

South Africa has three 'billion dollar brands'

 By [Louise Marsland](#)

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Standard Bank is by far South Africa's most valuable brand, valued at R10,165 billion by Interbrand Sampson which launched the first ever tables of South Africa's Most Valuable Brands™, yesterday. MTN comes in second, valued at R8,895 billion, and Vodacom is third, valued at R6,501 billion.

As the financial value of brands has gained increasingly critical importance globally over the past 12 years, the annual Interbrand Top Brands by Value table has become a vital business performance monitoring tool. In recent years local tables have been produced by the Group in some 10 countries, including the USA, the UK, Australia, Singapore and France.

2005 sees the first such table in South Africa, produced according to the Interbrand Group's world-renowned methodology, jointly by Interbrand Sampson in Johannesburg and Interbrand London. The inaugural table brings Standard Bank South Africa in as South Africa's most valuable brand, followed by MTN, Vodacom, ABSA, First National Bank, Telkom, Castle Lager, De Beers, Old Mutual and Pick 'n Pay.

The announcement was made in a surprisingly lukewarm fashion at the Financial Mail Adfocus Awards 2005 on Monday, 9 May 2005, in Sandton, by Interbrand Sampson, the Africa and Middle East operation of the World's leading branding consultancy.

The top 10

1. Standard Bank comes in at a value of R10,165 billion (approximately US\$1,7 billion).
2. MTN's value is R8,895 billion (approx. US\$1,5 billion).
3. Vodacom's R6,501 billion (approx. US\$1,1 billion).
4. Absa: R4,924 bn
5. First National Bank: R2,915 bn
6. Telkom: R2,704 bn
7. Castle Lager: R2,576 bn
8. De Beers: R2,443 bn
9. Old Mutual: R2,366 bn
10. Pick 'n Pay: R2,318 bn

Says Jeremy Sampson, Chief Executive of Interbrand Sampson, "The role of the brand in business is now globally understood as a fundamental business driver, tracking its value is as important to the marketing director as it is to the financial director and the chief executive. It is a key tool is making the marketing department more accountable and more

financially literate."

The Interbrand Group pioneered professional brand valuation in 1988, and its model is now considered to be the global standard, endorsed by tax authorities, stock exchanges, high courts, banks, accounting firms and business schools. The global tables are produced annually in partnership with JP Morgan and Citibank, and the model is used by more than 400 leading companies in over 35 countries. In South Africa, Interbrand Sampson has valued several top brands, including ABSA (twice), South African Breweries, Eskom, FNB and Vodacom.

Standard Bank's Sarah-Anne Orphanides says they are delighted to be at the top of the South African league. "Being at the top of your game in your industry sector is a great thing, but to be rated as the most valuable brand of all in a country is a fantastic accolade, and a fitting tribute to the focused dedication all at Standard Bank have on providing a consistent and rewarding experience to all our stakeholders."

Orphanides says that this ranking provides an important stake in the ground, and together with its ranking as the top South African brand in the Sunday Times / Markinor Top Brands Survey - a rating it has achieved for the past seven years in a row - provides a valuable yardstick with which to measure company performance.

Key findings

1. Goodwill is very different from Brand Value

At present many of the companies involved in the top 10 have significant goodwill. Goodwill represents investors perception of all of the companies intangible assets, the brand is one of the intangibles, the others being management, patent, employees, etc.

2. South Africa has three 'Billion Dollar Brands'

South Africa has some very valuable brands, with the top 3 all worth over \$1 billion.

3. Balance sheet consideration of intangible assets

At present, few of the South African companies have significant amounts of intangibles on their balance sheets. Many accounting standards around the world require capitalization of goodwill, including brands on the balance sheet - this practice has not yet been realised in South Africa.

4. Domination of Financial Services and Telecoms brands

The SA brand league table is dominated by financial services and telecoms brands, which reflect the industries and skills which have been nurtured in this country.

5. Emergence of domestic South African brands into regional brands

South African brands have a certain quality perception which will help them to sell their products in export markets within the African region. Castle and MTN have led the way in showing how South African brands can compete very favourably in comparison to local brands. As a result of the cultural similarities between South Africa and the rest of the region, this opportunity is very great but if the SA brands do not act fast, using their quality perception advantages, the window of opportunity will close.

6. The future potential for national brands

It is worth noting that three of the top 25 brands in the global league table were predominantly national brands until only 10 years ago. The likes of Samsung, SAP and Nokia have all managed the transition from being a local player to a global giant. South African brands have this potential - but only through significant internal belief and heavy investment to develop their offering in other markets.

The criteria

The Brand Value is premised on the argument that brands, like any business asset, are valuable insofar as they are able to

generate economic benefit to their owners. This evaluation is based on more than perception or popularity; it demonstrates how brands, as key elements of corporate wealth, can and should be considerable factors in business strategy.

The shortlist requirements were:

- Since the study was based on publicly available information, the brand or company owning the brand had to be listed on the JSE.
- In order to qualify as a South African brand, the brands had to originate in South Africa or at least be owned by companies listed on the South African stock exchange or brands had to be owned by a listed company headquartered in South Africa for at least 10 years.
- Interbrand subjected the shortlisted brands to thorough financial, market and brand analysis using the proprietary model.

The valuation itself is comprised of five steps:

1. Segmentation
2. Financial analysis
3. Role of branding
4. Brand strength
5. Brand value calculation

Interbrand Sampson will be offering personal corporate presentations of the tables and the methodology used to arrive at them, and can be contacted in this regard on +27 +11 327 2815.

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