

# Index

Note: Page numbers in *italics* refer to figures and tables

- AbsoluteBrand 110–12, 315
  - academic courses 30–1
  - academic models 301–2
    - in Anglo-Saxon countries 337–8
    - versus professional practice 359–60
    - vs. practitioners' methods 343
  - accounting data, equations based on 321, 322
    - see also* Hirose model (2002)
  - accounting perspective
    - brand as an intangible asset 2–3
    - conflict generated by brand capitalization 36–7
    - discomfort over lack of consensus 402–3
    - internally generated brands 4–5
    - trademark, brand and branded business 5–7
  - accounting standards 24–6, 52, 404
  - acquisitions
    - of brands in the 1980s 33–4
    - external transactions 53–4, 52
  - Advanced Brand Valuation (ABV) model 183–4
    - brand earnings forecast 187
    - brand potential index 184–5
    - brand-specific earnings 185–6
    - brand-specific risk 187–9
    - brand value 189–91
      - critique of model 191–2
    - “annuity” model, Interbrand 216–22
  - Association-Affinity Model 369–73
  - AUS Consultants 112–17, 313, 314, 318, 320, 323
    - trademark valuation 114, 115–16
  - Baruch Lev's Intangible Scoreboard 100, 234–6
  - BAV (Brand Asset® Valuator) model 133–43
  - BBDO valuation models 117–18
  - Brand Equity Evaluation System (BEES) 118–21
  - Brand Equity Evaluator® (BEE) 121–6
  - Brand Equity Valuation for Accounting® (BEVA) 126–9
    - classification 297–8
  - binomial valuation model, real options 105–7
  - “black box” methods 86, 343–4
  - Black-Scholes model 107–8
  - brand allegiance *see* loyalty
  - Brand Asset® Valuator (BAV) model, Young & Rubicam 132–44
  - Brand Balance Sheet, Nielsen Company 274–7
-

- “brand contribution” calculation, MBO model 240–3, 249
- BrandDynamics™ Pyramid, Millward Brown 245–7
- brand earnings
- ABV model 185–7
  - “earnings split” method, Brand Finance 147–50
  - Interbrand 216–17
    - “Role of Brand Index (RBI)” 225–7
  - MBO model 235, 237–40, 312
  - methods of calculating 162, 175
    - compared to theoretical earnings 317
    - through royalty relief 315
    - variations of excess earnings method 314
  - multiple applicable to 175–7, 218
  - Nielsen Company 278–9
- BrandEconomics® model 132–3, 143
- critique of model 143–4, 143–4
  - phases in application of method 133–4
    - brand strength 137–8
    - brand value, calculation of 140–2
    - intangible value multiple 139–40
    - role of brand, determining 136–7
    - separation of total market value 134–5
- brand equity 12–14
- “brand evaluation” models 18–19, 299–300
  - CoreBrand’s estimation of value of 393, 390–1
  - GfK-PwC-Sattler model 191
  - imprecise terminology of marketing users 403–4
  - Motameni and Shahrokhi’s model 250–7
    - see also* brand value
- Brand Equity Evaluation System® (BEES) 118–21
- Brand Equity Evaluator® (BEE) 121–2
- determinants of brand equity 122–4
  - discount rate calculation 124–5
  - model critique 125–6
  - net present value of cash flow 125
- Brand Equity Valuation for Accounting® (BEVA) 126–9
- Brand Equity Valuation Model, CoreBrand 390–1
- brand expected life, determination of 155–6
- Brand Finance 144–5
- critique of models 150–1
  - earnings split method 147–50
  - royalty savings method 145–7
  - see also* FutureBrand
- brand health
- measurement of 137–8
  - and relative impact of economic performance 136–7
- brand iconography 159–60
- Brandient models 129
- based on demand driver analysis 129–30
  - based on royalty savings 131
  - critique of models 132
- Brand knowledge structure (BKS) analysis 155–6
- brand loyalty *see* loyalty
- BrandMetrics 151–8
- “Brand Momentum”, Millward Brown Optimor 243–4
- “Brand Performance” model, Nielsen Company 277–20
- Brand Potential Index (BPI®), ABV model 184–5
- Brand Power™ analysis (BPA), CoreBrand 389–90
- brand premium profits (BPP), expert workshops 153–4
- brand presence 244
- “Brand Rating” model 158–64
- “brand risk”
- analysis of, FutureBrand 181–2
  - calculations, AUS Consultants 323
  - calculations, Brand Finance 146
  - classification of risk-based models 322, 327
  - comparison of models using 321, 323–6
  - determination of, ABV model 187–9
- brand role determination 136–7
- Brand Stamina™, Brandient 130, 132
- brand strength
- BBDO models 117–29
  - Motameni & Shahrokhi’s GBE model 251–5
  - and multiple applicable to brand earnings 175–7
  - Young & Rubicam’s Brand Asset Valuator 137–8
  - see also* demand drivers/brand strength analysis
- brand valuation process 47–8
- brand league tables 48–9
  - defining scope of valuation and concept of brand 54
  - definition of brand valuation 48

- purpose of brand valuation 50–4  
 questioning necessity of brand valuation 49–50  
 selection of appropriate methodology 54–6  
 brand value 18–20  
   BrandEconomics 140–3  
   Brandient 130  
   BrandMetrics 156  
   Brand Rating 162  
   Conсор 165–7  
   Hirose 194, 199–201  
   Interbrand 220, 229  
   Kern 233  
   Nielsen 269  
   Sander's Hedonic model 264  
   Sattler 266  
   Semion 269  
   Villafañe & Associates 284  
 brand value added  
   BVA® or "earnings split" method 147–50  
   calculation of 160–1  
   forecast 161  
 brand value criteria, determination of 275, 276  
 Brand Voltage™, Millward Brown 247–8  
 "Bundle of Brand Rights" theory 76–7  
 business initiatives 20–2  
 BVA® (brand value added) model 147–50  
 BVE<sub>Q</sub>™ model 168–70  
 management perspective 8–12  
 conceptual errors 350–6  
 conjoint analysis 67–8  
   Herp's model 192–3  
 Conjoint Value Hierarchy (CVH) 318–19  
 Conсор 164–5  
   BVE<sub>Q</sub>™ model 168–70  
   residual approach 170–1  
   royalty savings model based on Valmatrix® analysis 165–7  
   ValCALC® model (excess earnings) 167–8  
 constant coefficient method, "Repenn Factor" 260–1, 319, 320  
 corporate brand valuation 363–4  
   CoreBrand's model 338–9  
   Brand Equity Valuation Model 390–1  
   Brand Power™ analysis 389–90  
   critique 392–5  
   ROI analysis 390  
   stock performance forecast 391–2  
   and corporate reputation 364–5  
   adding value to product brands  
     Association-Affinity Model 369–73  
     demand driver analysis 373–6  
   link to market value  
     assumptions 376–9  
     critique 386–8  
     empirical development 379–81  
     theoretical model 381–6  
   methodological options proposed for 366–9  
   reasons for valuing corporate brands 365–6  
 corporate reputation 364–5  
   Association-Affinity Model 369–73  
   and CAPM betas objective risk 377–8  
   and corporate value 384–6  
   demand driver analysis 373–6  
   dimensions of 376–7  
   link to higher risk taking 379–81  
   and lower required returns 381–4  
   theoretical model 381–6  
 cost approach 58–61, 305–6  
 courses on intangible assets 30–1  
 customer loyalty *see* brand loyalty  
 CVH (Conjoint Value Hierarchy) 318–19  
 Damodaran's valuation model 171–4, 318  
 demand drivers/brand strength  
   analysis 82, 309  
   absolute approach 83  
   BBDO's models 117–29

- BrandEconomics model 132–44
- Brand Finance model 149, 150
- Brandient's model 129–30, 132
- BrandMetrics model 151–8
- corporate brand model 373–6
- disadvantages of 86–8
- FutureBrand model 179–83
- GfK-PwC-Sattler: ABV model 183–92
- inconsistency in application of 344–5
- Interbrand's DCF model 215, 222–3, 230–2
- Interbrand's multiplier approach 217–19, 227–9
- methods for determining brand profits 310–11
- Nielsen Company models 274–80
- Prophet Influence model 257–60
- relative approach 83–5
- Sattler's model 265–7
- Semion's model 267–70
- “discounted cash flow” (DCF) methods 63
- Brand Finance 144
- differences in implementation 345–6
- FutureBrand 179, 183
- Interbrand 215, 222–3, 230–2
- discount rate
- calculations 124–5, 149–50, 161–2, 227–9
- methodologies using as a risk factor 322–7
- methods of determining 279, 342–50
- “Don't Waste Your Time with Brand Valuation” (Haigh & Knowles article) 49
- earnings *see* brand earnings
- EBIT (operating profit) 91–4
- economic profit, BrandMetrics' financial analysis 152–3
- Economic Value Added (EVA)<sup>®</sup> model 132–44
- “economies of scale method” 89–91, 316
- errors and misconceptions 350
- conceptual errors 350–6
- errors in interpretation 358–9
- management errors 356–8
- EVA<sup>®</sup> (Economic Value Added) model 132–44
- excess earnings technique 96–7
- Baruch Lev's Intangible Scoreboard 100
- ROI analysis 100–2
- U.S. Revenue Ruling 68-609 97–100
- VALCALC<sup>®</sup> model 167–8
- Expansion Driver (ED), Hirose's model 198–9, 206
- external transactions 53–4
- Financial World (FW) 174–5
- brand-related earnings 175
- compared with theoretical 317
- brand strength multiple 175–7
- critique of model 177
- Gillette case study 177, 178
- “Formula Approach” 97–100
- free cash flow (FCF) less return on assets other than brand 96, 319, 320
- AUS Consultants model 112–17
- Houlihan Advisors model 207–8
- FutureBrand 179–83
- GfK-PwC-Sattler model *see* Advanced Brand Valuation (ABV) model
- Gillette case study 177, 178
- Global Brand Equity (GBE) model 250–1
- brand net earnings 255–6
- brand strength 251–5
- critique of model 256–7
- Global Reporting Initiative (GRI) 21
- goodwill
- categories of assets allocated to 25–6
- as percentage of acquisition price 33–4
- gross margin
- comparison with that of competitors 89–91
- differential, royalty rates 78–9
- group analysis, royalty rates 80–2
- guidelines, future standardization of 404–5
- hedonic analysis 68–9
- Herp's valuation model 192–3
- Hirose model (2002) 193–4, 322
- application of model 201–3
- brand valuation model 199–201
- critique of model 203–6
- expansion driver (ED) 198–9
- loyalty driver (LD) 197–8
- prestige director (PD) 195–7
- Houlihan Valuation Advisors (HVA) 207–9, 208
- brand profit calculation 320
- human capital 16
- “icon iceberg model” 159–60
- ICS (Intellectual Capital Services) 318

- income approach 63–4, 303–7  
 company valuation less value of net tangible assets 102–3  
 demand drivers/brand strength analysis 82–8  
 excess earnings 96–102  
 free cash flow (FCF) 96  
 gross margin comparisons 89–91  
 operating profit comparisons 91–2  
 price premium 65–7  
 conjoint analysis 67–8  
 hedonic analysis 68–9  
 real options 103–8  
 royalty savings 70–8  
 cluster or group analysis 80–2  
 gross margin differential 78–9  
 Knoppe formula 79–80  
 “subtraction approach” 94–5  
 theoretical profits of generic product comparison 92–4  
 value of business with and without brand 95–6
- Institute for the Analysis of Intangible Assets 21
- intangible assets  
 accounting standards recognition of 24–6  
 and brand equity 12–14  
 definition and examples of 2–3  
 economic vs. accounting criteria 7–8  
 growth of investment in 24, 25  
 importance of in business 20–2  
 increasing economic relevance 22–4  
 initiatives promoting reporting of 26–9  
 and intellectual capital 14–18  
 non-recognizable 4–5
- Intangible Business Ltd 210–14  
 “intangible earnings”  
 conflation with EVA 248, 350–1  
 Interbrand’s estimation of 224–5  
 MBO model 235, 237–40, 312
- intangible value  
 confusion with EVA 350–1  
 definition of 135
- intangible value multiple,  
 BrandEconomics 139–40, 143–4
- intellectual capital 14–18
- Interbrand 214–16  
 brand vs. theoretical earnings  
 calculation 317  
 discounted cash flow model 222–32  
 critique of model 230–2  
 stage 1: segmentation 223  
 stage 2: financial analysis 224–5  
 stage 3: role brand index (RBI) 225–7  
 stage 4: brand strength analysis 227–9  
 stage 5: calculation of brand value 229–30
- multiplier (“annuity”) model 216–22  
 brand strength indicator 217–18, 219  
 calculation of brand value 220  
 critique of model 220–2  
 determination of the multiplier 218–20  
 earnings attributable to brand 216–17
- internally generated brands 4–5
- internal transactions 53
- International Valuation Standards Committee (IVSC) 26–7  
 interpretation, errors in 358–9
- intrinsic value of brand, BrandEconomics model 140–2, 143
- investors, factors preventing adoption of valuation methods 42–3
- Keim’s x-times model 232–4
- Knoppe formula, royalty rates 79–80
- Knowledge Capital Scoreboard 100, 234
- Lev’s Intangibles Scoreboard 100, 234–6
- loyalty  
 and BPI index 184–5  
 Brand Rating’s model 159–60  
 Hirose’s model 197–8, 206  
 methods of measuring 252  
 Millward Brown Optimor model 245–7
- management errors 356–8
- management perspective  
 brand and corporate reputation 8–11  
 brand equity and intangible assets 12–14  
 brand, intangible assets and intellectual capital 14–18  
 brand and visual identity 11–12
- market analysis, Intangible Business model 213
- market approach 61–2, 303–7
- market capitalization (market cap) 14–15, 23  
 CoreBrand’s model 388–95  
 macro-analysis 271–3  
 residual approach to valuation 170–1
- marketing specialists, terminology issues 403–4

- market share (MS) calculation, Villafañe & Associates 286–8
- Millward Brown Optimor 236–8  
 application of 244  
 “brand contribution” calculation 240–2  
 brand multiple calculation 243–4  
 critique of model 248–50  
 general overview 245–8  
 “intangible earnings” calculation 238–40
- monetary value of brand *see* brand earnings
- Motameni and Shahrokhi’s Global Brand Equity Valuation model 250–7
- Nielsen Company  
 Brand Balance Sheet 274–7  
 Brand Performance model 277–80
- non-recognizable intangible assets 4–5
- obsolescence of trademark, determining 347–8
- operating profit comparisons 91–2, 312
- Prestige Director (PD), Hirose’s model 195–7, 206
- price premium-oriented methods 65–7, 299, 313  
 “Brand Rating” model 158–64  
 conjoint analysis 67–8  
 Herp’s model 192–3  
 hedonic analysis 68–9  
 Sander’s model 261–5  
 Trout & Partners model 280–3
- price-to-sales ratio difference,  
 Damodaran’s model 171–2
- Prophet valuation model 257–60
- purpose of brand valuation 50–4
- Rank Hovis McDougall 35–6
- real option models 103–5  
 binomial method 105–7  
 Black-Scholes model 107–8
- “reasons-to-buy” analysis 82–8
- regulations, future trends 404–5
- Repenn’s model 260–1
- reputation *see* corporate reputation
- residual return, excess earnings technique 100–2
- “Resource Recognition Procedure” (RRP) 153–5
- Return-on-Investment (ROI) analysis,  
 CoreBrand 390
- risk drivers *see* “brand risk”
- royalty relief/savings methodology 55–6, 61–2, 71–3  
 advantages and disadvantages 74  
 based on Valmatrix® analysis 165–7  
 BEVA financial model 127–8  
 Brand Finance “Royalty Relief” model 144–7  
 Brandient Model 131, 132  
 for calculating brand earnings 315  
 cluster or group analysis 80–2  
 disadvantages of 74–8  
 gross margin differential 78–9  
 Intangible Business Model 210  
 Knoppe formula 79–80  
 RR 68-609 *see* U.S. Revenue Ruling 68-609
- Rubicam & Young’s model, brand health 137–8
- Sander’s Hedonic brand valuation method 261–5
- Sattler’s brand valuation model 265–7
- Semior® Brand-Broker GmbH 267–70
- Shahrokhi and Motameni’s Global Brand Equity Valuation model 250–7
- Simon & Sullivan’s stock price movements model 270–4
- Skandia, intellectual capital model 16–17
- S&P 500 book-to-market ratio 23–4
- Srivastava’s model 376–83
- standardization of methods 397–8, 404–5
- Stern Stewart & Co *see* BrandEconomics
- stock performance forecast,  
 CoreBrand 391–2
- stock price movements model, Simon and Sullivan 270–4
- structural capital 16
- “subtraction approach” 94–5
- supply and demand, future trends in 399–402
- System Repenn 260–1
- taxonomy of methods 295  
 academic vs. commercial origin 301–2  
 by application or possible objectives 296–7  
 by approach employed (cost, market and income) 303–7  
 brand contribution to income/revenues 307–21  
 brand’s growth and useful life 327–30  
 classification proposed by BBDO 297–8

- classifications based on mixed criteria 299–300
  - by intended universality of calculated value 300–1
  - by method of “representing brand risk” 321–7
  - using financial or non-financial indicators 295–6
  - theoretical profits comparison 92–4, 316, 317
  - trademarks 5–6, 7
    - securitization using 53
    - valuation of using royalty savings method 71–2
  - trends in brand valuation 331–3
    - industry trends
      - academic vs. practitioner world 343
      - concentration in Anglo-Saxon countries 337–8
      - convergence between marketing and finance 338–9
      - detrimental “black box” methods 343–4
      - financial validity vs. usage of models 341–3
      - professionalism and sophistication 338
      - proliferation of methods and firms 333–5
      - users’ lack of credibility/understanding 335–6
      - widespread use of certain models 339–41
    - methodological trends
      - differences in usage of income-based models 345–6
      - divergence of results from different methods 346–7
      - income-based models and useful life 347–8
      - inconsistency in application/use of techniques 344–5
      - risk models with WACC adjustments 348–50
  - Trout & Partners 281–4
  - trusted institutions 22
  - useful life of brand
    - Brandmetrics analyses 155–6
    - factors determining 347–8
    - methods/companies using 327–30
    - users, lack of understanding 335–6
  - U.S. Revenue Ruling 68-609 97–100
  - ValCALC® model (excess earnings) 167–8
  - valuation of brand 20
    - academic evidence 30–1
    - business evidence 20–2
    - economic evidence 22–4
    - normative and institutional evidence 24–9
    - social evidence 22
    - see also* brand value
  - valuation methods 33
    - accounting conflict 36–7
    - corporations’ use of 40–1
    - current brand valuation services 38–40
    - first brand valuation 35–6
    - investment analysts’ use of 41–3
    - origins of 33–4
    - players’ use of 43–5
    - rapid development and applications 37–8
    - taxonomy of 295–330
  - valuation providers 289–93
    - future trends in supply and demand 399–402
    - proliferation of 333–5
  - Villafaña & Associates’ Competitive Equilibrium Model 283–9
  - weighted average cost of capital (WACC) 161, 239, 348–50
  - Young & Rubicam’s Brand Asset Valuator 137–8
-