

Brand Finance®

# MASB Marketing Metric Re-certification

Prepared for the 2025 MASB Summer Summit  
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**IVSC**  
MEMBER



**Why re-certify?**



# The value of brands in today's financial landscape

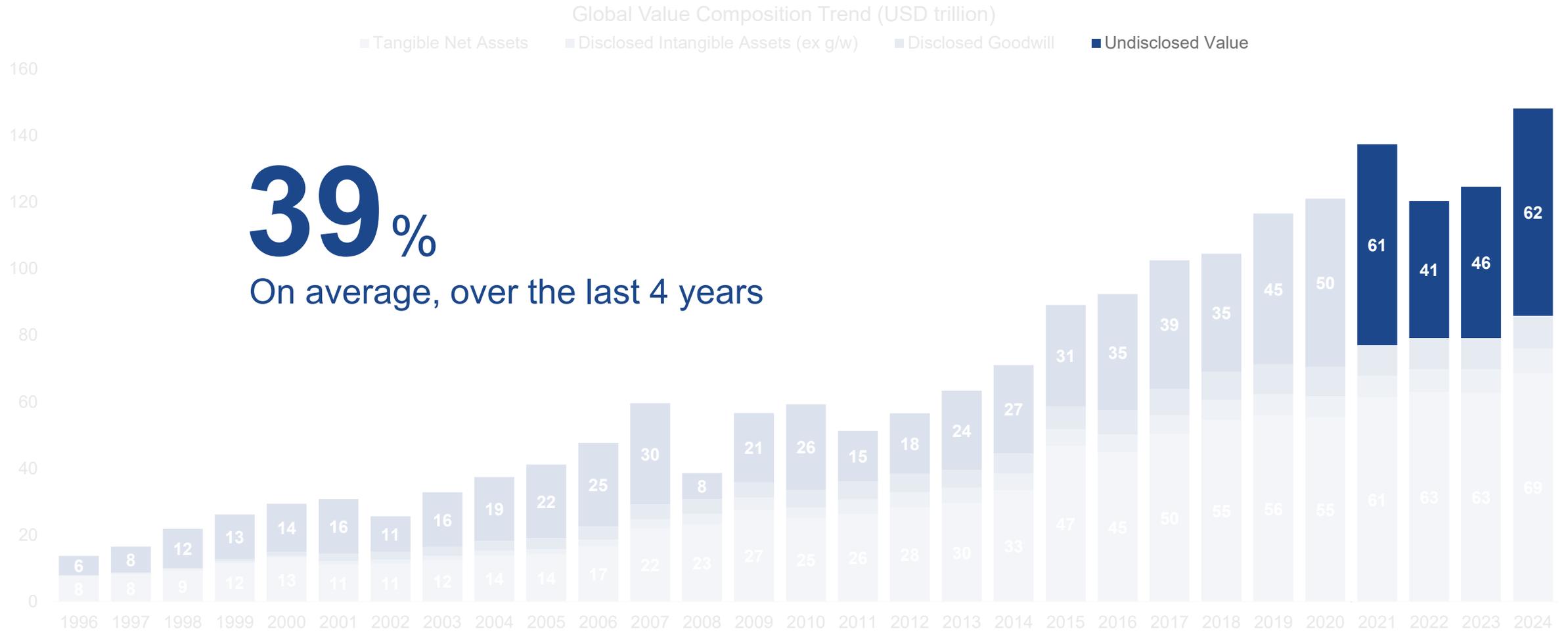
Approximately USD 40-50 trillion of company value is undisclosed



Source: LGIM, Brand Finance

# The value of brands in today's financial landscape

Approximately USD 40-50 trillion of company value is undisclosed



# 39%

On average, over the last 4 years

Source: LGIM, Brand Finance

# The significance of Amazon's brand value cannot be overstated

Brand Value explains a bit more than 18% of its enterprise value and 27% of its market premium

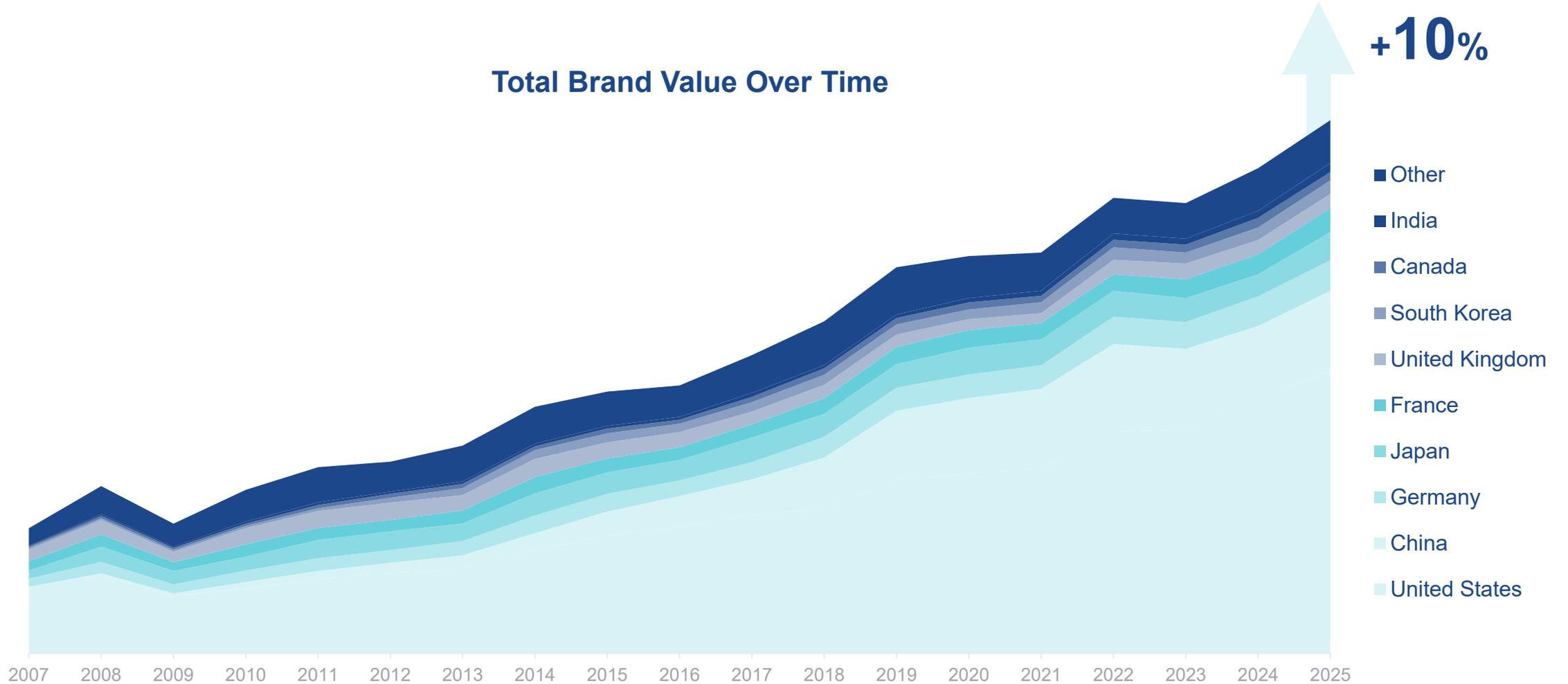


Sources: <https://www.nasdaq.com/market-activity/stocks/amzn/financials> as of 12/31/24; 2025 Brand Finance Global 500

# Global 500 brands represent one-fifth of total enterprise value

The total Global 500 value is \$9.5 trillion, with an average brand-to-enterprise value ratio of 20%

### Total Brand Value Over Time



Source: Brand Finance Global 500 2025

# The top 100 brands outperform the MSCI World Index<sup>1</sup>

The top 100 brands (as a market cap-weighted index) have provided an annualized return of 15.3% since 2017, compared to 11.5% for the MSCI World Index



Source: LGIM, Brand Finance | <sup>1</sup>As a market-cap-weighted index

# The business impact of strong brands



## CUSTOMER CHOICE

**+0.5 - 1%**

**INCREASE IN BRAND  
USAGE AND SALES<sup>1</sup>**

Well-known brands with good brand equity tend to have more leads, higher product trial rates, higher prices, and stronger loyalty.

A 1% increase in brand consideration leads to a 0.5-1% increase in brand usage and sales.<sup>1</sup>

<sup>1</sup>Brand Finance Analysis  
<sup>2</sup>Harvard Business Review



## PROFITABILITY AND VALUE GROWTH

**+18% +60%**

**PROFIT-  
ABILITY<sup>1</sup>**

**SHARE  
PRICE<sup>1</sup>**

Strong brands help build profitability, and the value of strongly branded businesses grows faster than that of other firms.

The share price of businesses with strong AAA+ brands is 60% higher relative to their current-year profit compared to weak BB brands.<sup>1</sup>



## LOWER FINANCE AND OTHER COSTS

**-1.2 - 1.5%**

**FINANCE COSTS<sup>1</sup>**

Strong brands reduce risk, thereby reducing financial costs. Suppliers often want to work for strong brands.

Strong brands see a lower cost of capital. Comparing a strong brand (AAA) to a weaker one (A), we observe a 1.5% lower cost of debt and a 1.2% lower cost of equity.<sup>1</sup>



## EMPLOYEE ATTRACTIVENESS

**-\$4.5m**

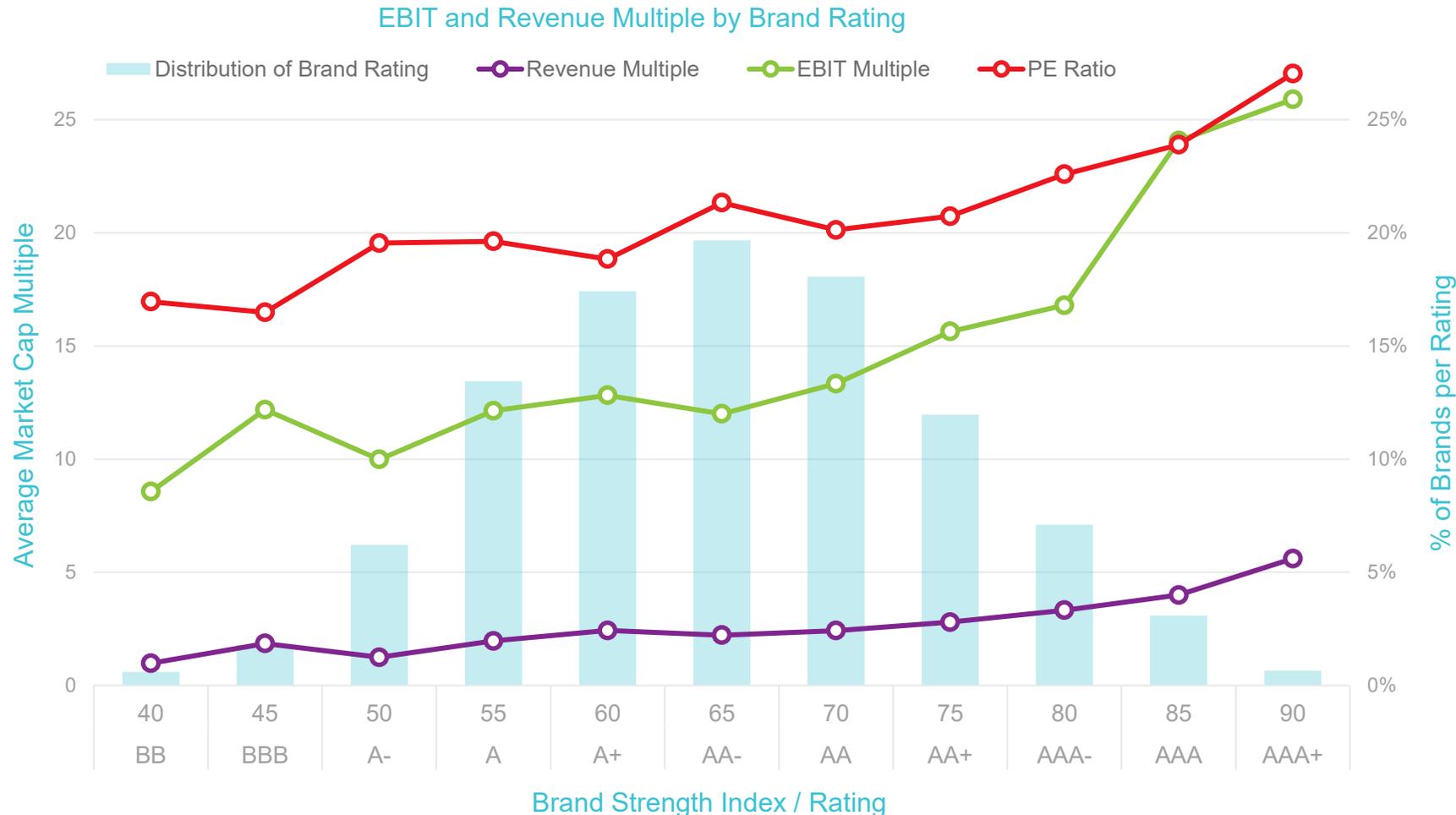
**EXECUTIVE PAY<sup>2</sup>**

People want to work for well-known brands, expect lower pay, and are more likely to stay for longer.

CEOs of strong brands accept an average annual salary of \$4.5 million less than those who lead weaker brands.<sup>2</sup>

# Strong brands see higher market cap than weaker brands<sup>1</sup>

An analysis of 1,688 listed companies demonstrates that the average market cap multiples are higher for brands with top brand ratings, when adjusting for revenue and EBIT



## Profitability and Value Growth

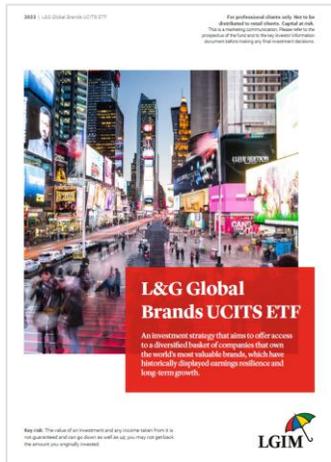
- The average market cap multiple for both revenue and EBIT is higher for strong brands, suggesting that strong brands command a higher share price (after adjusting for the size of the company and its profitability by comparing multiples).
- Additionally, this implies that strong brands raise equity capital at a lower cost.

1. Brand ratings are derived from Brand Finance analysis as of 1/1/23. | Revenue / EBIT data is for FY22 (as available reported/forecast as of 12/31/22). | Market cap data valid as of 12/31/22.

# Strong brands create significant shareholder value

Between 2017 and 2025, the companies on Brand Finance's top 100 list of global brands outperformed the mega-cap peers in the MSCI World on average by:<sup>1</sup>

In short, the world's 100 leading brands have significantly outperformed.



**+21%**  
Shareholder yield

**+22%**  
Return on equity

**+20%**  
Operating margin

<sup>1</sup>Mega cap peers in the MSCI World refer to those companies with a market cap > \$15bn | Source: LGIM

# Strong brands grow revenue at a faster rate than the sector average

**Across all brands**  
in Brand Finance public studies

**5%**

Average revenue growth, past 5 years

**Strong brands**  
with a Brand Strength Index  
of 85+ / AAA rating

**11%**

Average revenue growth, past 5 years

# Why we wanted to update our Brand Strength Index

1

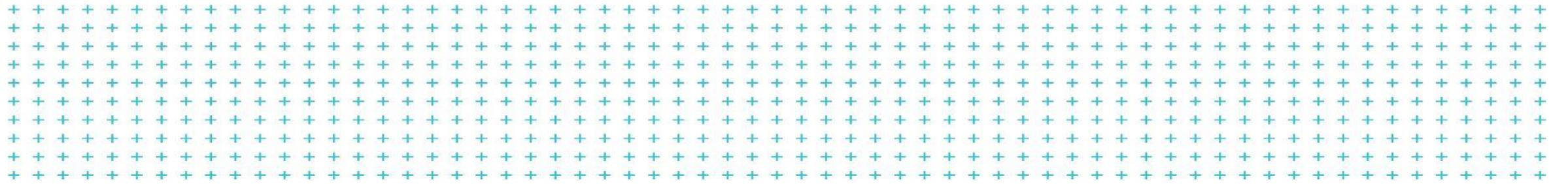
Establish a **clearer relationship between the Brand Strength Index and the financial outcomes** that connect it to brand value.

2

Ensure our **understanding of Brand Strength** does not contradict, without reason, the generally accepted theory of brand equity and strength.

3

Provide a **stronger platform for our clients** to use in their marketing activities.



# Connecting to real outcomes

# Pre-2025 Brand Strength Index Structure

Brand Strength Index		Effective %	Attributes	Elements	Explanation	Data Source
Brand Inputs 25%	Investment: Marketing Mix	5.00%	Products	Average Capital Expenditure, Innovation, Quality	<ul style="list-style-type: none"> <li>Brand Investment does not just refer to monetary marketing spend, but all investments that a business can use to improve stakeholder perceptions to create brand loyalty and market share.</li> <li>Widely recognized factors deployed by marketers.</li> </ul>	   
		5.00%	Place	Monthly Web Visits, Website & Apps, Good coverage at all places		
		5.00%	Promotion	Social Media Score, Word of Mouth, Ad Recall		
		5.00%	Price	Value for Money		
		5.00%	People	Customer Service, Ease of dealing with		
Brand Equity 50%	Customers	11.67%	Familiarity	Familiarity	<p>How do customers feel about the brand?</p> <ul style="list-style-type: none"> <li>Brand equity accounts for 50% to reflect that the current perceptions of all stakeholder groups have the greatest influence on Business Performance.</li> <li>Customers are the most important group in driving value to a brand, so are the most highly weighted areas in the pillar and the index.</li> </ul>	   
		11.67%	Consideration	Consideration		
		11.67%	Recommendation	Recommendation		
	Staff	2.00%	Employee Score	Employee Score		
	Investor	1.00%	Analyst Recommendation	Analyst Recommendation		
		1.00%	Credit Rating	Credit Rating		
	External	2.00%	ESG Scores	Environment Score, Governance Score, Community Score		
	All	1.50%	Sustainability	Sustainability		
		7.50%	Reputation	Reputation		
	Brand Performance 25%	Performance: Financial Value Drivers	6.25%	Volume Premium		
6.25%			Growth	Forecast Revenue Growth		
6.25%			Price Premium	Price Premium Scale		
6.25%			Loyalty	Loyalty		

# How we established our new Brand Strength Index structure

1

Conducted a **literature review** (which resulted in the review of 208 relevant academic articles, books, etc.).

2

Defined **guiding principles and key metrics** for our index, interrogating key theoretical pillars of Brand Finance's approach – in particular, the Brand Value Chain.

3

Performed **statistical and financial analysis on these metrics** from our own Global Brand Equity Monitor database to verify the metrics and set weights.

# Our literature review and analysis confirm that these attributes are indicative of brand success

Two key pillars of the brand strength framework



## Brand Perceptions

Knowledge

Credibility

Appeal



## Customer Behaviors

Selection

Advocacy

Price Acceptance

# Our brand evaluation framework is entirely research-driven

		What we want to know	Role in value creation
Brand Perceptions	 Knowledge	Are people <b>aware</b> of us? Do they know us well enough to think about us when they have a need in our category?	A brand must continually reinforce its 'mental availability' to be easily recalled by customers when they have a need in the brand's category.
	 Credibility	Are we seen to deliver high quality, reliable products and services? Are we a <b>trusted</b> brand?	Customer aversion to loss drives them to choose trusted brands to minimize the risks from potential product failure or poor service.
	 Appeal	Are we building a <b>positive emotional connection</b> with customers and prospective customers?	Customers are more likely to choose brands that evoke positive emotions, as their feelings influence their perception of the benefits the brand delivers.
Customer Behaviors	 Selection	Are people willing to include us in their <b>consideration set</b> when they have a need in our category?	Being considered across as many category entry points as possible is a key driver of market share, usage, penetration, and share of wallet.
	 Advocacy	Do people talk <b>positively about</b> us? Are they willing to <b>recommend</b> us to others?	Increased advocacy leads to higher usage due to impact on brand perceptions and indicates loyalty, ensuring more stable and recurring revenue at lower risk.
	 Price Acceptance	Does our brand influence customers to pay our selected price for our products and services?	Lower customer sensitivity to price supports higher profit margins and a greater ability to pass through cost increases.

# Our predictive and actionable brand strength framework

Metrics are mapped to attributes based on available data

- Illustrative for Hotels -

Pillar	Weight	Factor	Attribute
 <b>Brand Perceptions</b> 50%	15.00%	 <b>Knowledge</b>	Familiarity
	10.00%		Understanding
	7.50%	 <b>Credibility</b>	Reputation
	7.50%		Reliability
	2.50%	 <b>Appeal</b>	Engagement
	7.50%		Likeability
 <b>Customer Behaviors</b> 50%	15.00%	 <b>Selection</b>	Consideration
	15.00%		Preference
	3.75%	 <b>Advocacy</b>	Recommendation
	3.75%		Word of Mouth
	12.50%	 <b>Price Acceptance</b>	Price Acceptance

## Considerations for arriving at a Brand Strength Index score

The weighting of metrics is determined through statistical modeling and calculated on an **industry-by-industry basis**.

Specific metrics are selected from client brand research data or Brand Finance's proprietary Global Brand Equity Monitor study.

# Brand evaluation provides competitive context

Illustrative brand strength scorecard, based on competitive benchmarking

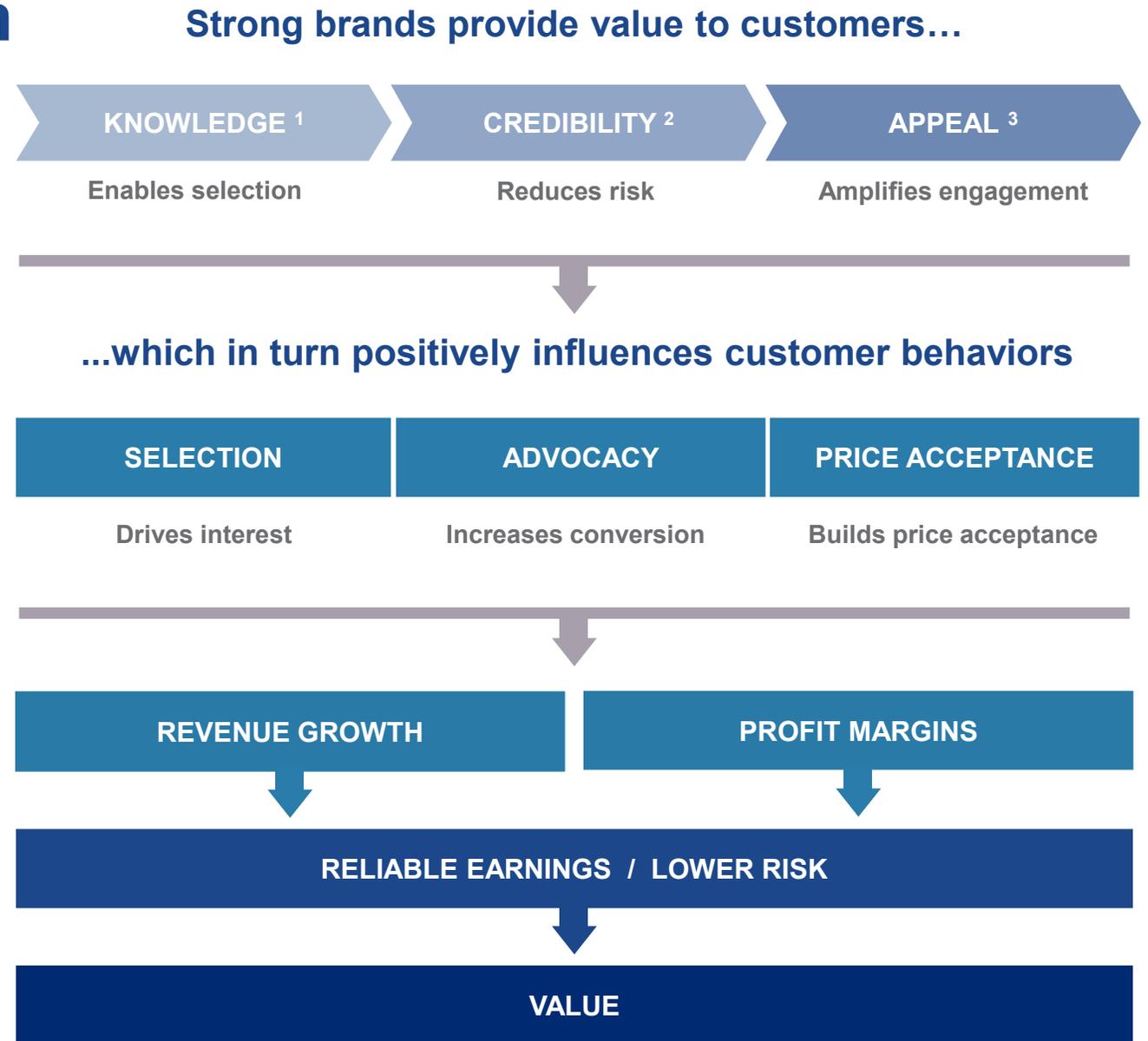
## Brand Strength Index

Pillar	Factor	Weighting	Attribute	Brands						
				A	B	C	D	E	F	G
 Brand Perceptions	Knowledge	15.00%	Familiarity	4.3	7.2	6.3	5.8	6.4	5.8	4.8
		10.00%	Understanding	5.8	8.6	8.5	8.0	7.8	7.7	7.7
	Credibility	7.50%	Reliability	10.0	7.1	6.4	6.0	6.3	6.4	5.1
		7.50%	Reputation	9.9	8.3	7.4	7.7	7.6	7.3	7.2
	Appeal	2.50%	Engagement	9.3	6.8	5.7	6.1	6.0	6.0	5.3
		7.50%	Likeability	5.8	8.6	8.5	8.0	7.8	7.7	7.9
 Customer Behaviors	Selection	15.00%	Consideration	9.8	7.1	6.7	5.7	6.3	5.3	4.4
		10.00%	Preference	8.0	7.6	6.5	6.7	5.5	5.9	5.5
	Advocacy	3.75%	Recommendation	8.9	7.0	6.8	6.5	7.4	7.2	6.1
		3.75%	Word of Mouth	9.0	6.8	6.0	6.4	7.3	6.2	5.0
	Price Acceptance	12.50%	Price Acceptance	8.3	7.6	6.3	5.7	5.5	5.9	5.5
	<b>Brand Strength Index Score</b>				<b>73.6</b>	<b>72.0</b>	<b>65.3</b>	<b>61.7</b>	<b>62.5</b>	<b>60.2</b>

# Evaluating brands based on their commercial impact

## Brand Finance evaluates brands based on their commercial impact

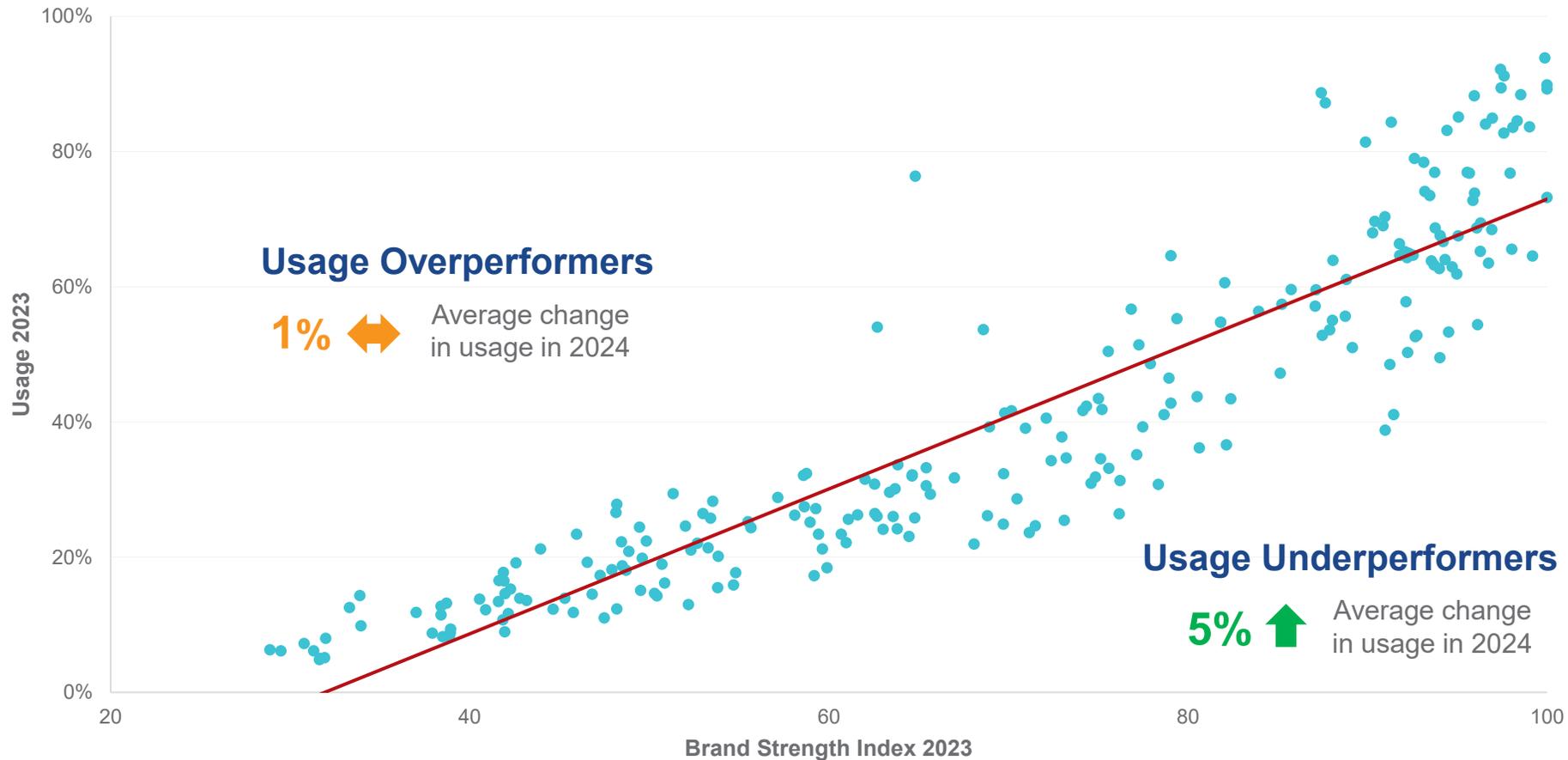
Our brand strength approach is grounded in marketing science and explicitly linked to the levers of value creation for brands.



*Grounded in marketing science: 1) Availability heuristic; 2) Loss aversion heuristic; 3) Affect heuristic.*

# Brand strength is an indicator of future performance

Overperformance on brand strength vs. current usage is a lead indicator of growth



On average, brands that underperform in terms of usage share relative to their Brand Strength Index experience above-average increases in usage the following year.

A one-tailed two-sample t-test testing whether the mean change of underperformers was larger than the mean change of overperformers resulted in a p-value of <0.0001 and **99% significance**.

Source: Global Brand Equity Monitor Data, 2023 and 2024 | Example Sector: Supermarkets | Definition: Claimed usage

## In sum...

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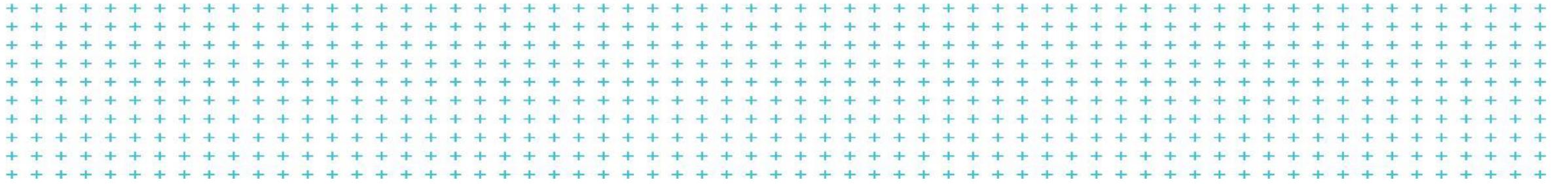
**Strong brands drive superior returns** — evidence proves they outperform weaker brands in value creation and market impact.

2

Brand Finance has **hard-wired brand strength to financial results**—giving clients a sharper, more powerful platform for growth.

3

The new model focuses on **proven drivers of market value**—while measuring brands by real-world commercial impact.



# Q & A

## Contact us

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Brand Finance is the leading brand valuation and strategy firm,  
helping companies to manage their brands for improved business results.