split the brand's markets into non-overlapping and homogeneous groups of consumers according to applicable criteria such as product or service, distribution channels, consumption patterns, purchase sophistication, geography, existing and new customers, and so on. The brand is valued in each segment and the sum of the segment valuations constitutes the total value of the brand.

- *Financial analysis.*

Identify and forecast revenues and earnings from intangibles generated by the brand for each of the distinct segments determined in Step 1. Intangible earnings are

defined as brand revenue less operating costs, applicable taxes and a charge for the capital employed. The concept is similar to the notion of economic profit.

- *Demand analysis.*

Assess the role that the brand plays in driving demand for products and services in the markets in which it operates, and determine what proportion of intangible earnings is attributable to the brand measured by an indicator referred to as the "role of branding index."

This is done by first identifying the various drivers of demand for the branded business, then determining the degree to which each driver is directly influenced by the brand. The role of branding index represents the percentage of intangible earnings that are generated by the brand. Brand earnings are calculated by multiplying the role of branding index by intangible earnings. Perrier (1997) in chapter 6 provides a good example on how to calculate the brand index that is used in calculating the brand earning above.

- *Competitive benchmarking. (Brand analysis)*

Determine the competitive strengths and weaknesses of the brand to derive the specific brand discount rate that reflects the risk profile of its expected future earnings (this is measured by an indicator referred to as the "brand strength score"). This comprises extensive competitive benchmarking and a structured evaluation of the brand's market, stability, leadership position, growth trend, support, geographic footprint and legal protect ability. The seven dimensions of brand strength used to determine the risk profile are shown in Table A1 sourced from Perrier (1997).

- *Brand value calculation.*

Brand value is the net present value (NPV) of the forecast brand earnings, discounted by the brand discount rate. The NPV calculation comprises both the forecast period and the period beyond, reflecting the ability of brands to continue generating future earnings. An example of a hypothetical valuation of a brand in one market segment is shown in Table A2 This calculation is useful for brand value modeling in a wide range of situations, such as:

- predicting the effect of marketing and investment strategies;
- determining and assessing communication budgets;
- calculating the return on brand investment;
- assessing opportunities in new or underexploited markets; and
- tracking brand value management.

Table A2: Brand Valuation Sample

Brand Valuation Sample

	Year 1	Year 2	Year 3	Year 4	Year 5
Market (Units)	250,000,000	258,750,000	267,806,250	277,179,469	286,880,750
Market growth rate		4%	4%	4%	4%
Market share (Volume)	15%	17%	19%	21%	20%
Volume	37,500,000	43,987,500	50,883,188	58,207,688	57,376,150
Price ($)	10	10	10	11	11
Price change	3%	2%	2%	2%	2%
Branded Revenues	**375,000,000**	**450,871,875**	**531,983,725**	**621,341,172**	**625,326,631**
Cost of sales	150,000,000	180,348,750	212,793,490	248,536,469	250,130,653
Gross margin	225,000,000	270,523,125	319,190,235	372,804,703	375,195,979
Marketing costs	67,500,000	81,156,938	95,757,071	111,841,411	112,558,794
Depreciation	2,812,500	3,381,539	3,989,878	4,660,059	4,689,950
Other overheads	18,750,000	22,543,594	26,599,186	31,067,059	31,266,332
Central cost allocation	3,750,000	4,508,719	5,319,837	6,213,412	6,253,266
EBITA (Earnings Before Interest, Tax and Amortization)	**132,187,500**	**158,932,336**	**187,524,263**	**219,022,763**	**220,427,638**
Applicable taxes 35%	46,265,625	55,626,318	65,633,492	76,657,967	77,149,673
NOPAT (Net Operating Profit After Tax)	**85,921,875**	**103,306,018**	**121,890,771**	**142,364,796**	**143,277,964**
Capital Employed	**131,250,000**	**157,805,156**	**186,194,304**	**217,469,410**	**218,864,321**
Working capital	112,500,000	135,261,563	159,595,118	186,402,351	187,597,989
Net PPE	18,750,000	22,543,594	26,599,186	31,067,059	31,266,332
Capital Charge 8%	10,500,000	12,624,413	14,895,544	17,397,553	17,509,146
Intangible Earnings	**75,421,875**	**90,681,606**	**106,995,227**	**124,967,243**	**125,768,819**
Role of Branding Index	**79%**				
Brand Earnings	**59,583,281**	**71,638,469**	**84,526,229**	**98,724,122**	**99,357,367**
Brand Strength Score	**66**				
Brand Discount Rate	**7.40%**				
Discounted Brand Earnings	55,477,916	62,106,597	68,230,515	74,200,384	69,531,031
NPV (Net Present Value) of Discounted Brand Earnings (years 1-5)					329,546,442
Long-term growth rate 25%					
Brand Value (beyond Year 5)					1,454,475,639
BRAND VALUE					**1,784,022,082**

Table A1: Interbrand's 7 Dimensions of Brand Strength

Dimensions	Weighting	Explanation
Market	10/100	A brand in a stable but growing market with strong barriers to entry will score particularly well on this dimension.
Stability	15/100	Long established brands with loyal consumers end entrenched in the market gain highest scores in this sector.
Leadership	25/100	Brands that are the dominant force in its sector and that command a strong market share, the leading brand in its sector will score highly.
Internationality	25/100	Brands that have proven international acceptance and appeal score well. These are less risky brands due to geographic and ethnic diversity
Trends	10/100	Long term trend of the brand – Its ability to remain contemporary and relevant to consumers and win market share from major competitors.
Support	10/100	Systematic financial investment and support that is consistent and of good quality score highly.
Protection	5/100	Legal protection of the brand such as registered trade marks etc are needed to score highly.

9 APPENDIX B

LIST OF TOP 100 COMPANIES IN RSA

Table B1: Financial Mail top SA Companies

SA GIANTS							
Ranked by turnover	Company	Turnover Rm	Total assets Rm	Market cap Rm	Equity funds Rm	Net profit Rm	Financial year end
1	[redacted]	206 109,0	294 897,4	400 950,5	142 230,8	56 173,1	Jun 2006
2	[redacted]	186 291,1	308 670,9	571 985,4	155 253,2	21 120,3	Dec 2005
3	[redacted]	95 074,5	65 316,8	238 998,1	-13 745,3	9 689,4	Mar 2006
4	[redacted]	84 654,0	274 166,0	46 072,2	22 604,0	11 079,0	Dec 2005
5	[redacted]	82 395,0	101 462,0	151 404,8	54 387,0	10 895,0	Jun 2006
6	[redacted]	77 276,5	24 161,0	45 502,1	5 298,4	2 433,8	Jun 2006
7	[redacted]	54 665,0	752 507,0	144 708,0	33 002,0	7 765,0	Dec 2005
8	[redacted]	54 105,0	36 081,0	31 757,1	9 063,0	2 345,0	Jun 2006
9	[redacted]	49 153,8	862 824,2	128 445,9	29 076,9	7 549,5	Dec 2005
10	[redacted]	47 625,0	53 153,0	88 498,8	20 937,0	9 819,0	Mar 2006
11	[redacted]	44 483,0	582 566,0	138 619,8	38 193,0	9 694,0	Jun 2006
12	[redacted]	44 468,0	31 559,0	41 213,9	9 557,0	2 007,0	Sep 2006
13	[redacted]	39 355,7	48 455,6	269 466,3	37 491,4	12 384,6	Dec 2006
14	[redacted]	37 728,0	409 555,0	93 744,5	29 567,0	6 788,0	Dec 2005
15	[redacted]	35 078,4	5 757,4	16 713,3	-547,1	656,2	Feb 2006
16	[redacted]	35 078,4	13 545,7	7 618,7	6 956,5	325,3	Feb 2006
17	[redacted]	35 042,6	38 546,1	26 297,9	11 148,9	-14,2	Sep 2006
18	[redacted]	33 589,8	9 456,9	15 081,6	2 354,4	740,0	Jun 2006
19	[redacted]	32 238,3	23 587,1	28 602,0	3 693,9	1 899,5	Jun 2006
20	[redacted]	32 149,3	96 134,3	210 366,0	78 231,3	7 903,0	Mar 2006
21	[redacted]	32 117,7	36 714,0	163 918,5	11 394,0	7 208,0	Dec 2005

22	[redacted]	30 769,0	346 830,0	65 005,4	17 268,0	3 683,0	Dec 2005
23	[redacted]	29 963,6	8 143,0	16 959,9	130,0	801,7	Jun 2006
24	[redacted]	27 291,0	162 915,0	22 878,2	9 643,4	1 864,0	Dec 2005
25	[redacted]	24 032,0	25 855,0	52 594,3	21 016,9	5 180,0	Dec 2005
26	[redacted]	23 775,9	12 034,8	11 201,5	2 660,5	205,2	Sep 2006
27	[redacted]	18 979,0	162 422,0	10 112,7	5 169,0	1 141,0	Dec 2005
28	[redacted]	18 255,4	6 037,5	6 090,1	1 823,7	248,4	Feb 2006
29	[redacted]	17 500,2	23 304,6	143 851,3	15 249,7	4 277,7	Jun 2006
30	[redacted]	17 233,0	49 722,0	89 909,8	24 387,0	-154,0	Dec 2005
31	[redacted]	17 009,6	3 291,0	8 479,2	525,4	421,0	Sep 2006
32	[redacted]	16 513,9	8 519,2	30 034,2	2 231,6	1 645,2	Sep 2006
33	[redacted]	16 316,0	7 833,0	25 357,5	3 378,0	1 533,0	Mar 2006
34	[redacted]	16 053,7	8 977,4	18 222,7	2 256,5	536,6	Jun 2006
35	[redacted]	15 706,4	20 763,7	64 353,9	10 531,8	2 405,6	Mar 2006
36	[redacted]	15 261,9	11 268,5	14 549,3	4 758,5	1 008,3	Sep 2006
37	[redacted]	14 604,7	30 493,5	66 189,4	20 851,6	1 226,0	Jun 2006
38	[redacted]	14 208,0	8 484,9	19 586,7	2 094,6	773,0	Jun 2006
39	[redacted]	13 969,0	6 655,0	13 442,0	1 850,0	349,0	Feb 2006
40	[redacted]	13 401,2	4 769,8	4 288,6	1 659,7	353,8	Jun 2006
41	[redacted]	13 156,0	16 290,8	67 798,8	6 120,6	2 964,5	Sep 2006
42	[redacted]	11 965,5	8 929,6	18 572,7	2 772,0	540,2	Jun 2006
43	[redacted]	11 962,0	14 419,0	20 540,4	7 530,0	1 637,0	Dec 2005
44	[redacted]	11 939,0	9 378,0	15 895,4	5 289,0	1 555,0	Aug 2006
45	[redacted]	11 615,9	33 308,4	25 388,2	-8 556,6	859,9	Sep 2006
46	[redacted]	11 355,0	14 856,0	12 056,3	5 717,1	1 880,0	Dec 2005
47	[redacted]	10 429,0	173 656,0	4 105,2	4 297,0	2 457,0	Mar 2006
48	[redacted]	10 000,6	3 161,1	4 502,9	1 057,4	300,5	Aug 2006
49	[redacted]	9 890,5	6 639,1	5 384,4	507,3	413,3	Jun 2006
50	[redacted]	9 802,0	79 541,0	81 233,2	73 515,0	4 998,0	Mar 2006

51	[redacted]	8 768,0	5 376,0	8 814,2	1 512,4	566,0	Dec 2005
52	[redacted]	8 741,8	3 340,1	1 722,6	352,4	100,3	Dec 2005
53	[redacted]	8 236,4	5 645,6	15 745,4	1 818,0	827,9	Sep 2006
54	[redacted]	8 039,0	29 873,0	40 499,4	24 073,0	-638,0	Jun 2006
55	[redacted]	8 005,0	9 645,0	7 953,1	4 603,9	1 629,0	Dec 2005
56	[redacted]	7 486,2	6 234,7	10 248,0	3 761,3	950,1	Aug 2006
57	[redacted]	7 449,1	4 790,0	7 835,5	1 621,8	673,3	Dec 2005
58	[redacted]	7 155,0	3 899,0	7 832,7	1 092,0	1 733,0	Dec 2005
59	[redacted]	6 926,0	7 895,0	13 113,8	5 225,0	581,0	Dec 2005
60	[redacted]	6 757,0	1 586,0	2 150,9	252,0	155,3	Feb 2006
61	[redacted]	6 656,0	52 983,0	8 864,6	5 965,9	1 660,0	Dec 2005
62	[redacted]	6 432,1	5 671,4	16 618,4	2 699,3	986,0	Mar 2006
63	[redacted]	6 292,7	82 881,1	35 867,8	5 879,1	933,6	Mar 2006
64	[redacted]	6 041,0	2 605,0	7 091,1	1 115,0	354,0	Feb 2006
65	[redacted]	5 949,0	7 119,2	16 062,2	2 915,9	317,3	Jun 2006
66	[redacted]	5 864,7	4 695,9	6 697,5	446,2	67,3	Jun 2006
67	[redacted]	5 795,1	2 932,1	5 794,1	615,6	143,8	Jun 2006
68	[redacted]	5 468,8	4 595,1	6 626,2	1 733,2	612,4	Mar 2006
69	[redacted]	5 431,2	3 618,1	2 377,8	988,3	115,7	Feb 2006
70	[redacted]	5 420,5	3 265,4	6 890,5	1 224,2	261,7	Jun 2006
71	[redacted]	5 247,6	5 403,4	10 274,4	3 172,0	537,4	Jun 2006
72	[redacted]	5 219,5	2 016,1	6 823,5	1 045,4	352,4	Mar 2006
73	[redacted]	5 183,7	2 029,3	5 072,1	989,8	538,4	Sep 2006
74	[redacted]	5 076,0	128 728,0	7 817,9	-768,0	587,0	Mar 2006
75	[redacted]	4 723,0	3 426,0	9 897,9	1 331,0	367,0	Mar 2006
76	[redacted]	4 720,7	79 230,4	64 301,5	40 632,6	-343,5	Dec 2005
77	[redacted]	4 686,4	4 339,9	25 375,3	1 357,8	1 216,1	Sep 2006
78	[redacted]	4 651,0	4 967,0	9 324,9	3 003,2	447,0	Mar 2006

79	[redacted]	4 622,0	14 586,0	21 074,5	11 226,0	483,0	Jun 2006
80	[redacted]	4 479,0	6 685,0	17 048,3	4 479,0	872,0	Jun 2006
81	[redacted]	4 331,3	2 039,9	2 981,7	609,8	174,2	Mar 2006
82	[redacted]	4 101,5	2 456,4	4 693,1	1 364,9	367,5	Mar 2006
83	[redacted]	3 914,0	3 829,0	10 199,9	2 007,0	619,0	Sep 2006
84	[redacted]	3 816,0	2 561,0	15 914,2	1 651,0	811,0	Jun 2006
85	[redacted]	3 686,3	2 673,1	690,6	1 490,3	72,5	Jun 2006
86	[redacted]	3 533,0	8 013,0	15 100,5	1 437,0	1 094,0	Sep 2006
87	[redacted]	3 509,7	3 723,0	2 131,4	1 317,6	406,1	Dec 2005
88	[redacted]	3 470,0	1 198,0	2 403,3	30,7	199,0	Feb 2006
89	[redacted]	3 468,5	4 339,6	7 572,6	3 239,4	526,2	Jun 2006
90	[redacted]	3 449,3	3 149,5	14 234,5	538,2	814,2	Jun 2006
91	[redacted]	3 382,6	3 905,5	5 768,0	2 974,7	311,8	Jun 2006
92	[redacted]	3 299,3	3 011,7	804,7	965,4	56,3	Jun 2006
93	[redacted]	3 209,2	1 634,1	3 129,5	691,8	8,4	Dec 2005
94	[redacted]	3 207,7	2 148,1	1 812,2	954,0	131,0	May 2006
95	[redacted]	3 200,2	1 840,5	1 023,8	428,0	88,4	Jun 2006
96	[redacted]	3 102,4	5 512,0	4 957,2	4 156,9	769,8	Jun 2006
97	[redacted]	3 083,3	1 751,3	791,9	682,0	11,0	Feb 2006
98	[redacted]	2 997,9	1 658,0	1 629,6	917,5	222,5	Dec 2005
99	[redacted]	2 981,6	4 880,0	19 861,3	2 476,4	689,0	Jun 2006
100	[redacted]	2 874,5	2 890,3	6 850,0	2 106,4	406,0	Mar 2006
101	[redacted]	2 710,4	883,2	1 548,3	232,3	89,2	Jun 2006
102	[redacted]	2 683,4	1 016,8	2 584,3	369,1	155,8	Dec 2005
103	[redacted]	2 544,6	1 262,8	1 882,7	690,1	129,5	Sep 2006
104	[redacted]	2 456,9	2 291,2	6 118,8	1 575,0	374,7	Jun 2006

105	[redacted]	2 427,3	907,2	5 349,6	-117,4	304,1	Jun 2006
106	[redacted]	2 386,3	2 736,0	12 213,1	1 977,2	726,5	Jun 2006
107	[redacted]	2 364,6	3 459,3	2 562,4	-528,1	18,1	Dec 2005
108	[redacted]	2 359,7	468,8	1 572,5	125,8	83,1	Dec 2005
109	[redacted]	2 151,0	1 429,9	2 043,9	1 011,5	146,6	Dec 2005
110	[redacted]	2 150,8	932,0	1 167,0	465,7	108,0	Jun 2006

(Source: Financial Mail; Top 100 Companies 2007)

http://www.topcompanies.co.za/topcos2007/tables/saqiants.html

Financial Mail

26 August 2007

BDFM Publishers (Pty)

10 APPENDIX C

SA TOP COMPANIES BRANDING STRATEGY

Table C1: Branding strategy Followed, SA Top Companies

	Top SA companies	Branding Strategy		
		Corporate Branding	Mixed Branding	House of Brands
1	BHP Billiton Plc		1	
2	Anglo American Plc	1		
3	SABMiller Plc		1	
4	Sanlam			
5	Sasol	1		
6	The Bidvest Group		1	
7	Standard Bank Group	1		
8	Imperial Holdings		1	
9	Old Mutual Plc	1		
10	Telkom	1		
11	FirstRand		1	
12	Barloworld		1	
13	Anglo American Platinum Corp	1		
14	Absa Group	1		
15	Pick 'n Pay Stores & Holdings		1	
16	Sappi	1		
17	Shoprite Holdings		1	
18	Steinhoff International Holdings		1	
19	Richemont Securities AG			1
20	MTN Group			
21	Nedbank	1		
22	Massmart Holdings			1
23	Liberty Group	1		
24	Mittal Steel SA		1	
25	Dimension Data Hold	1		
26	Liberty Holdings	1		
27	Datatec	1		
28	Impala Platinum Holdings	1		
29	AngloGold Ashanti	1		
30	The Spar Group	1		

31	Tiger Brands			1
32	Edgars Consolidated Stores			
33	Aveng		1	
34	Naspers			1
35	Nampak			
36	Gold Fields	1		
37	Woolworths Holdings	1		
38	Allied Electronics Corp			
39	Unitrans		1	
40	Lonmin Plc	1		
41	Murray & Roberts Holdings	1		
42	Exxaro		1	
43	JD Group			1
44	Santam	1		
45	Investec & PLc	1		
46	New Clicks Holdings		1	
47	Super Group		1	
48	Remgro			1
49	AECI			
50	Oando			
51	Reunert			1
52	Harmony Gold Mining Co	1		
53	Mutual & Federal	1		
54	Ellerine Holdings		1	
55	Grindrod			1
56	Hiveld Steel & Vanadium	1		
57	Tongaat-Hulett Group	1		
58	Combined Motor Holdings			1
59	Metropolitan Holdings	1		
60	Foschini		1	
61	Allied Technologies			
62	Sun International	1		
63	Group Five	1		
64	Wilson Bayly Holmes-Ovcon			
65	Illovo Sugar	1		
66	Afgri	1		
67	AVI			1

68	Distell Group			1
69	Mr Price Group	1		
70	Astral Foods			1
71	Alexander Forbes	1		
72	Medi-Clinic Corporation			1
73	Liberty International Plc	1		
74	Pretoria Portland Cement	1		
75	Johnnic Communications			1
76	African Rainbow Minerals			1
77	Discovery Holdings	1		
78	Omnia Holdings	1		
79	Rainbow Chicken	1		
80	African Oxygen	1		
81	Truworths International			
82	Seardel Investment Corporation			1
83	African Bank Investments	1		
84	SA Eagle Insurance	1		
85	Bytes Technology Group			
86	Caxton CTP Pub & Print			1
87	Aspen Pharmacare Holdings	1		
88	Assore			1
89	Tiger Wheels	1		
90	Bell Equipment	1		
91	Business Connexion Group	1		
92	Mustek		1	
93	Mvelaphanda			1
94	Tradehold			
95	KAP International			1
96	Aquarius Platinum	1		
97	Lewis Group		1	
98	Cashbuild	1		
99	Iliad Africa	1		
100	Oceana Group			1
101	Consol			
102	Primedia			1
103	Northam Platinum	1		
104	Palamin	1		

105	Adcorp Holdings		1	
	Total	50	20	22

11 APPEDIX D

SA TOP COMPANIES INDUSTRY CATEGORISATION

Table D1: Industrial Classification of SA Top Companies

Top SA companies		Industry Category									
		Utilities	Industrial	Pharm	Retail	I.T.	Automotive	Financial	Food & Drink	Luxury	Mining
1	BHP Billiton Plc										1
2	Anglo American Plc										1
3	SABMiller Plc								1		
4	Sanlam										
5	Sasol		1								
6	The Bidvest Group							1			
7	Standard Bank Group							1			
8	Imperial Holdings						1				
9	Old Mutual Plc							1			
10	Telkom	1									
11	FirstRand							1			
12	Barloworld		1								
13	Anglo American Platinum Corp										1
14	Absa Group							1			
15	Pick 'n Pay Stores & Holdings				1						
16	Sappi		1								
17	Shoprite Holdings				1						
18	Steinhoff International Holdings		1								
19	Richemont Securities AG									1	
20	MTN Group										
21	Nedbank							1			
22	Massmart Holdings				1						
23	Liberty Group							1			
24	Mittal Steel SA		1								
25	Dimension Data Hold					1					
26	Liberty Holdings							1			
27	Datatec					1					
28	Impala Platinum Holdings										1
29	AngloGold Ashanti										1
30	The Spar Group				1						
31	Tiger Brands		1								
32	Edgars Consolidated Stores										
33	Aveng		1								
34	Naspers		1								

35	Nampak										
36	Gold Fields										1
37	Woolworths Holdings				1						
38	Allied Electronics Corp										
39	Unitrans						1				
40	Lonmin Plc										1
41	Murray & Roberts Holdings		1								
42	Exxaro										1
43	JD Group				1						
44	Santam							1			
45	Investec & PLc							1			
46	New Clicks Holdings				1						
47	Super Group						1				
48	Remgro		1								
49	AECI										
50	Oando										
51	Reunert		1								
52	Harmony Gold Mining Co										1
53	Mutual & Federal							1			
54	Ellerine Holdings				1						
55	Grindrod		1								
56	Hiveld Steel & Vanadium		1								
57	Tongaat-Hulett Group		1								
58	Combined Motor Holdings						1				
59	Metropolitan Holdings							1			
60	Foschini				1						
61	Allied Technologies										
62	Sun International									1	
63	Group Five		1								
64	Wilson Bayly Holmes-Ovcon										
65	Illovo Sugar		1								
66	Afgri		1								
67	AVI				1						
68	Distell Group								1		
69	Mr Price Group				1						
70	Astral Foods		1								
71	Alexander Forbes							1			
72	Medi-Clinic Corporation									1	
73	Liberty International Plc							1			
74	Pretoria Portland Cement		1								
75	Johnnic Communications		1								

76	African Rainbow Minerals										1
77	Discovery Holdings							1			
78	Omnia Holdings		1								
79	Rainbow Chicken		1								
80	African Oxygen		1								
81	Truworths International										
82	Seardel Investment Corporation				1						
83	African Bank Investments							1			
84	SA Eagle Insurance							1			
85	Bytes Technology Group										
86	Caxton CTP Pub & Print		1								
87	Aspen Pharmacare Holdings			1							
88	Assore										1
89	Tiger Wheels						1				
90	Bell Equipment		1								
91	Business Connexion Group					1					
92	Mustek					1					
93	Mvelaphanda							1			
94	Tradehold										
95	KAP International		1								
96	Aquarius Platinum										1
97	Lewis Group				1						
98	Cashbuild				1						
99	Iliad Africa				1						
100	Oceana Group		1								
101	Consol										
102	Primedia		1								
103	Northam Platinum										1
104	Palamin										1
105	Adcorp Holdings		1								
	Total	1	29	1	15	4	5	18	2	3	14

12 APPENDIX E

MIXED BRANDING STRATEGY INDICATING BRAND EQUITY

Table E1: Brand Equity Demonstrated in Mixed Branding Strategy

	Top SA companies	**Mixed Strategy**	Brand Brand/s	Brand Equity	Brand Value	Brand profit	number of words
1	BHP Billiton Plc	1	1	0	0	0	168,277
3	SABMiller Plc	1	248	0	0	0	86,772
6	The Bidvest Group	1	64	0			85,240
8	Imperial Holdings	1	11	0	0		62,489
11	FirstRand	1	36	0		0	126,893
12	Barloworld	1	73	0	0	0	114,636
15	Pick 'n Pay Stores & Holdings	1	10	0	0	0	45,242
17	Shoprite Holdings	1	60		0	0	52,920
18	Steinhoff International Holdings	1	85	0	0	0	79,068
24	Mittal Steel SA	1	0	0	0	0	57,188
33	Aveng	1	7	0	0	0	71,774
39	Unitrans	1	9	0	0	0	66,407
42	Exxaro	1	4	0	0	0	53,286
46	New Clicks Holdings	1	26	0	0	0	47,027
47	Super Group	1	23	0	0	0	57,917
54	Ellerine Holdings	1	157	0	0		56,633
60	Foschini	1	91	0		0	58,052
92	Mustek	1	14	0	0	0	40,441
97	Lewis Group	1	20	0	0	0	32,117
105	Adcorp Holdings	1	6	0	0	0	29,746
	Total	20	945	1	3	3	1,392,125

13 APPENDIX F

MIXED BRANDING STRATEGY INDICATING BRAND EQUITY

Table F1: Brand Equity Demonstrated in Mixed Branding Strategy

	Top SA companies		Brand metrics indicators of brand value					
		Mixed	Brand	Brand	Brand	Brand	Brand	Brand
		Strategy	availability	awareness	differentiation	distribution	leadership	loyalty
1	BHP Billiton Plc	1	0	0	0	0	0	0
3	SABMiller Plc	1		0	0	0	0	0
6	The Bidvest Group	1	0	0	0	0	0	0
8	Imperial Holdings	1	0	0	0	0	0	0
11	FirstRand	1	0	0	0	0	0	0
12	Barloworld	1	0	0		0	0	
15	Pick 'n Pay Stores & Holdings	1	0	0	0	0	0	0
17	Shoprite Holdings	1		0	0	0	0	
18	Steinhoff International Holdings	1			0	0	0	0
24	Mittal Steel SA	1	0	0	0	0	0	0
33	Aveng	1	0	0	0	0	0	0
39	Unitrans	1	0	0	0	0	0	0
42	Exxaro	1	0	0	0	0	0	0
46	New Clicks Holdings	1	0		0	0	0	0
47	Super Group	1	0	0	0	0	0	0
54	Ellerine Holdings	1	0		0		0	0
60	Foschini	1			0	0	0	0
92	Mustek	1	0	0	0	0	0	0
97	Lewis Group	1	0			0	0	0
105	Adcorp Holdings	1	0	0	0	0	0	0
	Total	20	4	7	2	1	0	2

Table F2: Brand Equity Demonstrated in Mixed Branding Strategy

	Top SA companies						
		Mixed	Brand	Brand	Brand	Brand	Brand
		Strategy	performance	personality	presence	quality	relevance
1	BHP Billiton Plc	1	0	0	0	0	0
3	SABMiller Plc	1	0	0	0	0	0
6	The Bidvest Group	1	0	0	0	0	0
8	Imperial Holdings	1	0	0	0	0	0
11	FirstRand	1	0	0	0	0	0
12	Barloworld	1	0	0	0	0	0
15	Pick 'n Pay Stores & Holdings	1	0	0	0	0	0
17	Shoprite Holdings	1	0	0	0	0	0
18	Steinhoff International Holdings	1	0	0	0	0	0
24	Mittal Steel SA	1	0	0	0	0	0
33	Aveng	1	0	0	0	0	0
39	Unitrans	1	0	0	0	0	0
42	Exxaro	1	0	0	0	0	0
46	New Clicks Holdings	1	0	0	0	0	0
47	Super Group	1	0	0	0	0	0
54	Ellerine Holdings	1	0	0	0	0	0
60	Foschini	1	0	0	0	0	0
92	Mustek	1	0	0	0	0	0
97	Lewis Group	1	0	0	0	0	0
105	Adcorp Holdings	1	0	0	0	0	0
	Total	20	0	0	0	0	0

14 APPENDIX G

HOUSE OF BRANDS DEMONSTRATING BRAND EQUITY

Table G1: House of Brands Demonstrating Brand Equity

	Top SA companies						Total
		House of	Brand	Brand	Brand	Brand	number of
		Brands	Brand/s	Equity	Value	profit	words
19	Richemont Securities AG	1	36	0	0	0	54,540
22	Massmart Holdings	1	30		0	0	75,685
31	Tiger Brands	1	101			0	46,921
34	Naspers	1	8	0	0	0	67,776
43	JD Group	1	31		0	0	47,741
48	Remgro	1	13	0	0	0	43,755
51	Reunert	1	15	0	0	0	45,255
55	Grindrod	1	9	0	0	0	52,265
58	Combined Motor Holdings	1	2	0	0	0	22,682
67	AVI	1	69	0		0	37,939
68	Distell Group	1	59		0	0	47,588
70	Astral Foods	1	6	0	0	0	34,272
72	Medi-Clinic Corporation	1	4	0	0	0	39,624
75	Johnnic Communications	1	11	0	0	0	36,851
76	African Rainbow Minerals	1	1	0	0	0	66,214
82	Seardel Investment Corporation	1	12	0	0	0	17,936
86	Caxton CTP Pub & Print	1	0	0	0	0	18,053
88	Assore	1	0	0	0	0	41,364
93	Mvelaphanda	1	3	0	0	0	39,159
95	KAP International	1	18	0	0	0	34,666
100	Oceana Group	1	43	0	0	0	49,590
102	Primedia	1	9	0	0	0	47,473
	Total	22	480	4	3	0	967,349

15 APPENDIX H

HOUSE OF BRANDS WITH INDICATORS OF BRAND EQUITY

Table H1: House of Brands Demonstrating Brand Equity

	Top SA companies	House of Brands	Brand metrics indicators of brand value					
			Brand availability	Brand awareness	Brand differentiation	Brand distribution	Brand leadership	Brand loyalty
19	Richemont Securities AG	1	0		0	0	0	0
22	Massmart Holdings	1	0	0	0	0	0	0
31	Tiger Brands	1	0	0	0	0	0	0
34	Naspers	1	0	0	0	0	0	0
43	JD Group	1	0	0		0	0	0
48	Remgro	1	0	0	0	0	0	0
51	Reunert	1	0	0	0	0	0	
55	Grindrod	1	0	0	0	0	0	0
58	Combined Motor Holdings	1	0	0	0	0	0	0
67	AVI	1	0	0	0	0	0	0
68	Distell Group	1	0	0	0	0	0	
70	Astral Foods	1	0	0	0	0	0	0
72	Medi-Clinic Corporation	1	0	0	0	0	0	0
75	Johnnic Communications	1	0	0	0	0	0	0
76	African Rainbow Minerals	1	0	0	0	0	0	0
82	Seardel Investment Corporation	1	0	0	0	0	0	0
86	Caxton CTP Pub & Print	1	0	0	0	0	0	0
88	Assore	1	0	0	0	0	0	0
93	Mvelaphanda	1	0	0	0	0	0	0
95	KAP International	1	0	0	0	0	0	0
100	Oceana Group	1	0	0	0	0	0	0
102	Primedia	1	0	0	0	0	0	
	Total	22	0	1	2	0	0	4

Table H2: House of Brands Demonstrating Brand Equity

	Top SA companies	House of Brands	Brand metrics indicators of brand value				
			Brand performance	Brand personality	Brand presence	Brand quality	Brand relevance
19	Richemont Securities AG	1	0	[redacted]	0	0	0
22	Massmart Holdings	1	0	0	0	0	0
31	Tiger Brands	1	0	0	[redacted]	0	0
34	Naspers	1	0	0	0	0	0
43	JD Group	1	0	0	0	0	0
48	Remgro	1	0	0	0	0	0
51	Reunert	1	0	0	0	0	0
55	Grindrod	1	0	0	0	0	0
58	Combined Motor Holdings	1	0	0	0	0	0
67	AVI	1	[redacted]	0	0	0	0
68	Distell Group	1	0	0	0	0	0
70	Astral Foods	1	0	0	0	0	0
72	Medi-Clinic Corporation	1	0	0	0	0	0
75	Johnnic Communications	1	0	0	0	0	0
76	African Rainbow Minerals	1	0	0	0	0	0
82	Seardel Investment Corporation	1	0	0	0	0	0
86	Caxton CTP Pub & Print	1	0	0	0	0	0
88	Assore	1	0	0	0	0	0
93	Mvelaphanda	1	0	0	0	0	0
95	KAP International	1	0	0	0	0	0
100	Oceana Group	1	0	0	0	0	0
102	Primedia	1	0	0	0	0	0
	Total	22	1	1	1	0	0

16 APPENDIX I

CORPORATE BRANDING DEMONSTRATING BRAND EQUITY

Table I1: Corporate Branding Indicating Brand Equity

	Top SA companies		Brands	Equity	Value		Total
		Corporate	Brand	Brand	Brand	Brand	number of
			Brand/s	Equity	Value	profit	words
2	Anglo American Plc	1	2	0	0	0	102,673
5	Sasol	1	10	0	0	0	101,878
7	Standard Bank Group	1	6	0	0	0	105,506
9	Old Mutual Plc	1	26	0	0	0	125,290
10	Telkom	1	28	0	0	0	293,046
13	Anglo American Platinum Corp	1	4	0	0	0	81,689
14	Absa Group	1	3	0	0	0	58,101
16	Sappi	1	4	0	0	0	26,129
21	Nedbank	1	50	0	0	0	123,429
23	Liberty Group	1	2	0	0	0	85,715
25	Dimension Data Hold	1	2	0	0	0	47,852
26	Liberty Holdings	1	0	0	0	0	55,352
27	Datatec	1	5	0	0	0	53,053
28	Impala Platinum Holdings	1	2	0	0	0	91,466
29	AngloGold Ashanti	1	8	0	0	0	128,569
30	The Spar Group	1	25	0	0	0	25,833
36	Gold Fields	1	2	0	0	0	99,059
37	Woolworths Holdings	1	26	0	0	0	49,230
40	Lonmin Plc	1	0	0	0	0	42,295
41	Murray & Roberts Holdings	1	2	0	0	0	73,704
44	Santam	1	51	0	[redacted]	0	58,264
45	Investec & PLc	1	11	0	0	0	117,586
52	Harmony Gold Mining Co	1	2	0	0	0	86,992
53	Mutual & Federal	1	4	0	0		46,830
56	Hiveld Steel & Vanadium	1	0	0	0	0	35,419

57	Tongaat-Hulett Group	1	7	0	0	0	46,508
59	Metropolitan Holdings	1	11	0	0	0	69,557
62	Sun International	1	19	[redacted]	0	0	67,422
63	Group Five	1	11	0	0	0	103,723
65	Illovo Sugar	1	0	0	0	0	39,755
66	Afgri	1	5	0	0	0	44,587
69	Mr Price Group	1	14	0	0	0	43,455
71	Alexander Forbes	1	1	0	0	0	26,731
73	Liberty International Plc	1	0	0	0	0	41,142
74	Pretoria Portland Cement	1	11	0	0	0	66,194
77	Discovery Holdings	1	8	0	0	0	74,725
78	Omnia Holdings	1	0	0	0	0	24,907
79	Rainbow Chicken	1	14	0	0	0	34,541
80	African Oxygen	1	11	0	0	0	62,453
83	African Bank Investments	1	5	0	0	0	86,635
84	SA Eagle Insurance	1	5	0	0	0	35,446
87	Aspen Pharmacare Holdings	1	24	0	0	0	62,870
89	Tiger Wheels	1	4	0	0	0	33,031
90	Bell Equipment	1	3	0	0	0	26,522
91	Business Connexion Group	1	2	0	0	0	40,884
96	Aquarius Platinum	1	0	0	0	0	36,875
98	Cashbuild	1	9	0	0	0	34,711
99	Iliad Africa	1	1	0	0	0	8,309
103	Northam Platinum	1	0	0	0	0	45,974
104	Palamin	1	0	0	0	0	40,390
	Total	50	440	1	2	0	3,312,307

17 APPENDIX J

CORPORATE BRANDING WITH INDICATORS OF BRAND EQUITY

Table J1: Corporate Branding Indicating Brand Equity

	Top SA companies		Brand metrics indicators of brand value					
		Corporate	Brand	Brand	Brand	Brand	Brand	Brand
			availability	awareness	differentiation	distribution	leadership	loyalty
2	Anglo American Plc	1	0	0	0	0	0	0
5	Sasol	1	0		0	0	0	0
7	Standard Bank Group	1	0	0	0	0	0	0
9	Old Mutual Plc	1	0		0	0	0	0
10	Telkom	1	0		0	0	0	0
13	Anglo American Platinum Corp	1	0	0	0	0	0	0
14	Absa Group	1	0	0	0	0	0	0
16	Sappi	1	0	0	0	0	0	0
21	Nedbank	1	0		0	0	0	
23	Liberty Group	1	0	0	0	0	0	0
25	Dimension Data Hold	1	0	0	0	0	0	0
26	Liberty Holdings	1	0	0	0	0	0	0
27	Datatec	1	0		0	0	0	0
28	Impala Platinum Holdings	1	0	0	0	0	0	0
29	AngloGold Ashanti	1	0	0	0	0	0	0
30	The Spar Group	1	0		0	0	0	0
36	Gold Fields	1	0	0	0	0	0	0
37	Woolworths Holdings	1	0	0	0	0	0	0
40	Lonmin Plc	1	0	0	0	0	0	0
41	Murray & Roberts Holdings	1	0	0	0	0	0	0
44	Santam	1	0		0	0		
45	Investec & PLc	1	0		0	0	0	0
52	Harmony Gold Mining Co	1	0	0	0	0	0	0
53	Mutual & Federal	1	0	0	0	0	0	0
56	Hiveld Steel & Vanadium	1	0	0	0	0	0	0
57	Tongaat-Hulett Group	1	0	0	0	0	0	0
59	Metropolitan Holdings	1	0	0		0	0	0
62	Sun International	1	0	0	0	0	0	0
63	Group Five	1	0	0	0	0	0	0
65	Illovo Sugar	1	0	0	0	0	0	0
66	Afgri	1	0	0	0	0	0	0
69	Mr Price Group	1	0	0	0	0	0	0
71	Alexander Forbes	1	0	0	0	0	0	0
73	Liberty International Plc	1	0	0	0	0	0	0
74	Pretoria Portland Cement	1	0		0	0	0	0
77	Discovery Holdings	1	0	0	0	0	0	0
78	Omnia Holdings	1	0	0	0	0	0	0
79	Rainbow Chicken	1	0	0	0	0	0	0
80	African Oxygen	1	0	0	0	0	0	0
83	African Bank Investments	1	0	0	0	0	0	0
84	SA Eagle Insurance	1	0	0	0	0	0	0

87	Aspen Pharmacare Holdings	1	0	0	0	0	0	0
89	Tiger Wheels	1	0	0	0	0	0	0
90	Bell Equipment	1	0	0	0	0	0	0
91	Business Connexion Group	1	0	0	0	0	0	0
96	Aquarius Platinum	1	0	0	0	0	0	0
98	Cashbuild	1	0	0	0	0	0	0
99	Iliad Africa	1	0	0	0	0	0	0
103	Northam Platinum	1	0	0	0	0	0	0
104	Palamin	1	0	0	0	0	0	0
	Total	50	0	11	1	0	1	2

Table J2: Corporate Branding Indicating Brand Equity

	Top SA companies						
		Corporate	Brand	Brand	Brand	Brand	Brand
			performance	personality	presence	quality	relevance
2	Anglo American Plc	1	0	0	0	0	0
5	Sasol	1	0	0	0	0	0
7	Standard Bank Group	1	0	0	0	0	0
9	Old Mutual Plc	1	0	0	0	0	0
10	Telkom	1	0	0	0	0	0
13	Anglo American Platinum Corp	1	0	0	0	0	0
14	Absa Group	1	0	0	0	0	0
16	Sappi	1	0	0	0	0	0
21	Nedbank	1	0	0		0	0
23	Liberty Group	1	0	0	0	0	0
25	Dimension Data Hold	1	0	0	0	0	0
26	Liberty Holdings	1	0	0	0	0	0
27	Datatec	1	0	0	0	0	0
28	Impala Platinum Holdings	1	0	0	0	0	0
29	AngloGold Ashanti	1	0	0	0	0	0
30	The Spar Group	1	0	0	0	0	0
36	Gold Fields	1	0	0	0	0	0
37	Woolworths Holdings	1	0	0	0	0	0
40	Lonmin Plc	1	0	0	0	0	0
41	Murray & Roberts Holdings	1	0	0	0	0	0
44	Santam	1	0	0	0	0	0
45	Investec & PLc	1	0	0		0	0
52	Harmony Gold Mining Co	1	0	0	0	0	0
53	Mutual & Federal	1	0	0	0	0	0
56	Hiveld Steel & Vanadium	1	0	0	0	0	0
57	Tongaat-Hulett Group	1	0	0	0	0	0
59	Metropolitan Holdings	1	0	0	0	0	0
62	Sun International	1	0	0	0	0	0
63	Group Five	1	0	0	0	0	0
65	Illovo Sugar	1	0	0	0	0	0
66	Afgri	1	0	0	0	0	0
69	Mr Price Group	1	0		0	0	
71	Alexander Forbes	1	0	0	0	0	0
73	Liberty International Plc	1	0	0	0	0	0
74	Pretoria Portland Cement	1	0	0	0	0	0
77	Discovery Holdings	1	0	0	0	0	0
78	Omnia Holdings	1	0	0	0	0	0
79	Rainbow Chicken	1	0	0	0	0	0
80	African Oxygen	1	0	0	0		0
83	African Bank Investments	1	0	0	0	0	0
84	SA Eagle Insurance	1	0	0	0	0	0
87	Aspen Pharmacare Holdings	1	0	0	0	0	0
89	Tiger Wheels	1	0	0	0	0	0
90	Bell Equipment	1	0	0	0	0	0

91	Business Connexion Group	1	0	0	0	0	0
96	Aquarius Platinum	1	0	0	0	0	0
98	Cashbuild	1	0	0	0	[redacted]	0
99	Iliad Africa	1	0	0	0	0	0
103	Northam Platinum	1	0	0	0	0	0
104	Patamin	1	0	0	0	0	0
	Total	50	0	1	2	3	1

18 APPENDIX K

INDUSTRY AND BRAND EQUITY

18.1 Utilities Industry

Table K1.1: Utilities Demonstrating Brand Equity

	Top SA companies		Brands	Equity	Value		Total
		Utilities	Brand	Brand	Brand	Brand	number of
			Brand/s	Equity	Value	profit	words
10	Telkom	1	28	0	0	0	293,046
	Total	1	28	0	0	0	293,046

Table K1.2: Utilities with Indicators of Brand Equity

	Top SA companies		Brand metrics indicators of brand value					
		Utilities	Brand	Brand	Brand	Brand	Brand	Brand
			availability	awareness	differentiation	distribution	leadership	loyalty
10	Telkom	1	0	[redacted]	0	0	0	0
	Total	1	0	2	0	0	0	0

Table K1.3: Utilities with Indicators of Brand Equity

	Top SA companies						
		Utilities	Brand	Brand	Brand	Brand	Brand
			performance	personality	presence	quality	relevance
10	Telkom	1	0	0	0	0	0
	Total	1	0	0	0	0	0

18.2 Pharmaceutical Industry

Table K2.1: Pharmaceutical Demonstrating Brand Equity

	Top SA companies	Pharmaceutical	Brands	Equity	Value		Total
			Brand	Brand	Brand	Brand	number of
			Brand/s	Equity	Value	profit	words
87	Aspen Pharmacare Holdings	1	24	0	0	0	62,870
	Total	1	24	0	0	0	62,870

Table K2.2: Pharmaceutical with Indicators of Brand Equity

	Top SA companies	Pharmaceutica l	Brand metrics indicators of brand value					
			Brand	Brand	Brand	Brand	Brand	Brand
			availability	awareness	differentiation	distribution	leadership	loyalty
87	Aspen Pharmacare Holdings	1	0	0	0	0	0	
	Total	1	0	0	0	0	0	

Table K2.3: Pharmaceutical with Indicators of Brand Equity

	Top SA companies						
		Pharmaceutica	Brand	Brand	Brand	Brand	Brand
			performance	personality	presence	quality	relevance
87	Aspen Pharmacare Holdings	1	0	0	0	0	0
	Total	1	0	0	0	0	0

18.3 Information Technology Industry

Table K3.1: I.T. Demonstrating Brand Equity

	Top SA companies		Brands	Equity	Value		Total
		I.T.	Brand	Brand	Brand	Brand	number of
			Brand/s	Equity	Value	profit	words
25	Dimension Data Hold	1	2	0	0	0	47,852
27	Datatec	1	5	0	0	0	53,053
91	Business Connexion Group	1	2	0	0	0	40,884
92	Mustek	1	14	0	0	0	40,441
	Total	4	23	0	0	0	182,230

Table K3.2: I.T. with Indicators of Brand Equity

	Top SA companies		Brand metrics indicators of brand value					
		I.T.	Brand	Brand	Brand	Brand	Brand	Brand
			availability	awareness	differentiation	distribution	leadership	loyalty
25	Dimension Data Hold	1	0	0	0	0	0	0
27	Datatec	1	0	[redacted]	0	0	0	0
91	Business Connexion Group	1	0	0	0	0	0	0
92	Mustek	1	0	0	0	0	0	0
	Total	4	0	1	0	0	0	0

Table K3.3: I.T. with Indicators of Brand Equity

	Top SA companies						
		I.T.	Brand	Brand	Brand	Brand	Brand
			performance	personality	presence	quality	relevance
25	Dimension Data Hold	1	0	0	0	0	0
27	Datatec	1	0	0	0	0	0
91	Business Connexion Group	1	0	0	0	0	0
92	Mustek	1	0	0	0	0	0
	Total	4	0	0	0	0	0

18.4 Automotive Industry

Table K4.1: Automotive Demonstrating Brand Equity

	Top SA companies		Brands	Equity	Value		Total
		Automotive	Brand	Brand	Brand	Brand	number of
			Brand/s	Equity	Value	profit	words
8	Imperial Holdings	1	11	0	0	[redacted]	62,489
39	Unitrans	1	9	0	0	0	66,407
47	Super Group	1	23	0	0	0	57,917
58	Combined Motor Holdings	1	2	0	0	0	22,682
89	Tiger Wheels	1	4	0	0	0	33,031
	Total	5	49	0	0	1	242,526

Table K4.2: Automotive with Indicators of Brand Equity

	Top SA companies		Brand metrics indicators of brand value					
		Automotive	Brand	Brand	Brand	Brand	Brand	Brand
			availability	awareness	differentiation	distribution	leadership	loyalty
8	Imperial Holdings	1	0	0	0	0	0	0
39	Unitrans	1	0	0	0	0	0	0
47	Super Group	1	0	0	0	0	0	0
58	Combined Motor Holdings	1	0	0	0	0	0	0
89	Tiger Wheels	1	0	0	0	0	0	0
	Total	5	0	0	0	0	0	0

Table K4.3: Automotive with Indicators of Brand Equity

	Top SA companies						
		Automotive	Brand	Brand	Brand	Brand	Brand
			performance	personality	presence	quality	relevance
8	Imperial Holdings	1	0	0	0	0	0
39	Unitrans	1	0	0	0	0	0
47	Super Group	1	0	0	0	0	0
58	Combined Motor Holdings	1	0	0	0	0	0
89	Tiger Wheels	1	0	0	0	0	0
	Total	5	0	0	0	0	0

18.5 Food and Drink industry

Table K5.1: Food & Drink Demonstrating Brand Equity

	Top SA companies		Brands	Equity	Value		Total
		Food & Drink	Brand	Brand	Brand	Brand	number of
			Brand/s	Equity	Value	profit	words
3	SABMiller Plc	1	248	0	0	0	86,772
68	Distell Group	1	59		0	0	47,588
	Total	2	307	1	0	0	134,360

Table K5.2: Food & Drink with Indicators of Brand Equity

	Top SA companies		Brand metrics indicators of brand value					
		Food & Drink	Brand	Brand	Brand	Brand	Brand	Brand
			availability	awareness	differentiation	distribution	leadership	loyalty
3	SABMiller Plc	1		0	0	0	0	0
68	Distell Group	1	0	0	0	0	0	
	Total	2	1	0	0	0	0	1

Table K5.3: Food & Drink with Indicators of Brand Equity

	Top SA companies						
		Food & Drink	Brand	Brand	Brand	Brand	Brand
			performance	personality	presence	quality	relevance
3	SABMiller Plc	1	0	0	0	0	0
68	Distell Group	1	0	0	0	0	0
	Total	2	0	0	0	0	0

18.6 Luxury Industry

Table K6.1: Luxury Demonstrating Brand Equity

	Top SA companies		Brands	Equity	Value		Total
		Luxury	Brand	Brand	Brand	Brand	number of
			Brand/s	Equity	Value	profit	words
19	Richemont Securities AG	1	36	0	0	0	54,540
62	Sun International	1	19	[redacted]	0	0	67,422
72	Medi-Clinic Corporation	1	4	0	0	0	39,624
	Total	3	59	1	0	0	161,586

Table K6.2: Luxury with Indicators of Brand Equity

	Top SA companies		Brand metrics indicators of brand value					
		Luxury	Brand	Brand	Brand	Brand	Brand	Brand
			availability	awareness	differentiation	distribution	leadership	loyalty
19	Richemont Securities AG	1	0	[redacted]	0	0	0	0
62	Sun International	1	0	0	0	0	0	0
72	Medi-Clinic Corporation	1	0	0	0	0	0	0
	Total	3	0	1	0	0	0	0

Table K6.3: Luxury with Indicators of Brand Equity

	Top SA companies						
		Luxury	Brand	Brand	Brand	Brand	Brand
			performance	personality	presence	quality	relevance
19	Richemont Securities AG	1	0	[redacted]	0	0	0
62	Sun International	1	0	0	0	0	0
72	Medi-Clinic Corporation	1	0	0	0	0	0
	Total	3	0	1	0	0	0

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INDUSTRIAL INDUSTRY AND BRAND EQUITY

Table L1: Industrial Industry Demonstrating Brand Equity

	Top SA companies		Brands	Equity	Value		Total
		Industrial	Brand	Brand	Brand	Brand	number of
			Brand/s	Equity	Value	profit	words
5	Sasol	1	10	0	0	0	101,878
12	Barloworld	1	73	0	0	0	114,636
16	Sappi	1	4	0	0	0	26,129
18	Steinhoff International Holdings	1	85	0	0	0	79,068
24	Mittal Steel SA	1	0	0	0	0	57,188
31	Tiger Brands	1	101			0	46,921
33	Aveng	1	7	0	0	0	71,774
34	Naspers	1	8	0	0	0	67,776
41	Murray & Roberts Holdings	1	2	0	0	0	73,704
48	Remgro	1	13	0	0	0	43,755
51	Reunert	1	15	0	0	0	45,255
55	Grindrod	1	9	0	0	0	52,265
56	Hiveld Steel & Vanadium	1	0	0	0	0	35,419
57	Tongaat-Hulett Group	1	7	0	0	0	46,508
63	Group Five	1	11	0	0	0	103,723
65	Illovo Sugar	1	0	0	0	0	39,755
66	Afgri	1	5	0	0	0	44,587
70	Astral Foods	1	6	0	0	0	34,272
74	Pretoria Portland Cement	1	11	0	0	0	66,194
75	Johnnic Communications	1	11	0	0	0	36,851
78	Omnia Holdings	1	0	0	0	0	24,907
79	Rainbow Chicken	1	14	0	0	0	34,541
80	African Oxygen	1	11	0	0	0	62,453
86	Caxton CTP Pub & Print	1	0	0	0	0	18,053
90	Bell Equipment	1	3	0	0	0	26,522
95	KAP International	1	18	0	0	0	34,666
100	Oceana Group	1	43	0	0	0	49,590
102	Primedia	1	9	0	0	0	47,473
105	Adcorp Holdings	1	6	0	0	0	29,746
	Total	29	482	1	2	0	1,515,609

Table L2: Industrial Industry with Indicators of Brand Equity

	Top SA companies		Brand metrics indicators of brand value					
		Industrial	Brand	Brand	Brand	Brand	Brand	Brand
			availability	awareness	differentiation	distribution	leadership	loyalty
5	Sasol	1	0		0	0	0	0
12	Bartoworld	1	0	0		0	0	
16	Sappi	1	0	0	0	0	0	0
18	Steinhoff International Holdings	1			0	0	0	0
24	Mittal Steel SA	1	0	0	0	0	0	0
31	Tiger Brands	1	0	0	0	0	0	0
33	Aveng	1	0	0	0	0	0	0
34	Naspers	1	0	0	0	0	0	0
41	Murray & Roberts Holdings	1	0	0	0	0	0	0
48	Remgro	1	0	0	0	0	0	0
51	Reunert	1	0	0	0	0	0	
55	Grindrod	1	0	0	0	0	0	0
56	Hiveld Steel & Vanadium	1	0	0	0	0	0	0
57	Tongaat-Hulett Group	1	0	0	0	0	0	0
63	Group Five	1	0	0	0	0	0	0
65	Illovo Sugar	1	0	0	0	0	0	0
66	Afgri	1	0	0	0	0	0	0
70	Astral Foods	1	0	0	0	0	0	0
74	Pretoria Portland Cement	1	0		0	0	0	0
75	Johnnic Communications	1	0	0	0	0	0	0
78	Omnia Holdings	1	0	0	0	0	0	0
79	Rainbow Chicken	1	0	0	0	0	0	0
80	African Oxygen	1	0	0	0	0	0	0
86	Caxton CTP Pub & Print	1	0	0	0	0	0	0
90	Bell Equipment	1	0	0	0	0	0	0
95	KAP International	1	0	0	0	0	0	0
100	Oceana Group	1	0	0	0	0	0	0
102	Primedia	1	0	0	0	0	0	
105	Adcorp Holdings	1	0	0	0	0	0	0
	Total	29	1	3	1	0	0	4

Table L3: Industrial Industry with Indicators of Brand Equity

	Top SA companies						
		Industrial	Brand	Brand	Brand	Brand	Brand
			performance	personality	presence	quality	relevance
5	Sasol	1	0	0	0	0	0
12	Barloworld	1	0	0	0	0	0
16	Sappi	1	0	0	0	0	0
18	Steinhoff International Holdings	1	0	0	0	0	0
24	Mittal Steel SA	1	0	0	0	0	0
31	Tiger Brands	1	0	0		0	0
33	Aveng	1	0	0	0	0	0
34	Naspers	1	0	0	0	0	0
41	Murray & Roberts Holdings	1	0	0	0	0	0
48	Remgro	1	0	0	0	0	0
51	Reunert	1	0	0	0	0	0
55	Grindrod	1	0	0	0	0	0
56	Hiveld Steel & Vanadium	1	0	0	0	0	0
57	Tongaat-Hulett Group	1	0	0	0	0	0
63	Group Five	1	0	0	0	0	0
65	Illovo Sugar	1	0	0	0	0	0
66	Afgri	1	0	0	0	0	0
70	Astral Foods	1	0	0	0	0	0
74	Pretoria Portland Cement	1	0	0	0	0	0
75	Johnnic Communications	1	0	0	0	0	0
78	Omnia Holdings	1	0	0	0	0	0
79	Rainbow Chicken	1	0	0	0	0	0
80	African Oxygen	1	0	0	0		0
86	Caxton CTP Pub & Print	1	0	0	0	0	0
90	Bell Equipment	1	0	0	0	0	0
95	KAP International	1	0	0	0	0	0
100	Oceana Group	1	0	0	0	0	0
102	Primedia	1	0	0	0	0	0
105	Adcorp Holdings	1	0	0	0	0	0
	Total	29	0	0	1	1	0

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RETAIL INDUSTRY AND BRAND EQUITY

Table M1: Retail Industry Demonstrating Brand Equity

	Top SA companies		Brands	Equity	Value		Total
		Retail	Brand	Brand	Brand	Brand	number of
			Brand/s	Equity	Value	profit	words
15	Pick 'n Pay Stores & Holdings	1	10	0	0	0	45,242
17	Shoprite Holdings	1	60		0	0	52,920
22	Massmart Holdings	1	30		0	0	75,685
30	The Spar Group	1	25	0	0	0	25,833
37	Woolworths Holdings	1	26	0	0	0	49,230
43	JD Group	1	31		0	0	47,741
46	New Clicks Holdings	1	26	0	0	0	47,027
54	Ellerine Holdings	1	157	0	0		56,633
60	Foschini	1	91	0		0	58,052
67	AVI	1	69	0		0	37,939
69	Mr Price Group	1	14	0	0	0	43,455
82	Seardel Investment Corporation	1	12	0	0	0	17,936
97	Lewis Group	1	20	0	0	0	32,117
98	Cashbuild	1	9	0	0	0	34,711
99	Iliad Africa	1	1	0	0	0	8,309
	Total	15	581	3	2	1	632,830

Table M2: Retail Industry with Indicators of Brand Equity

	Top SA companies		Brand metrics indicators of brand value					
		Retail	Brand	Brand	Brand	Brand	Brand	Brand
			availability	awareness	differentiation	distribution	leadership	loyalty
15	Pick 'n Pay Stores & Holdings	1	0	0	0	0	0	0
17	Shoprite Holdings	1		0	0	0	0	
22	Massmart Holdings	1	0	0	0	0	0	0
30	The Spar Group	1	0		0	0	0	0
37	Woolworths Holdings	1	0	0	0	0	0	0
43	JD Group	1	0	0		0	0	0
46	New Clicks Holdings	1	0		0	0	0	0
54	Ellerine Holdings	1	0		0		0	0
60	Foschini	1			0	0	0	0
67	AVI	1	0	0	0	0	0	0
69	Mr Price Group	1	0	0	0	0	0	0
82	Seardel Investment Corporation	1	0	0	0	0	0	0
97	Lewis Group	1	0			0	0	0
98	Cashbuild	1	0	0	0	0	0	0
99	Iliad Africa	1	0	0	0	0	0	0
	Total	15	2	7	3	1	0	1

Table M3: Retail Industry with Indicators of Brand Equity

	Top SA companies						
		Retail	Brand	Brand	Brand	Brand	Brand
			performance	personality	presence	quality	relevance
15	Pick 'n Pay Stores & Holdings	1	0	0	0	0	0
17	Shoprite Holdings	1	0	0	0	0	0
22	Massmart Holdings	1	0	0	0	0	0
30	The Spar Group	1	0	0	0	0	0
37	Woolworths Holdings	1	0	0	0	0	0
43	JD Group	1	0	0	0	0	0
46	New Clicks Holdings	1	0	0	0	0	0
54	Ellerine Holdings	1	0	0	0	0	0
60	Foschini	1	0	0	0	0	0
67	AVI	1		0	0	0	0
69	Mr Price Group	1	0		0	0	
82	Seardel Investment Corporation	1	0	0	0	0	0
97	Lewis Group	1	0	0	0	0	0
98	Cashbuild	1	0	0	0		0
99	Iliad Africa	1	0	0	0	0	0
	Total	15	1	1	0	2	1

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FINANCIAL INDUSTRY AND BRAND EQUITY

Table N1: Financial Industry Demonstrating Brand Equity

	Top SA companies		Brands	Equity	Value		Total
		Financial	Brand	Brand	Brand	Brand	number of
			Brand/s	Equity	Value	profit	words
6	The Bidvest Group	1	64	0			85,240
7	Standard Bank Group	1	6	0	0	0	105,506
9	Old Mutual Plc	1	26	0	0	0	125,290
11	FirstRand	1	36	0		0	126,893
14	Absa Group	1	3	0	0	0	58,101
21	Nedbank	1	50	0	0	0	123,429
23	Liberty Group	1	2	0	0	0	85,715
26	Liberty Holdings	1	0	0	0	0	55,352
44	Santam	1	51	0		0	58,264
45	Investec & PLc	1	11	0	0	0	117,586
53	Mutual & Federal	1	4	0	0		46,830
59	Metropolitan Holdings	1	11	0	0	0	69,557
71	Alexander Forbes	1	1	0	0	0	26,731
73	Liberty International Plc	1	0	0	0	0	41,142
77	Discovery Holdings	1	8	0	0	0	74,725
83	African Bank Investments	1	5	0	0	0	86,635
84	SA Eagle Insurance	1	5	0	0	0	35,446
93	Mvelaphanda	1	3	0	0	0	39,159
	Total	18	286	0	4	1	1,361,601

Table N2: Financial Industry with Indicators of Brand Equity

	Top SA companies		Brand metrics indicators of brand value					
		Financial	Brand	Brand	Brand	Brand	Brand	Brand
			availability	awareness	differentiation	distribution	leadership	loyalty
6	The Bidvest Group	1	0	0	0	0	0	0
7	Standard Bank Group	1	0	0	0	0	0	0
9	Old Mutual Plc	1	0		0	0	0	0
11	FirstRand	1	0	0	0	0	0	0
14	Absa Group	1	0	0	0	0	0	0
21	Nedbank	1	0		0	0	0	
23	Liberty Group	1	0	0	0	0	0	0
26	Liberty Holdings	1	0	0	0	0	0	0
44	Santam	1	0		0	0		
45	Investec & PLc	1	0		0	0	0	0
53	Mutual & Federal	1	0	0	0	0	0	0
59	Metropolitan Holdings	1	0	0		0	0	0
71	Alexander Forbes	1	0	0	0	0	0	0
73	Liberty International Plc	1	0	0	0	0	0	0
77	Discovery Holdings	1	0	0	0	0	0	0
83	African Bank Investments	1	0	0	0	0	0	0
84	SA Eagle Insurance	1	0	0	0	0	0	0
93	Mvelaphanda	1	0	0	0	0	0	0
	Total	18	0	5	1	0	1	2

Table N3: Financial Industry with Indicators of Brand Equity

	Top SA companies						
		Financial	Brand	Brand	Brand	Brand	Brand
			performance	personality	presence	quality	relevance
6	The Bidvest Group	1	0	0	0	0	0
7	Standard Bank Group	1	0	0	0	0	0
9	Old Mutual Plc	1	0	0	0	0	0
11	FirstRand	1	0	0	0	0	0
14	Absa Group	1	0	0	0	0	0
21	Nedbank	1	0	0		0	0
23	Liberty Group	1	0	0	0	0	0
26	Liberty Holdings	1	0	0	0	0	0
44	Santam	1	0	0	0	0	0
45	Investec & PLc	1	0	0		0	0
53	Mutual & Federal	1	0	0	0	0	0
59	Metropolitan Holdings	1	0	0	0	0	0
71	Alexander Forbes	1	0	0	0	0	0
73	Liberty International Plc	1	0	0	0	0	0
77	Discovery Holdings	1	0	0	0	0	0
83	African Bank Investments	1	0	0	0	0	0
84	SA Eagle Insurance	1	0	0	0	0	0
93	Mvelaphanda	1	0	0	0	0	0
	Total	18	0	0	2	0	0

22 APPENDIX O

MINING INDUSTRY AND BRAND EQUITY

Table O1: Mining Industry Demonstrating Brand Equity

	Top SA companies		Brands	Equity	Value			Total
		Mining	Brand	Brand	Brand	Brand	Brand	number of
			Brand/s	Equity	Value	profit	availability	words
1	BHP Billiton Plc	1	1	0	0	0	0	168,277
2	Anglo American Plc	1	2	0	0	0	0	102,673
13	Anglo American Platinum Corp	1	4	0	0	0	0	81,689
28	Impala Platinum Holdings	1	2	0	0	0	0	91,466
29	AngloGold Ashanti	1	8	0	0	0	0	128,569
36	Gold Fields	1	2	0	0	0	0	99,059
40	Lonmin Plc	1	0	0	0	0	0	42,295
42	Exxaro	1	4	0	0	0	0	53,286
52	Harmony Gold Mining Co	1	2	0	0	0	0	86,992
76	African Rainbow Minerals	1	1	0	0	0	0	66,214
88	Assore	1	0	0	0	0	0	41,364
96	Aquarius Platinum	1	0	0	0	0	0	36,875
103	Northam Platinum	1	0	0	0	0	0	45,974
104	Palamin	1	0	0	0	0	0	40,390
	Total	14	26	0	0	0	0	1,085,123

Table O2: Mining Industry with Indicators of Brand Equity

	Top SA companies		Brand metrics indicators of brand value					
		Mining	Brand	Brand	Brand	Brand	Brand	Brand
			availability	awareness	differentiation	distribution	leadership	loyalty
1	BHP Billiton Plc	1	0	0	0	0	0	0
2	Anglo American Plc	1	0	0	0	0	0	0
13	Anglo American Platinum Corp	1	0	0	0	0	0	0
28	Impala Platinum Holdings	1	0	0	0	0	0	0
29	AngloGold Ashanti	1	0	0	0	0	0	0
36	Gold Fields	1	0	0	0	0	0	0
40	Lonmin Plc	1	0	0	0	0	0	0
42	Exxaro	1	0	0	0	0	0	0
52	Harmony Gold Mining Co	1	0	0	0	0	0	0
76	African Rainbow Minerals	1	0	0	0	0	0	0
88	Assore	1	0	0	0	0	0	0
96	Aquarius Platinum	1	0	0	0	0	0	0
103	Northam Platinum	1	0	0	0	0	0	0
104	Palamin	1	0	0	0	0	0	0
	Total	14	0	0	0	0	0	0

Table O3: Mining Industry with Indicators of Brand Equity

	Top SA companies						
		Mining	Brand	Brand	Brand	Brand	Brand
			performance	personality	presence	quality	relevance
1	BHP Billiton Plc	1	0	0	0	0	0
2	Anglo American Plc	1	0	0	0	0	0
13	Anglo American Platinum Corp	1	0	0	0	0	0
28	Impala Platinum Holdings	1	0	0	0	0	0
29	AngloGold Ashanti	1	0	0	0	0	0
36	Gold Fields	1	0	0	0	0	0
40	Lonmin Plc	1	0	0	0	0	0
42	Exxaro	1	0	0	0	0	0
52	Harmony Gold Mining Co	1	0	0	0	0	0
76	African Rainbow Minerals	1	0	0	0	0	0
88	Assore	1	0	0	0	0	0
96	Aquarius Platinum	1	0	0	0	0	0
103	Northam Platinum	1	0	0	0	0	0
104	Palamin	1	0	0	0	0	0
	Total	14	0	0	0	0	0

23 APPENDIX P

LIST OF 33 COMPANIES DEMONSTRATING BRAND EQUITY

Table P1: The 33 Companies Demonstrating the Communication of Brand Equity

	Top SA companies	Equity	Value		
		Brand Equity	Brand Value	Brand profit	Brand availability
3	SABMiller Plc	0	0	0	
5	Sasol	0	0	0	0
8	Imperial Holdings	0	0		0
9	Old Mutual Plc	0	0	0	0
11	FirstRand	0		0	0
22	Massmart Holdings		0	0	0
27	Datatec	0	0	0	0
30	The Spar Group	0	0	0	0
46	New Clicks Holdings	0	0	0	0
51	Reunert	0	0	0	0
59	Metropolitan Holdings	0	0	0	0
62	Sun International		0	0	0
74	Pretoria Portland Cement	0	0	0	0
80	African Oxygen	0	0	0	0
6	The Bidvest Group	0			0
10	Telkom	0	0	0	0
12	Barloworld	0	0	0	0
18	Steinhoff International	0	0	0	
19	Richemont Securities AG	0	0	0	0
45	Investec & PLc	0	0	0	0
67	AVI	0		0	0
68	Distell Group		0	0	0
69	Mr Price Group	0	0	0	0
98	Cashbuild	0	0	0	0
102	Primedia	0	0	0	0
17	Shoprite Holdings		0	0	
43	JD Group		0	0	0
60	Foschini	0		0	
97	Lewis Group	0	0	0	0
21	Nedbank	0	0	0	0
31	Tiger Brands			0	0
54	Ellerine Holdings	0	0		0
44	Santam	0		0	0
	Total	6	8	3	4

Table P2: The 33 Companies Demonstrating the Communication of Brand Equity

	Top SA companies	Brand metrics indicators of brand value				
		Brand awareness	Brand differentiation	Brand distribution	Brand leadership	Brand loyalty
3	SABMiller Plc	0	0	0	0	0
5	Sasol		0	0	0	0
8	Imperial Holdings	0	0	0	0	0
9	Old Mutual Plc	0	0	0	0	0
11	FirstRand		0	0	0	0
22	Massmart Holdings		0	0	0	0
27	Datatec	0	0	0	0	0
30	The Spar Group	0		0	0	
46	New Clicks Holdings	0	0	0	0	
51	Reunert		0	0	0	0
59	Metropolitan Holdings		0	0	0	0
62	Sun International		0	0	0	
74	Pretoria Portland Cement	0	0	0	0	0
80	African Oxygen		0	0	0	0
6	The Bidvest Group		0	0	0	0
10	Telkom	0	0	0	0	0
12	Barloworld	0		0	0	0
18	Steinhoff International Holdings		0	0		
19	Richemont Securities AG		0	0	0	0
45	Investec & PLc		0	0	0	0
67	AVI	0	0	0	0	
68	Distell Group		0		0	0
69	Mr Price Group	0		0	0	0
98	Cashbuild		0	0	0	0
102	Primedia	0	0	0	0	0
17	Shoprite Holdings	0	0	0	0	0
43	JD Group	0	0	0	0	
60	Foschini	0	0	0	0	0
97	Lewis Group		0	0	0	0
21	Nedbank	0	0	0	0	0
31	Tiger Brands			0	0	0
54	Ellerine Holdings	0	0	0	0	0
44	Santam	0	0	0	0	
	Total	19	5	1	1	8

Table P3: The 33 Companies Demonstrating the Communication of Brand Equity

	Top SA companies	Brand metrics indicators of brand value				
		Brand performance	Brand personality	Brand presence	Brand quality	Brand relevance
3	SABMiller Plc	0	0	0	0	0
5	Sasol	0	0	0	0	0
8	Imperial Holdings	0	0	0	0	0
9	Old Mutual Plc	0	0	0	0	0
11	FirstRand	0	0	0	0	0
22	Massmart Holdings	0	0	0	0	0
27	Datatec	0	0	0	0	0
30	The Spar Group	0	0	0	0	0
46	New Clicks Holdings	0	0	0	0	0
51	Reunert	0	0	0	0	0
59	Metropolitan Holdings	0	[redacted]	0	0	0
62	Sun International	0	0	[redacted]	0	0
74	Pretoria Portland Cement	0	0	0	0	0
80	African Oxygen	0	0	0	0	0
6	The Bidvest Group	0	0	0	0	0
10	Telkom	0	0	[redacted]	0	0
12	Barloworld	0	0	0	0	0
18	Steinhoff International Holdings	0	0	0	0	0
19	Richemont Securities AG	0	0	[redacted]	0	0
45	Investec & PLc	0	0	0	0	0
67	AVI	0	0	0	0	0
68	Distell Group	0	0	0	0	0
69	Mr Price Group	0	0	0	0	0
98	Cashbuild	0	0	0	0	0
102	Primedia	0	0	0	0	0
17	Shoprite Holdings	[redacted]	0	0	0	0
43	JD Group	0	0	0	0	0
60	Foschini	0	[redacted]	0	0	[redacted]
97	Lewis Group	0	0	0	0	0
21	Nedbank	0	0	0	[redacted]	0
31	Tiger Brands	0	0	0	0	0
54	Ellerine Holdings	0	0	0	[redacted]	0
44	Santam	0	0	0	0	0
	Total	1	2	3	3	1

24 APPENDIX Q

EXTRACTS FROM ANNUAL REPORTS DEMONSTRATING BRAND EQUITY

Brand Awareness

Sasol

Promoting our brand

We remain the principal sponsor of the Amaglug-glug™ (South African under-23) soccer team, as part of our dual commitment to sponsor the development of world-class sporting prowess in South Africa, while also building brand awareness. The Amaglug-glug™ sponsorship is particularly important to us in view of South Africa being chosen to host the 2010 FIFA World Cup soccer tournament. We also continued to sponsor motor sport, including the Sasol Rally

team, as well as the Tiger Jets aerobatics team and the Exel cycling team, all of which continue to promote our brands.

Old Mutual

Nedbank has started to show improvements in market share in a number of asset categories, particularly retail mortgages and other private sector loans (mainly corporate lending). This can be attributed to the brand being repositioned as a bank for all Southern Africans, increased brand awareness, price reductions in several retail banking products and the launch of a number of new retail products, together with continued strong performances from Nedbank Capital and Nedbank Corporate.

Datatec

Strategy. Analysys Mason's strategy is to focus on its core competency of providing specialist consultancy services and implementation capabilities within the telecommunications ICT and media sectors. Analysys Mason is committed to:

- increasing its market penetration by exploiting industry themes
- pursuing geographic expansion both organically and through acquisition

• expanding the global footprint of the complete range of services

– capitalising on Analysys' extending service offerings in NGNs and ICT along with network applications and media

• ongoing investment in brand awareness and positioning via media relations, web sites and account management

• making the most of its unique intellectual property and thought leadership in all channels to build market profile in target sectors and

Spar

TOPS media spend during 2006 increased 54% to R15 million. Television advertising was introduced for the first time and brand awareness continues to improve. Leaflet advertising remains the core of the division's media spends. The TOPS exclusive whisky and wine brands portfolios were extended during the year and achieved notable success. Exclusive brands have now captured a significant share of the categories in which they trade. It is anticipated that a further 42 liquor outlets

New Clicks Holdings

This repositioning to Musica Megastore is expected to retain the passionate CD Wherehouse customers and at the same time drive increased volumes owing to the high brand awareness of Musica, which has an estimated 34% share of the country's music market.

PPC

PPC is making use of its own cement storage silos to increase its brand awareness. The first silos to be branded using this unique outdoor medium were at its Jupiter factory in Gauteng.

Telkom 1of 2 and 2 of 2

Multi-Links strategy will focus on brand awareness and promotional campaigns to increase the revenue of fixed-wireless and mobile customers and will seek to offer easy to understand high value bundles, differentiated on voice quality and service. Broadband internet with internet service provider services will target high value

Multi-Links will focus on brand awareness and promotional campaigns to increase the revenue of fixed-wireless and mobile customers and will offer easy to understand high value bundles, differentiated on voice quality and service.

Steinhoff International Holdings 1 of 2

Steinhoff's international brand strategy, focusing on acquiring and developing key trade and consumer brands, is expected to continue which will lead to further sustainable growth. Steinhoff Africa's furniture divisions implemented various strategies to enhance the awareness of its different furniture brands. Steinhoff Africa's furniture divisions were the official shirt sponsors to the World XV rugby team. Steinhoff is the first South African-based public company to sponsor the World XV rugby team. Steinhoff co-branded the Steinhoff International brand with its strongest brands in South Africa and the UK. The ever-popular Grafton Everest and Harveys furniture retail brands were used for matches in South Africa and the UK, respectively. The key sponsorship objective was to generate brand awareness for the Steinhoff group.

Richemont Securities AG 1 of 2

In future, watch and jewellery sales will fuel the expansion of the Maison's newly diversified business. Montblanc will also sustain its investment in brand awareness and product relevance for the female target group.

Investec & PLc 1of 1

Black economic empowerment, IPOs and M&A transactions are expected to continue to drive activity in South Africa.

• The pipeline looks positive across all geographies and we continue to build our client base.

• An enhanced team structure, together with increased brand awareness and national reach, provides a solid platform for future growth opportunities across all areas of the Australian business.

Foschinin 3 of 3

We expect that the growth in the middle market in southern Africa will continue for the foreseeable future. Our brands are ideally positioned to take advantage of this growth, due to the brand awareness, loyalty and trust that already exist with consumers.

Lewis Group 1 of 3

Lewis' strategic approach to marketing has played a pivotal role in driving increased sales not only by achieving a high level of brand awareness, but also entrenching customer loyalty to generate repeat sales.

Lewis Group 2 of 3

Lewis was again ranked second in brand awareness levels among furniture retailers in the authoritative Markinor Top Brands survey.

Nedbank 1 of 4

Significant increases in brand awareness and acceptance of Nedbank as a bank for all South Africans.

Nedbank 2 of 4

The group will continue to see operating efficiencies across the business that should enhance client service and facilitate our investment in distribution and brand awareness.

Ellerine Holdings 2 of 4

Through a more focused approach on operations, FurnCity has managed to achieve certain goals set in the previous year. The year ahead will focus on people (our biggest asset), merchandise and marketing to ensure a greater brand awareness and customer service.

Ellerine Holdings 3 of 4

Beares was recognised as the 8th strongest brand in the retail furniture industry in the Sunday Times/Markinor Brand Awareness Survey this year.

Santam 3 of5

Findings from the Soweto pilot

Brand awareness – Communication campaigns created high levels of awareness of Santam as an insurance company that offers house and contents cover.

Brand Presence

Tiger Brands 4of 4

The IMD strategy is one of focusing on core markets in Africa with a select basket of products, while taking control of the route to market. This will be achieved by establishing a Tiger Brands presence in these core markets and building brand equity in core brands.

Investec & PLc 2 of 2

There is substantial investment under way to increase brand presence and distribution capability across all regions

Nedbank 4 of 4

Key strategic initiatives for 2006 were to: expand the Nedbank Capital brand and presence;

Brand loyalty

Shoprite Holdings 3 of 3

Continued brand loyalty and strong growth in its support base enabled the Checkers brand to compete effectively in its market segment in South Africa. Turnover in existing stores grew by 8,0% and total turnover by 14,4%. The chain opened 14 new supermarkets and one hyper while one supermarket was
closed during the year.

Distell Group 2 of 2

Advertisements will be directed towards brand selling with a view to establishing brand loyalty but will not set out to encourage a general increase in the consumption of alcohol.

Primedia 1 0f 2

Highveld Stereo constantly continues to refine its on-air product, building great brand loyalty **and a strong listenership base, and this resulted in a 16% growth in net advertising sales and PBIT growth of 20%.**

Primedia 2 0f 2

The distribution

business services a network of 10 000 developing market retail outlets and community organisations throughout the country entrenching brand loyalty through various programmes.

Santam 5 of 5

Marketing conducts research in order to develop appropriate solutions for different market segments and monitor the extent to which Santam satisfies client needs and builds brand loyalty.

Reunert

In general, brand loyalty in the consumer market is on the decline in favour of competitive prices. RC&C's initiative to offer its own brands, Futronic and Akai, has stood the company in good stead. The premium Panasonic brand, however, will serve the upper market and remains the core of the company.

Barloworld 2of 2

Value Based Management and to Barloworld's Ten Pillars for Sustainable Value Creation. His passion for our customers, genuine brand loyalty, financial astuteness, and transactional long-term view are the basis of his unparalleled career. We congratulate him on his exceptional achievements, and thank him for the passion and enthusiasm he has brought to the team. The merchants are suddenly distracted by

Nedbank 3 of 4

Nedbank Retail, through its 'Building South Africa's fastest growing retail bank' strategy, will be driving profits and growth through people, innovation, world class service, expanded distribution, increased brand loyalty, risk management, exploiting synergies and a continued focus on transformation.

Brand Differentiation

Lewis Group 3 of 3

Lifestyle Living produced an outstanding performance and grew sales 43.9% to R122.9 million – like-for-like sales increased 23.7% – as the benefits of the brand's

differentiated merchandise strategies continued to reap dividends. The division is now firmly on a sustainable growth path.

Metropolitan Holdings

From a group perspective, we are actively working towards establishing affordability – as both a socio-political and a commercial imperative – as our single most important brand differentiator.

JD Group 2 of 3

Following the incessant focus on the strategic competitive positioning of Barnetts, underpinned by brand differentiation, business performance improvement initiatives and training and development programmes, Barnetts once again delivered outstanding financial results.

JD Group 3 of 3

The strengthening of brand differentiation was underpinned by the finalization of brand identity manuals, whilst new marketing projects across multiple chains, which were linked to their trading formulae, were successfully facilitated.

Brand Quality

African Oxygen

The ten areas identified to convey specific behaviours are safety, people, communication and empowerment, customers and our brand, quality, operational excellence, environment, administration, the code of conduct, corporate social responsibility, shareholders and growth.

Cashbuild 1 of 2

Cashbuild is committed to supplying its customers with quality products (fit for purpose) at competitive and value-for-money prices everyday and does not offer limited special offers or otherwise debase the market. The customer must always be able to obtain quality building materials wherever required, at the lowest prices. Cashbuild is committed to meeting and fulfilling the local customer's needs. Recognised quality brands are always important. The market is driven by the consumer with aspirations and the need to get value for money. During the past 10

years Cashbuild has developed Cashbuild branded quality products to meet the needs of customers at competitive prices. The Cashbuild brand is strong and is respected as a retailer of quality and integrity.

Cashbuild 2 of 2

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Brand Distribution

Ellerine Holdings 4 of 4

The transportation of merchandise to the Group's various distribution centres and stores and, in respect of certain brands, distribution to customers, is done by contracted specialists who focus on the optimisation of fuel consumption, by ensuring their vehicles operate effi ciently and that they limit their travelling by maximising the load delivered per kilometre travelled.

Brand Profit

Ellerine Holdings 1 of 4

The key objectives of the brand in the coming year are to further improve the brand's profitability by increasing volumes with the main focus on the credit customer base thereby increasing term sales through a product called "Ready Finance" which is tailor-made fi nance and service options at affordable prices, and lastly to improve stock management by adopting a more scientific approach and through better planning.

The Bidvest Group 2 of 2

Consolidation of the Pretoria North and Gezina dealerships proved successful and results at the new Wonderboom dealership exceeded all expectations. Brand

profitability is set to improve following the revision by Audi SA of the variable margin structure. The model line-up is also to be expanded.

Brand Availability

Foschini 2 of 3

DueSouth continues to establish itself within the outdoor lifestyle market as an innovative, contemporary, and hi-tech retail brand, in harmony with the aspirations of our customers. Relevance to our market is maintained with ongoing research as befits the growth of this new brand, ensuring we remain in touch with this growing market. The introduction of new brands, including Fox, enhances our current brand assortment, and complements the unique world-class brands available to our customers. Three new stores have been planned for this year.

Shoprite Holdings 2of 3

Some of the leading brands produced include Sasko Flour, White Star Super Maize Meal, Spekko Rice and Imbo beans. The building of brand equity is a core objective and the Shoprite Group affords us the opportunity to make our brands available to our target market via its enormous footprint and highclass stores.

Steinhoff International Holdings 2 of 2

The furniture and household goods market in Europe is fragmented and highly competitive and consists of a large number of manufacturers who produce products similar to Steinhoff, none of whom dominate the market. Competition is generally based on product quality, timing of delivery, product design, product availability, brand name recognition, price and customer service.

SABMiller Plc

One of SABMiller's answers is the Eagle brand, available in Uganda,

Zambia, Zimbabwe and Tanzania

Brand Personality

Richemont Securities AG 2 of 2

Communications underwent substantial change. A redeveloped logotype was launched in September. A new advertising campaign featured the two brands ambassadors, Olympic champion Laure Manaudou and actress Alice Taglioni, playing at night in the Concorde Fountain in Paris, an unforgettable expression of the new brand personality, French 'légèreté'.

Mr Price Group 1 of 2

brand relevance: the risk of failing to maintain brand personality and identification and of not remaining differentiated and relevant to the target customer. The risk is managed, inter-alia, with ongoing market research and focused marketing campaigns;

Brand Relevance

Mr Price Group 2 of 2

brand relevance: the risk of failing to maintain brand personality and identification and of not remaining differentiated and relevant to the target customer. The risk is managed, inter-alia, with ongoing market research and focused marketing campaigns

Brand Leadership

Santam 4 of 5

During the year under review, we redefined what brand leadership means to us. We identified the drivers that will be used in future to measure our position in the different individual and organizational market segments that we target.

Brand Performance

AVI 2 of 2

Comparable store growth was strong at 30% with particularly good performances from the rural stores. The major brands performed exceptionally well, with Carvela making up 47% of revenue, Lacoste 30% of revenue and Kurt Geiger 16% of revenue.

Brand Value

Foschini 1 of 3

Our new systems will help to ensure that we can better serve our customers' needs. This combined with training to align staff and brand values, will further ensure that the customer-focused culture is entrenched within each of the brands. With this in mind, we are confident that we can continue to strengthen and grow our market share into the future.

AVI 1 of 2

AVI's core objective is to provide enjoyment to people through the supply of branded value-added products. The Group has a strong portfolio of market-leading brands and continues to leverage these while seeking to add to the portfolio on a value-accretive basis.

Santam 1 of 5

Inspirational leadership is a key ingredient to firmly claim Santam's position as a leading brand. Hence our prominent focus on our people and their role as ambassadors of the brand. To anchor and equip us for future change, we refined our brand values and simplified them by formulating three philosophies that guide our actions: think big, inspire and embrace."

Santam 2 of 5

Inspirational leadership is a key ingredient to claiming Santam's position as a leading brand. Hence our prominent focus on our people and their role as ambassadors of the brand. To anchor and equip us for future change, we refined our brand values and simplified them by formulating three philosophies that guide our actions: think big, inspire and embrace. We believe that this will enable us to build the brand from the inside out, ensuring that our stakeholders' experiences when dealing with Santam reinforce the perceptions and positioning in the market that we desire.

FirstRand

African Life Health is a medical scheme administrator and the brand value lies in the medical schemes which it administrates, rather than the brand of the company. Therefore, no value has been placed on the brand.

The Bidvest Group 1of 2

Brand image is key for vehicle manufacturers. They demand a retail showcase which reflects their up-market brand values. This puts continual pressure on dealers to increase their level of fixed investment.

Tiger Brands 3 of 4

Over the past few years, Tiger has reduced its vulnerability to commodity type businesses, with its portfolio now very much weighted to branded, value added products. Where the company still does participate in commodity type industries, it has consciously set out to limit the volatility arising from the cyclical nature of these businesses. As an example, downscaling of its involvement in the maize sector has resulted in the operation of only one maize milling site.

Tiger Brands 2 of 4

Real volume growth continues to provide top line sales momentum in a climate of negative inflation. Strengthened brand values **have resulted in market share gains in all key market segments, with a culture of continuous improvement facilitating margin enhancement. Operating income grew by approximately 25%**

Brand Equity

Tiger Brands 1 of 4

The IMD strategy is one of focusing on core markets in Africa with a select basket of products, while taking control of the route to market. This will be achieved by establishing a Tiger Brands presence in these core markets and building brand equity in core brands.

Shoprite Holdings1 of 3

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Distell Group 1 of 2

To retain brand equity while pursuing volume growth we actively target a number of markets for our wines. These include other parts of Europe as well as North America, where significant growth is anticipated.

Massmart Holdings

For all our chains, satisfying, retaining and growing our customer base is the key to sustainable business. Our profitability depends on our brand equity and reputation in the eyes of an extremely broad base of customers that extends from Living Standard Measure (LSM) 5 through to

Sun International

The marketing strategy for Sun International resorts has a strong blend between direct sales and brand building initiatives to drive growth in room nights for both the short and long term. The 'Take what you need and leave everything else behind' campaign ran across the full media spectrum for several years with great success and post campaign research reflects a brand equity loyalty gain well ahead of the competitive hospitality set. In line with a new brand positioning
strategy currently under development, conventional media will be restricted to specific advertised product offerings with more emphasis on digital channel strategies.

JD Group 1 of 3

Our determination to enhance the brand equity **of Hi-Fi Corporation certainly impacted on their top line and on product margin**.