



BrandFinance® Journal

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Understanding the value of the British Monarchy as a brand

**The Economic
Benefit** of the
Monarchy

**The Value of
Coats of Arms
and Royal
Warrants**

**The Monarchy's
Impact on Trade
and Tourism**





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In April 2011 I was interviewed outside Buckingham Palace about the value of the Monarchy as a 'brand' and was asked to comment on the effect of the Royal Wedding on this.

In preparation for the interview, Brand Finance's research team considered the issue as though the Monarchy were just any other branded business. In valuing 'The Firm', we researched what tangible assets are tied up in delivering the Monarchy 'experience' and what intangible asset value is created for the United Kingdom by the Monarchy.

We pulled together a variety of facts and statistics and concluded that the Crown Estate (which owns all the Royal Palaces and Properties) was worth approximately £8 billion (the tangible asset value of the Monarchy). We then looked for evidence of annual benefits to the UK and found reports from various sources which suggested that incremental benefits to the UK economy came to approximately £1 billion, which implied a future value of £10-12 billion. As £1 billion represents only 0.067% of annual GDP (£1.5 trillion) this did not seem an unreasonably high number.

We identified three ways the Monarchy creates value for UK plc:

First, the general benefit to UK tourism and industry; with airports, hotels, restaurants, shops, homes and streets full of crowds celebrating the 'fairytale wedding' £1 billion seemed credible.

Second, the incremental benefit to individual UK businesses of the Royal Warrant scheme; there is compelling evidence that this scheme adds higher demand and higher prices to the 850 companies with a Royal endorsement. Brands like Fortnum and Masons and Berry Brothers clearly benefit from the luxury connotations of a Royal Warrant.

Third, the reputational benefit to individual UK businesses gained from having a Coat of Arms; this is a mark of reputation granted by the Royal Household (via the College of Arms) to companies which can demonstrate their stability and high business standards. Brands like British Airways and Harrods wear their armorial bearings with pride because they produce business and financial benefits.

However to a significant minority of people the idea that the Monarchy might have an asset value as high as £20 billion proved both offensive and controversial when my interview was aired in April last year. Many people don't agree with the constitutional principle of a hereditary Monarch exercising power over the running of the country. The question is obviously highly political and elicits very emotional responses. Brand Finance employs Monarchists and Republicans in its ranks. So we decided for our own interest to revisit this thorny subject in Jubilee year and get closer to a fair value for the Monarchy.

We were all surprised to find that we had under-estimated both the tangible and intangible value of the Monarchy. It is one of the most valuable of all British brands. Whatever one thinks about the constitutional principle, there seems little doubt that the institution of Monarchy adds significant annual earnings and long term

Introduction

economic value to the UK. We hope our report stimulates an amicable debate about one of the UK's most valuable assets.

The Monarchy in 2012

Our valuation of the Monarchy is based on a number of assumptions and data points which we have drawn from reputable sources. Some are more concrete than others, but we believe that as with other valuations we have produced a fair view overall. This year we estimate that the combined tangible and intangible asset value of the Monarchy is £44 billion.

In arriving at the tangible value, we have included the value of the Crown Estate, the Duchies of Lancaster and Cornwall and the Royal Collection. By different, and inevitably arcane, ownership routes these assets all belong to the country as a whole. They are appreciating assets which, at current best estimates, are worth £18 billion. While the Monarchy employs these assets they belong to everyone.

In arriving at the intangible value we have included both economic benefits and costs.

Benefits include the revenue uplifts from tourism, products and industrial sales in addition to free global advertising and public relations. Finally they include the net increment to GDP created by the Royal feel good factor.

Costs include the Civil List, earnings from Royal tangible property (ceded by the country to the Monarchy), security and other costs. Many of these 'costs' are in fact incurred employing the Royal Household and Security staff, many of whom would remain if we had a President rather than a Monarch.

The net effect appears to be an economic uplift even in years like 2011 and 2012 when Royal occasions provide a good excuse to down tools and have a day off work.

It would be foolish to suggest that members of the Royal Family are not rich and privileged. The mystique of the institution relies on the fact that

they are. Some are richer and more privileged than others and some flaunt the fact less tactfully than others. Is it a price worth paying?

The fact is that great brands need highly paid stars. In sport, figures like David Beckham and Sir Alex Ferguson earn millions building British team brands like Manchester United. In media, actors and writers like Daniel Radcliffe and JK Rowling become multi-millionaires building British entertainment brands like Harry Potter. In business, entrepreneurs like Lord Sugar and Sir Richard Branson become billionaires creating global brands like Amstrad and Virgin. There is no question that the Royal Family is a team of stars building a multi-billion dollar brand for the UK. Should they be reasonably paid for doing so?

For most of her reign, The Queen has managed the Monarchy team as expertly as Sir Alex Ferguson manages Manchester United. She is currently doing a great job on an international stage. However while Ferguson has only been doing it for 25 years, she has been at it for 60 years.

The Monarchy is a powerful endorsement for individual and company brands and for the nation brand. We believe that it is making a significant contribution to the task of driving Britain out of recession. Republicans might argue that if the Monarchy brand is worth so much why don't we just sell it to the highest bidder and reduce the national debt? They might be right, but don't hold your breath for an IPO on Nasdaq!

In conclusion, I would like to thank Clive Cheesman of The College of Arms, Charles Kydd and Liz Wyse of Debrett's and Richard Peck of The Royal Warrant Holders Association who all generously helped Brand Finance to complete this special report of the Brand Finance Journal.

*David Haigh, Chief Executive Officer,
Brand Finance plc*



£18,113m

Value of
UK Monarchy
Tangible Assets



£26,365m

Value of
UK Monarchy
Intangible Assets



-£195m

Travel

£4,057m

Value of
Royal Warrants

-£3,249m

Security

£63m

Special Events
Merchandise

-£845m

Cost to Councils

£16,336m

Leisure, Tourism and
Accommodation

Summary Valuation Opinion

How we Valued the Monarchy as a Brand

Key

Summary



Benefits



Costs



£44,478m

Total Value
of the
Monarchy 'Brand'

-£461m

Civil List

£513m

Special Events Impact
Upon Retail

-£1,140m

Cost of Additional
Bank Holiday

£308m

Leisure and
Accommodation Uplift

-£387m

Property Maintenance

-£13m

Communications
and PR

£4,039m

Advertising Value
Equivalent of Monarchy
Coverage

£8,285m

Crown Estate

-£796 m

Duchy of Cornwall
(lost revenue)

£406m

Value of
Coats of Arms

-£429m

Duchy of Lancaster
(lost revenue)

-£127m

Required Government
Expenditure



The Importance of the Monarchy in the UK

The Queen is a constitutional monarch, day-to-day power is exercised by the democratically elected government, and the Queen must be seen as politically impartial. She symbolises the permanence and stability of the nation, rooted in a heritage and traditions that date back to William the Conqueror. She is a keen observer and questioner, but at all times stands above the ebb and flow of party politics.

Her status as a national figurehead is reinforced by her public profile and commitments. Throughout her reign she has presided over a range of ceremonial occasions, from investitures and trooping the colour to the State Opening of Parliament. These very British rituals reinforce the central role of the monarchy in public life.

The State Opening of Parliament, presided over by the Queen who wears the Imperial Crown, is a magnificent ceremonial occasion, but it is also a theatrical reminder of the chequered history of the relationship between the Monarchy and the House of Commons. Before the State Opening the Yeomen of the Guard search the cellars of the Houses of Parliament, a tradition that dates back to the Gunpowder Plot of 1605. When the official known as Black Rod arrives at the chamber of the House of Commons to summon the MPs to the Lords, the door is symbolically slammed in his face, an assertion of the hard-won independence of the Commons.

The monarch has been known, since feudal times, as the fount of honour. Over the course of 14 investitures a year the Queen personally bestows honours on some 2,600 people. In doing so, she acts as the symbolic figurehead of British society.

The Trooping the Colour, an annual ceremonial pageant attended by the Queen and members of the Royal Family, is a reminder of the central role members of the Royal Family play in the armed forces. The Queen became a Colonel of the Grenadier Guards when she was just 16, and as the sovereign she is also the head of the Army, Navy and Royal Air Force.

Great state occasions, such as the marriages of the Queen and members of the Royal Family, and the Queen's coronation, have always had the power to unify and transfix the nation. The subject of millions of photographs and hours of television footage, the Queen is the main player, sometimes robed, crowned and carrying a sceptre, in the drama and symbolism of these national rituals.

The Queen has said that she 'has to be seen to be believed', and she spends much of her life on show, meeting the public, and reinforcing the role of the Royal Family within British society. Whatever the occasion, from state banquets and charity galas to ship launchings and high street walkabouts, the Queen tries to make personal contact with everyone she meets and adding royal lustre to even the most mundane occasions.

In the Commonwealth and the wider world, the Queen has been a tireless ambassador for Britain, and has probably experienced more state banquets, handshakes and troop inspections than any other head of state. Her trips abroad are not merely ornamental: behind many of them lies serious diplomacy, from repairing the diplomatic damage caused by the Suez Crisis of 1956 to restoring political confidence and maintaining the momentum of the Peace Process on her state visit to the Republic of Ireland in 2011.

Recognised and respected the world over, with a face that graces British stamps and currency that is one of the most reproduced images in history, the Queen is the living embodiment of the United Kingdom. Her respect for history and tradition, her indefatigable dedication and good humour, and her ability to accommodate change and reject hidebound rituals, are universally admired attributes, which serve to enhance the reputation of the UK on the international stage.

By Liz Wyse, Debrett's





Some Basic Concepts

The Royal Family

There are different definitions of the Royal Family for different purposes. A very wide definition functions for some purposes, such as the Royal Marriage Act 1772, while for others such as the attribution of the designation His or Her Royal Highness a much narrower definition is adopted. In general usage the present-day reference of the phrase varies, but always tends to include all the descendants of the Queen's father King George VI as well as her first cousins bearing Royal titles: the Dukes of Kent and Gloucester and their brothers and sisters.

The Monarchy's Intellectual Property

Apart from Crown copyright and other state rights that vest in the Crown, the Crown's IP as considered in this issue fall into two broad areas:

Marks and symbols

All national symbolism is in origin, and much of it remains in law, the Intellectual Property of the Crown. Obvious examples include the Royal coat of arms in all its various forms, the Sovereign's cypher and the 'imperial' crown itself, which between them still function as the principal source of corporate visual identity for the public sector, from passports and pillar boxes to official correspondence and ministerial red boxes. The arms serve as the standard vehicle for displaying favoured commercial status through the Royal Warrant system, while versions of them or associated badges stand for public bodies such as the Royal Mint or the Supreme Court. Even the well known portcullis badge of Parliament is a Royal badge; and so, technically, are the national flags that make up the Union Jack and indeed the Union Jack itself – though proprietorial control of them is very light.

There are other, more specific heraldic elements such as the badges of Prince Charles both as Prince of Wales and as Duke of Cornwall, the arms of the Duchy of Lancaster and the personal cyphers and badges of other members of the Royal Family. The designs for prizes or awards such as the Queen's Awards for Enterprise derive from Royal emblems and are

accordingly treated as protected symbols, while much of the distinctive vocabulary of British medals and decorations – the part that makes them look genuine and officially sanctioned – is straightforward Royal symbolism.

The 'Royal' designation and other forms of nomenclature

The immensely valuable 'Royal' designation is for the most part used in a public context only with the express permission of the Crown, whether applied to a borough, to a body in receipt of a Royal Charter, or to an organisation with a more informal association with the Crown such as an orchestra, an opera house or a sporting event. By extension, all the specific vehicles by which the Crown bestows favour or recognition can be regarded as within the Crown's IP. The idea of an honours system or of peerages and knighthoods cannot be regarded as IP, any more than any other idea; but the specific instantiation of the system, and in particular the names allotted to the awards and decorations within it – ranging from the Order of the British Empire and the other orders to particular titles granted – may well be capable of being so interpreted. Even the broader system of Crown appointments, posts and offices dating back centuries could in part be argued to be sufficiently specific to the Crown to embody Crown IP.

*By Clive Cheesman, Richmond Herald,
College of Arms*

The House of Windsor Family Tree

Charles, Prince of Wales

b. 1948

Princess Anne, The Princess Royal

b. 1950

m. Lady Diana Spencer

b. 1961-1997
m. 1981-1996

m. Camilla Parker Bowles

b. 1947
m. 2005

m. Mark Phillips

b. 1948
m. 1973-1992

m. Timothy Lawrence

b. 1955
m. 1992

Prince William, Duke of Cambridge

b. 1982

Prince Harry

b. 1984

Zara Phillips

b. 1981

Peter Phillips

b. 1977

m. Catherine Middleton

b. 1982
m. 2011

m. Michael Tindall

b. 1978
m. 2011

m. Autumn Kelly

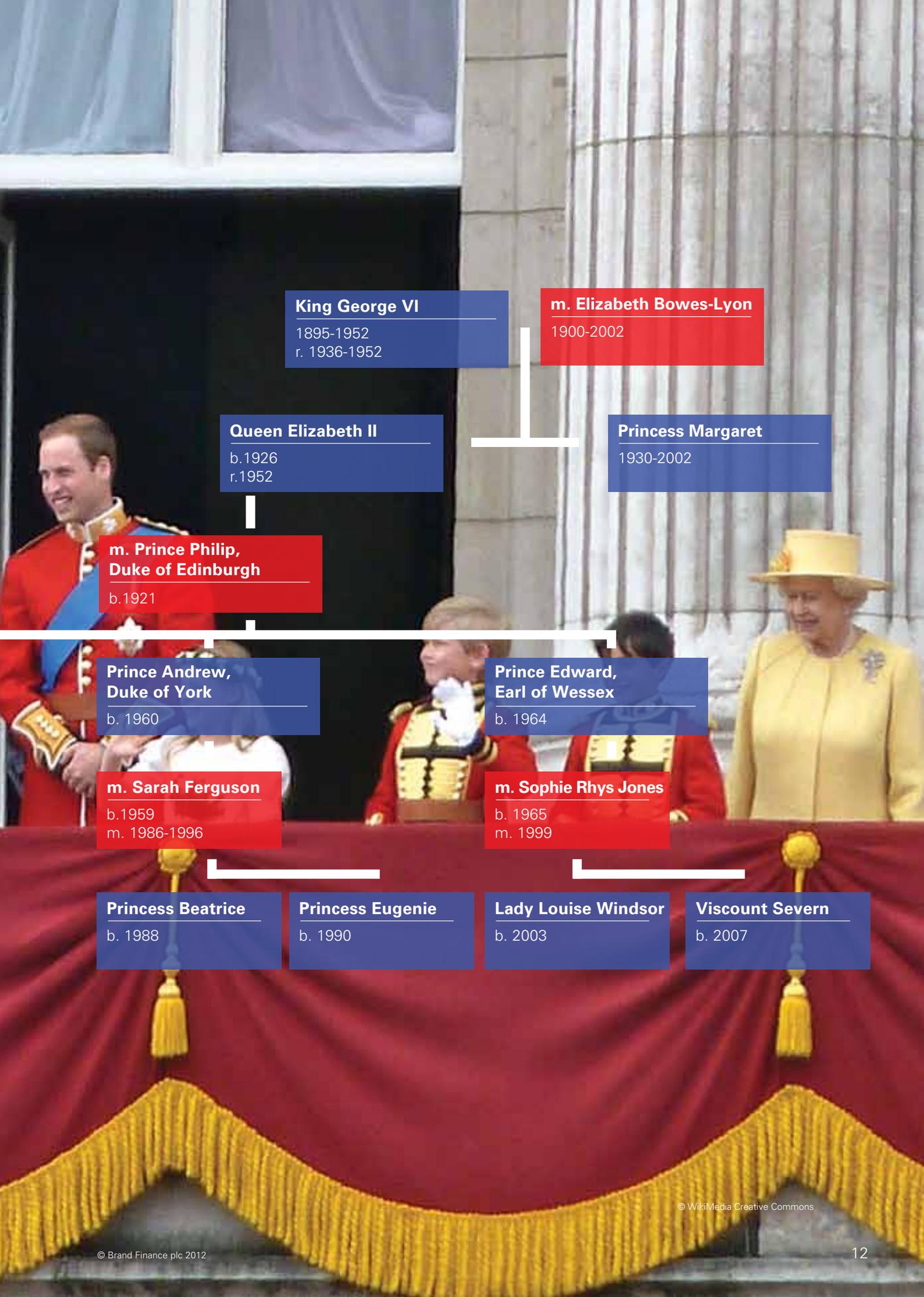
b. 1978
m. 2008

Savannah Phillips

b. 2010

Isla Elizabeth Phillips

b. 2012



King George VI

1895-1952
r. 1936-1952

m. Elizabeth Bowes-Lyon

1900-2002

Queen Elizabeth II

b. 1926
r. 1952

Princess Margaret

1930-2002

**m. Prince Philip,
Duke of Edinburgh**

b. 1921

**Prince Andrew,
Duke of York**

b. 1960

**Prince Edward,
Earl of Wessex**

b. 1964

m. Sarah Ferguson

b. 1959
m. 1986-1996

m. Sophie Rhys Jones

b. 1965
m. 1999

Princess Beatrice

b. 1988

Princess Eugenie

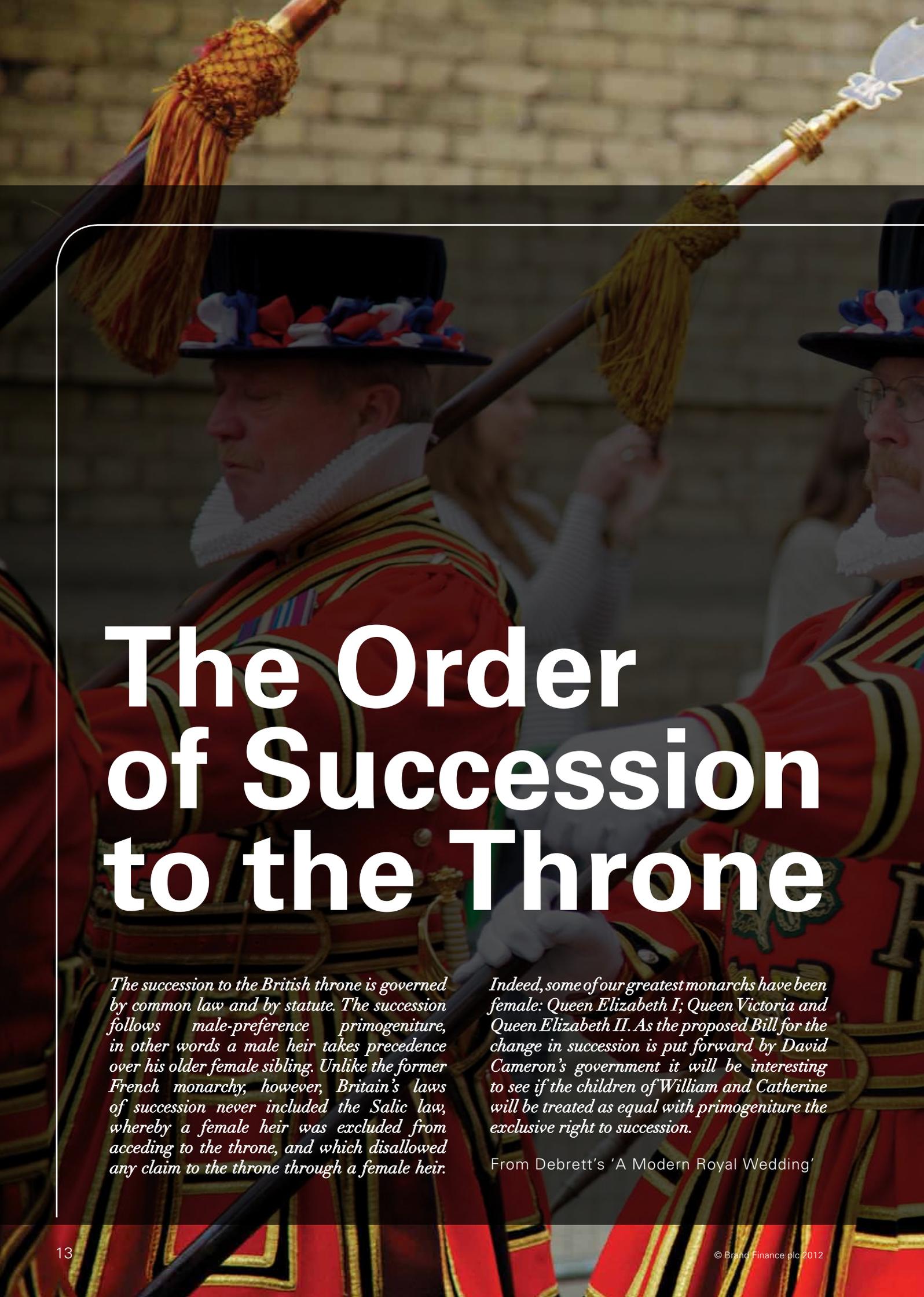
b. 1990

Lady Louise Windsor

b. 2003

Viscount Severn

b. 2007

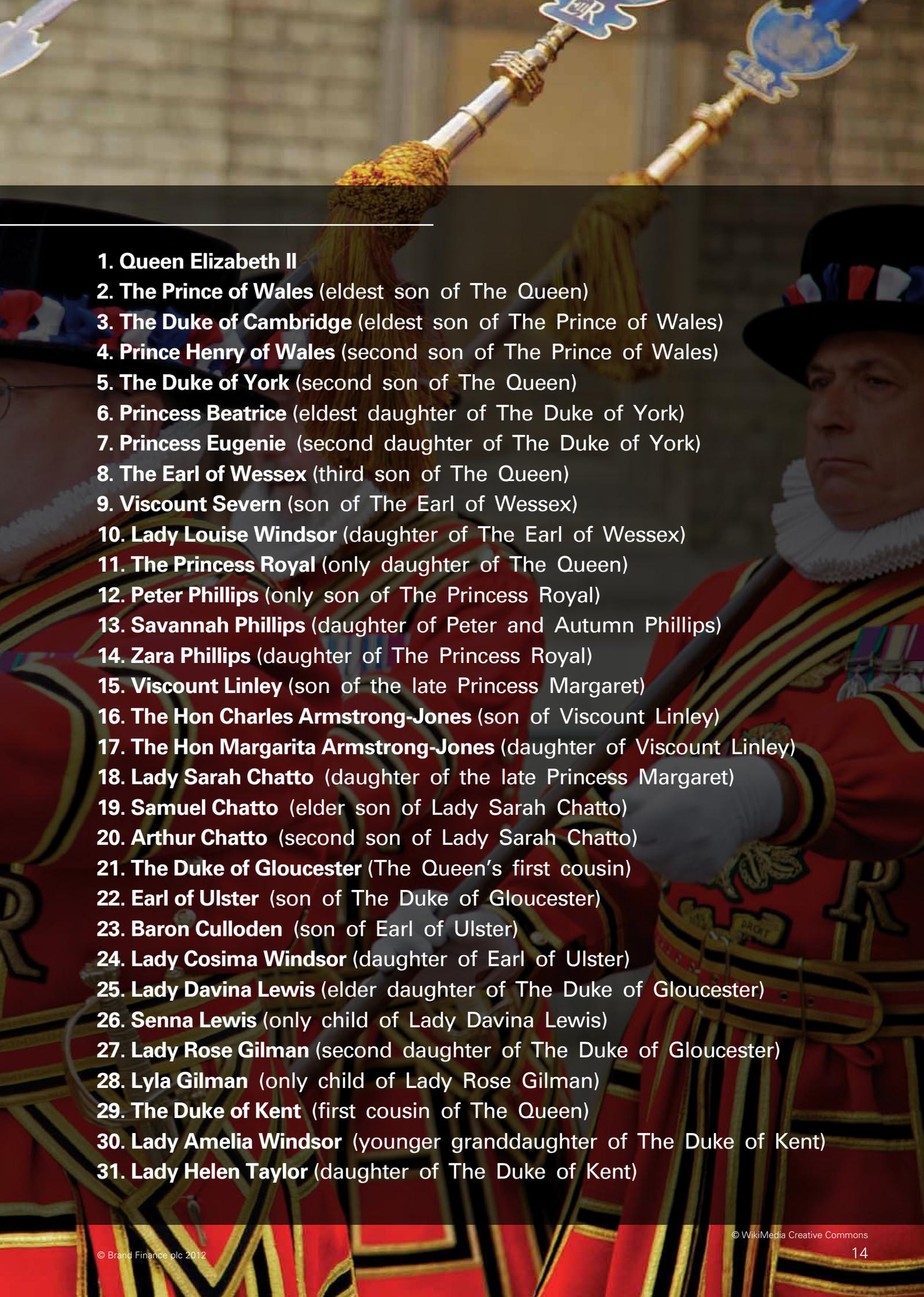


The Order of Succession to the Throne

The succession to the British throne is governed by common law and by statute. The succession follows male-preference primogeniture, in other words a male heir takes precedence over his older female sibling. Unlike the former French monarchy, however, Britain's laws of succession never included the Salic law, whereby a female heir was excluded from acceding to the throne, and which disallowed any claim to the throne through a female heir.

Indeed, some of our greatest monarchs have been female: Queen Elizabeth I; Queen Victoria and Queen Elizabeth II. As the proposed Bill for the change in succession is put forward by David Cameron's government it will be interesting to see if the children of William and Catherine will be treated as equal with primogeniture the exclusive right to succession.

From Debrett's 'A Modern Royal Wedding'

- 
1. **Queen Elizabeth II**
 2. **The Prince of Wales** (eldest son of The Queen)
 3. **The Duke of Cambridge** (eldest son of The Prince of Wales)
 4. **Prince Henry of Wales** (second son of The Prince of Wales)
 5. **The Duke of York** (second son of The Queen)
 6. **Princess Beatrice** (eldest daughter of The Duke of York)
 7. **Princess Eugenie** (second daughter of The Duke of York)
 8. **The Earl of Wessex** (third son of The Queen)
 9. **Viscount Severn** (son of The Earl of Wessex)
 10. **Lady Louise Windsor** (daughter of The Earl of Wessex)
 11. **The Princess Royal** (only daughter of The Queen)
 12. **Peter Phillips** (only son of The Princess Royal)
 13. **Savannah Phillips** (daughter of Peter and Autumn Phillips)
 14. **Zara Phillips** (daughter of The Princess Royal)
 15. **Viscount Linley** (son of the late Princess Margaret)
 16. **The Hon Charles Armstrong-Jones** (son of Viscount Linley)
 17. **The Hon Margarita Armstrong-Jones** (daughter of Viscount Linley)
 18. **Lady Sarah Chatto** (daughter of the late Princess Margaret)
 19. **Samuel Chatto** (elder son of Lady Sarah Chatto)
 20. **Arthur Chatto** (second son of Lady Sarah Chatto)
 21. **The Duke of Gloucester** (The Queen's first cousin)
 22. **Earl of Ulster** (son of The Duke of Gloucester)
 23. **Baron Culloden** (son of Earl of Ulster)
 24. **Lady Cosima Windsor** (daughter of Earl of Ulster)
 25. **Lady Davina Lewis** (elder daughter of The Duke of Gloucester)
 26. **Senna Lewis** (only child of Lady Davina Lewis)
 27. **Lady Rose Gilman** (second daughter of The Duke of Gloucester)
 28. **Lyla Gilman** (only child of Lady Rose Gilman)
 29. **The Duke of Kent** (first cousin of The Queen)
 30. **Lady Amelia Windsor** (younger granddaughter of The Duke of Kent)
 31. **Lady Helen Taylor** (daughter of The Duke of Kent)



Who's Who

Queen Elizabeth II

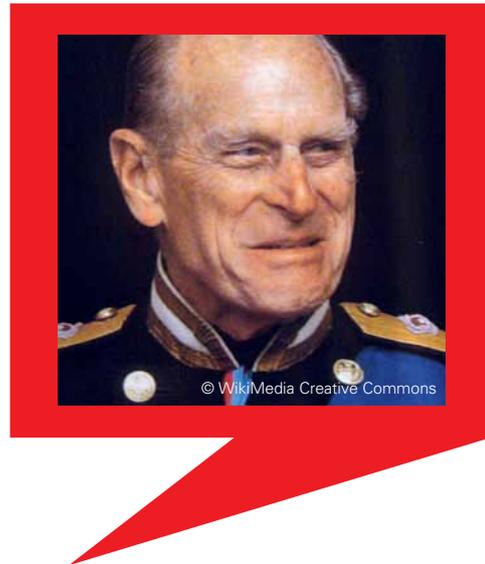
**By James Baker,
Head of Communications,
Brand Finance**

As the Head of State, the Queen acts as the CEO for both the Royal Family and her nation and for 60 years has rarely put a foot wrong. However history has shown us the importance of her family; the House of Windsor, in their roles as brand ambassadors for the Monarchy. Indeed the Queen's 'Annus Horribilis' in 1992 was partly as a result of the breakdown of three of her children's marriages and the negative attention they received amongst other events. In this Who's Who, the BrandFinance® Jubilee Report introduces you to the key members of 'The Firm'.

Born on the 21st April 1926, Queen Elizabeth II is the Head of State of the United Kingdom and 15 Commonwealth countries. Married to Prince Philip; she has four children, eight grandchildren and two great grandchildren. At the time of her birth the Queen was only in line to succeed after her uncle Edward VIII abdicated and her father, George VI, became King. Following her father's death in 1952, Princess Elizabeth ascended to the throne, having received the news whilst on a tour of Kenya with Prince Philip. During her 60 year reign the Queen has spanned a period of great change for the nation and appointed fifteen Prime Ministers, the first of whom was Winston Churchill. Today she has come to symbolise and represent the British Monarchy and has remained a steadfast embodiment of the Crown for generations. Despite having limited powers herself, the Queen has symbolic and formal functions including many important State roles. The Queen has also worked tirelessly for the benefit of the Commonwealth which had eight members when she became Queen and now has 54. Across the world Queen Elizabeth II is held dear in many people's hearts and it is little wonder that Prime Minister David Cameron said of her, 'for 60 years Her Majesty has been a point of light in our national life, brilliant, enduring and resilient.'

Prince Philip, Duke of Edinburgh

The longest serving consort in history, Prince Philip is the husband of Elizabeth II, to whom he has been married since 1947, and recently celebrated his 90th birthday in June last year. A Prince of Greece and Denmark, and a descendant of Queen Victoria, Philip and his family were exiled from Greece and forced to flee the country in 1922. The Prince was educated at Gordonstoun and pursued a career in the Navy, serving during World War Two with the Mediterranean and Pacific fleets. Philip and Princess Elizabeth were married in 1947 and have four children. After she ascended the throne the Prince left the Navy where he had achieved the rank of Commander and was made a Prince of the United Kingdom. In 2011 Prince Philip was appointed Lord High Admiral but was admitted to hospital in Christmas of the same year with heart pains although soon discharged. Popular for his dry wit and 'gaffes', Prince Philip has become a cornerstone of the Royal Family and remains 'a constant strength and guide' to the Queen.



Charles, Prince of Wales

The heir apparent to Queen Elizabeth II, at 63 Prince Charles is the longest serving heir in history. Following a career in the Navy, the Prince of Wales married Lady Diana Spencer in a much celebrated wedding in 1981 which resulted in the births of Princes William and Harry in 1982 and 1984 respectively. Charles and Diana's separation in 1992 and divorce in 1996 earned the Prince much negative tabloid attention which only intensified after Diana's untimely death in a car crash in Paris. However in 2005 the Prince married again, in the first ever Royal civil ceremony, to Camilla Parker Bowles who now accompanies him on many of his royal engagements. A keen champion of organic farming the Prince launched the Duchy Originals brand in 1990 and since 1976 has worked tirelessly with his charity, The Prince's Trust, which provides invaluable support to disadvantaged youngsters. In recent years the Prince has been a popular supporter of green causes and alternative medicine and regularly promotes green ideas to audiences across the globe.

Camilla, Duchess of Cornwall

The second wife of the Prince of Wales, Camilla, née Camilla Shand, was married to Brigadier Andrew Parker Bowles in 1973 and the couple had two children, Tom and Laura, yet were divorced in 1995. During the 1990s several tabloid papers ran stories, dubbed 'Camillagate' and 'Squidgygate', as the Wales' marriage broke down and Camilla's popularity plummeted when Diana cited her as a reason for the breakup in a Panorama interview. Following Diana's death, Camilla discreetly became the Prince of Wales' official companion and a huge PR exercise was effected to rehabilitate her image as the couple married in a civil ceremony in 2005. As the Duchess of Cornwall she regularly accompanies the Prince and was even attacked during the 2010 student riots. Recently the Duchess has appeared as herself on 'The Archers' and memorably pulled a gun on Danish Princess Mary whilst visiting the set of 'The Killing.' Despite the initial controversy over her relationship with the Prince, Camilla is now a popular and respected member of the Royal Family.



William, Duke of Cambridge

As the elder son of Prince Charles and the late Diana, Princess of Wales, William is second in line to the throne. Following his mother's decision that he should have a relatively normal childhood, the Prince was educated at Eton and was regularly photographed accompanying the Princess on her charity visits as well as visiting theme parks with his brother, Harry. William took a gap year in Belize, Chile and Africa and then studied at the University of St Andrews where he initially studied History of Art but switched to Geography. After graduation William enrolled at Sandhurst and has since trained to become a helicopter pilot after his promotion to Flight Lieutenant. William married his long term girlfriend, Kate Middleton, at a lavish ceremony in Westminster Abbey in 2011. Since then the Prince has been based at Anglesey as part of his work with the RAF Search and Rescue Force and was at the centre of a controversial deployment to the Falklands in 2012. Popular with both the press and the public, William's dedication to his charity work and friendly manner has endeared him to even the staunchest critics of the Monarchy.



Who Who's Cont...

Catherine, Duchess of Cambridge

The newest addition to the Royal Family, the Duchess of Cambridge, née Catherine Middleton, has been credited with reinvigorating the public's interest in the Monarchy. After 2 billion global viewers watched her marry Prince William on the 29th April 2011, the Duchess' profile has rocketed and the 30 year old is now reportedly worth £1 billion to the UK economy. Brands she has worn have sold out in hours, Reiss' website crashed following her outfit choice to meet the Obamas. The Duchess' charities include the National Portrait Gallery in London and the Scouts' movement where she will work as a volunteer leader in Anglesey, Wales, near her current marital home. The Duchess is a competent figurehead for the royals and stepped in to entertain 30 donors to the Prince's Trust when Prince Charles was called away and, alongside William and Harry, has been appointed a GB Ambassador for the London Olympics.



Prince Henry of Wales

The younger son of Charles and Diana was educated at Eton but decided not to pursue a place at university and instead served as a Second Lieutenant in the Blues and Royals of the Household Cavalry Regiment. The Prince has invited controversy at times and was initially portrayed as a wayward playboy by much of the media. Recently the Prince has been promoted to the rank of Captain and received a humanitarian award for his work with military charities. 2012 also saw Prince Harry undertake a successful royal tour around the Caribbean where he memorably raced Usain Bolt and was commended as being 'worth a thousand politicians' by the Culture Secretary, Jeremy Hunt.



Anne, Princess Royal

The Princess Royal is the only daughter of the Queen and her second child with Prince Philip. As one of the hardest working members of the Royal Family, Princess Anne is patron of over 200 charities and in 2011 carried out 568 official royal engagements. After her marriage to Captain Mark Philips in 1973 the couple decided not to bestow any royal titles on their children, Peter and Zara Phillips, and following her divorce she was married to Vice Admiral Sir Timothy Laurence in 1992. The Princess is favourably remembered for her plucky courage when she was the victim of an infamous kidnapping attempt on Pall Mall in 1974. Like her daughter, Zara, Princess Anne is a keen equestrian and was voted BBC Sports Personality of the Year in 1971 and remains the only member of the Royal Family who has competed in the Olympic Games to date.



Prince Andrew, Duke of York

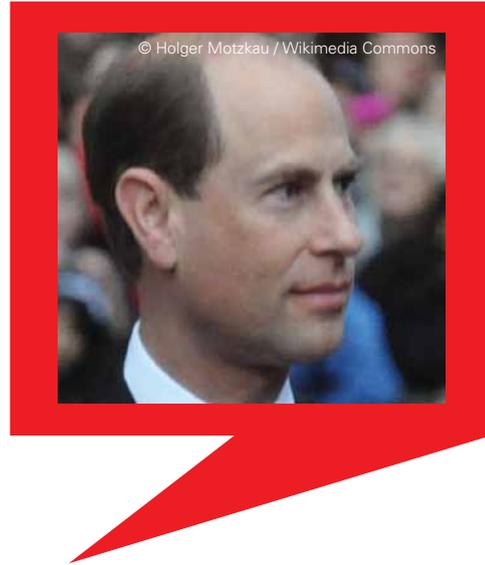
Prince Andrew is the second son of the Queen and the Duke of Edinburgh and was the first child to be born to a reigning monarch in 103 years. In 1978 the Prince joined the Royal Navy where he served as an active duty helicopter pilot and saw active service during the Falklands War on board the Invincible. In 1986 he married Sarah Ferguson with whom he fathered two daughters, Princesses Beatrice and Eugenie, but the marriage broke down and ended in divorce in 1996. After a career in the Royal Navy which spanned 22 years, The Duke of York became the UK's Special Representative for International Trade and Investment until July last year. The Duke has also attracted some controversy, as questions were asked in the House of Commons about his relationship with the Libyan and Azerbaijani regimes. There has been much criticism of his friendship with convicted sex offender, Jeffrey Epstein, as well as the allegations that his ex-wife was offering access to him for specific amounts of money.



Who Who's Cont...

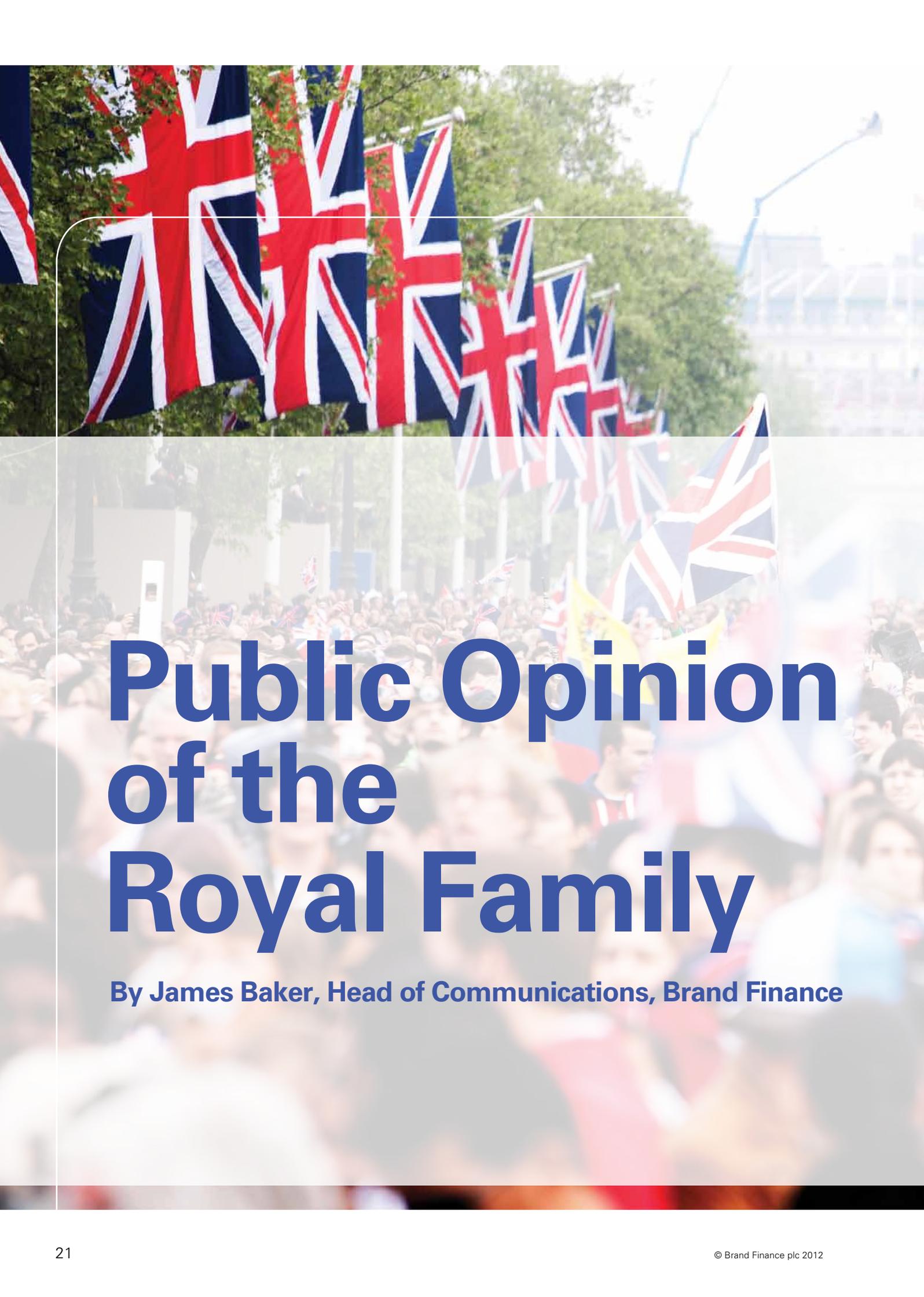
Prince Edward, Earl of Wessex

The youngest son of the Queen and Prince Philip, Edward studied at Gordonstoun and later at Jesus College, Cambridge where he read History. Despite joining the Royal Marines, the Prince resigned in 1987 and instead pursued a career in the theatre where he worked in theatrical productions companies of 'Phantom of the Opera' and 'Cats'. Edward was responsible for the disastrous 'It's a Royal Knockout' which pitted the Windsors against one another in a televised gameshow. Edward set up his own production company, Ardent Productions, but stepped down as director to support the Queen in royal duties and the firm was eventually liquidated. In 1999 the Prince married Sophie Rhys-Jones in St George's Chapel, Windsor, and the couple have two children, Lady Louise Windsor and Viscount Severn. In recent weeks the Earl and Countess have become embroiled in a diplomatic row after the Spanish government condemned their planned visit to Gibraltar and Queen Sofia of Spain retaliated by refusing to attend the Diamond Jubilee celebrations at Windsor Castle.



Sophie, Countess of Wessex

The Countess of Wessex is the wife of Prince Edward, to whom she has been married for 13 years and has two children with. Born Sophie Rhys-Jones she was educated at Kent College and then trained as a secretary in Tonbridge. However the Countess is perhaps best known for her career in Public Relations where she worked for several firms including Capital Radio. In 2001 a News of the World reporter posing as a Sheikh recorded Sophie criticising figures such as the Blairs and John Major as well as allegedly using her royal connections to win clients. Following the negative press attention, Sophie quit the firm she founded, R-JH. More recently in 2011 the Countess was criticised for accepting two sets of jewellery from the Bahraini Royal Family. As the Queen's representative at foreign royal events, the Earl and Countess of Wessex have attended several European royal weddings and the Countess is a patron of numerous charities at home in the UK.



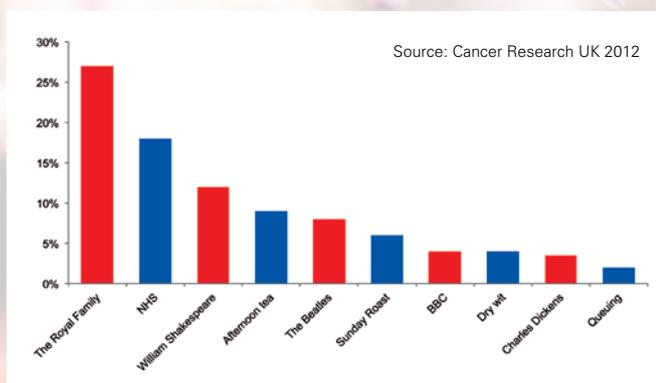
Public Opinion of the Royal Family

By James Baker, Head of Communications, Brand Finance



The Royal Family continues to be an iconic emblem of the United Kingdom and, as a result, is now valued as a brand in itself. The Queen and her family collectively stand as a globally recognised symbol of the UK and for millions around the world are synonymous with history, image and strength. However there are many who lobby for the end of a constitutional royal family. Movements such as ‘Republic’, which demand the election of a democratically accountable head of state, continue to attract media attention. Nevertheless, a 2012 survey of 2000 people by Cancer Research UK shows that The Royal Family is considered Britain’s greatest legacy to the world. The Monarchy remains a quintessentially British tradition of which people are proud.

The Top Ten Greatest British Legacies



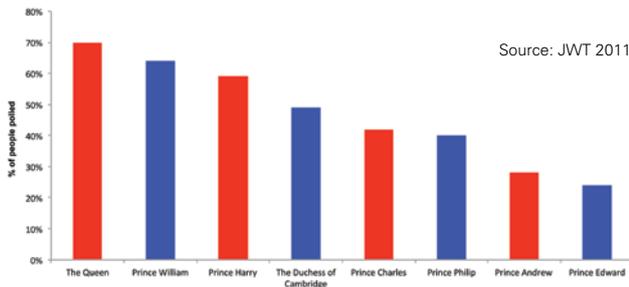
A Recent History of Public Opinion

When the Queen first began her reign in 1952, Republican sentiment had gained little traction

in the United Kingdom but as the century progressed there is now much more discussion of the worth and popularity of the Windsors as they enter the modern age of internet polls, media scrutiny and the whims of the general public. Popular opinion of the monarchy went through a period of instability following the death of Diana, Princess of Wales in 1997 as a mass outpouring of grief was witnessed across the nation. The death of the Princess and her companion, Dodi Fayed, in Paris occurred during the Royals’ summer break at Balmoral and their failure to return to London, the centre of public mourning, was viewed as a snub to her. Diana had been an iconic brand ambassador for the Windsors but following her divorce turned against them and launched a critical campaign against the establishment in televised interviews. The Monarchy’s delayed response and outlandish conspiracy theories around Diana’s death ensured that the public began to turn against the Queen and her family.

However public opinion softened following the deaths of Princess Margaret and the Queen Mother, especially as the Queen celebrated her Golden Jubilee in 2002. Despite criticism of the Prince of Wales’ outspoken views on architecture and green projects, popular opinion of the Prince has steadily increased after a You Gov poll showed that in 2005 only 37% of people wanted him to become the next monarch. In 2011 this figure rose to 45% as the Prince continues to dedicate himself to charity work and environmental causes.

Public Respect for members of the Royal Family



In the past two years the demand for all things Royal has never been higher as the world has been gripped by Royal Wedding fever and now the Diamond Jubilee celebrations. At the time of the Royal Wedding, 51% of the public thought the event would strengthen the role of the monarchy (Source: Harris Interactive) whilst 80% of people thought it would strengthen their opinion of the Royals (Source: JWT). JWT conducted a popularity poll on senior members of the royal family before the Royal Wedding showing that the Queen remains a popular and much loved figure.

As the Royal Family embark on a world tour across the Globe its power as brand ambassador will continue to grow and more people, in the Commonwealth and other nations, are likely to associate the Windsors with the UK.

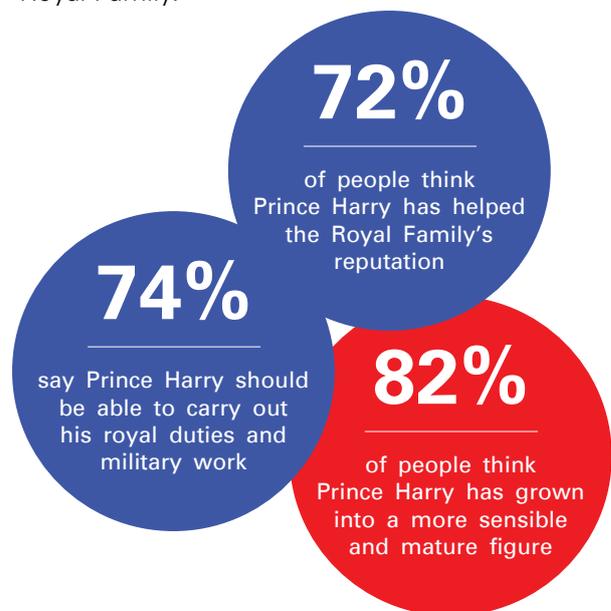
The Queen in her Diamond Jubilee year

Queen Elizabeth II remains a popular figure, if research polls are to be believed, and this shows no signs of wavering at the moment. In a YouGov survey this year, three in four people stated that the Queen was a good monarch and 50% of them stated that she was one of Britain's greatest. As the Jubilee celebrations continue it is likely that her popularity will soar as nostalgia for the last 60 years will strengthen the general public's affection for an already popular sovereign. Whilst many might be critical of the institution she represents, as an individual the Queen's apparent vow of silence in relation to politics and personal matters has earned her much respect.

The Next Generation

The younger generation is clearly generating interest from the general public, 'the young

royals are making the monarchy enormously cool,' said former BBC Royal Correspondent, Jennie Bond. Prince Harry's image has been rehabilitated since his personal nadir when he was photographed in a Nazi themed costume. His successful first tour around Jamaica showed he could be a competent brand ambassador for the monarchy. Third in line to the throne, Prince Harry has impressed with his dedication to a military career, and his deployment to Afghanistan appears to have consolidated his new image as a significant member of the Royal Family.



Source: YouGov / Sunday Times 8-9th March 2012

Prince William, The Duke of Cambridge, was recently ranked as the best ambassador for Britain, with 47% of the public choosing him over his father and grandmother (Source: YouGov). The Prince and his new wife have undertaken several successful tours including a visit to the US and Canada. His deployment to the Falklands, despite criticism from Argentina, convinced 83% of people that William has improved the Royal Family's reputation.

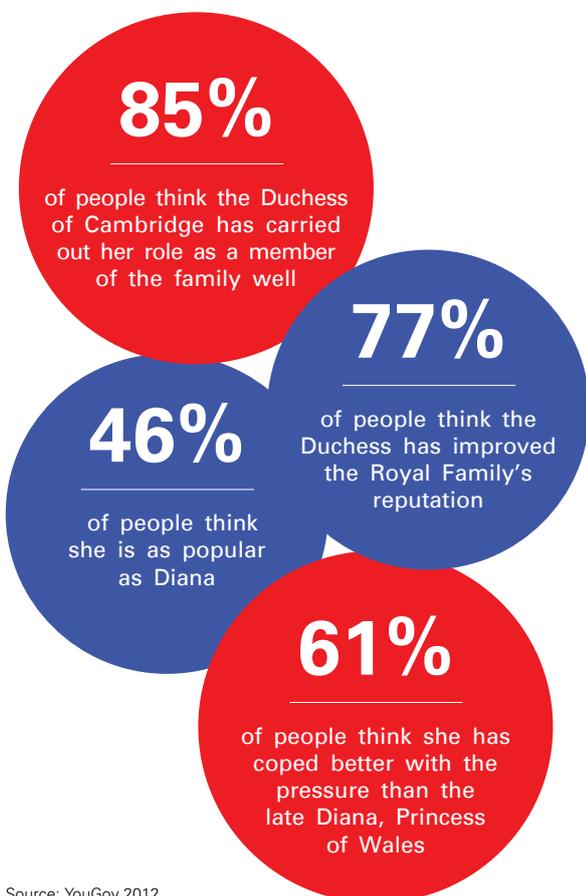
'The Kate Effect'

One of the Monarchy's strongest assets seems to be The Duchess of Cambridge who, despite being a relatively new member of the family, has captured the world's attention. 'The Kate Effect'

Public Opinion of the Royal Family Cont...

began as news of the Royal Engagement was announced towards the end of 2010 and the future Duchess and her family, the Middletons, came under intense media scrutiny. Throughout the engagement the Middletons were impeccable ambassadors for the Windsors as they politely declined interviews and were keen to ensure they did not upstage the Royals.

On the 29th April 2011, the Royal Wedding, and the Middletons proved their worth as London filled with well wishers from across the world and the nation celebrated. Catherine's entry into the family appeared seamless and polls show the Duchess is admired by the British public with many deciding she has dealt with her new role better than the late Diana, Princess of Wales. Mintel, a leading market research company, estimated that the 'Kate Effect' has given the British economy a boost of £1 billion in terms of retail and tourism.



Source: YouGov 2012



The Royal Finances

By Stephanie Swan, Brand Analyst, Brand Finance

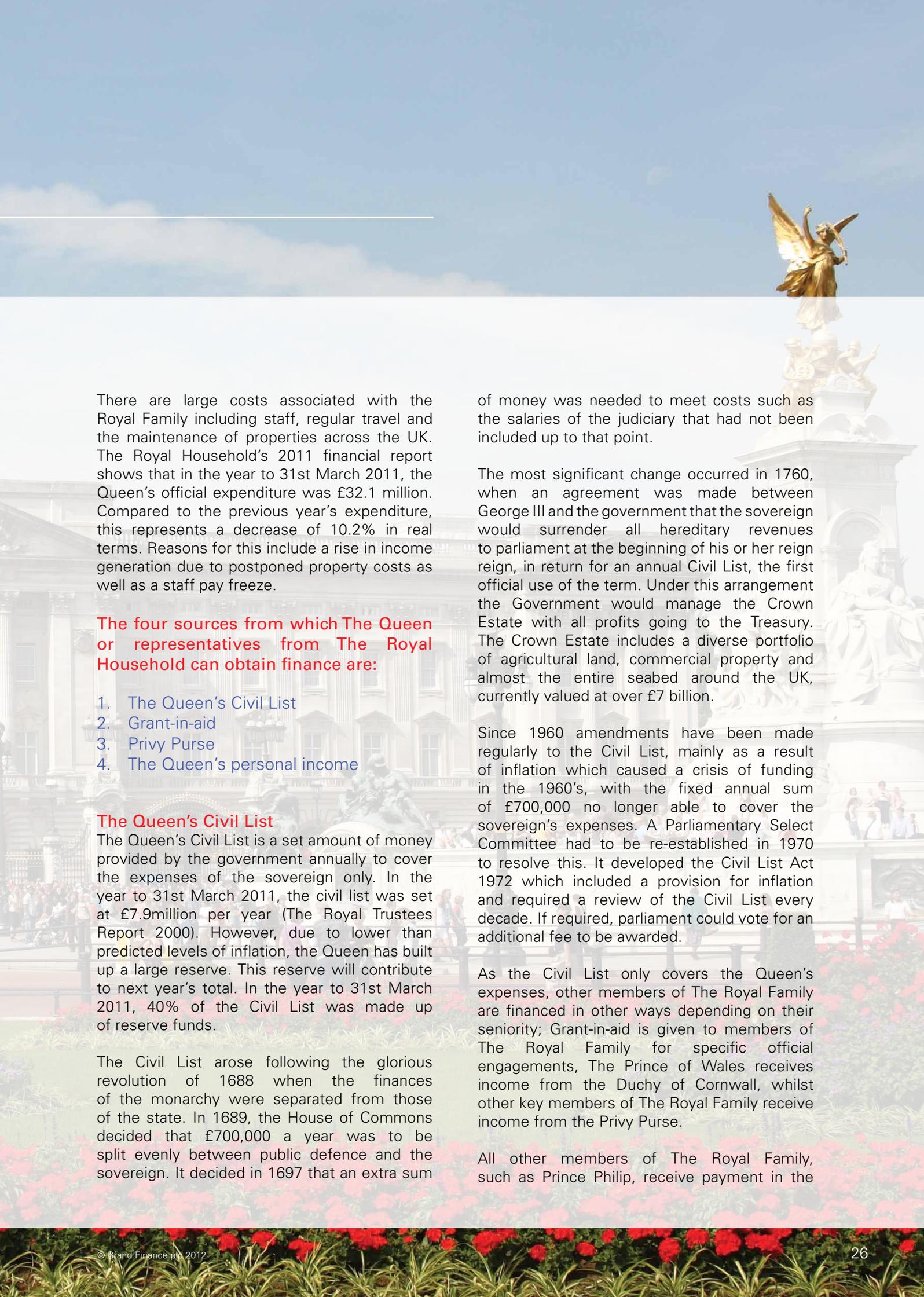
There is no doubt that the Royal Family lives a life of privilege, but its members are required to work hard for the country. Queen Elizabeth performs inward duties of state; i.e. hosting state functions such as Parliament and Council, as well as outward duties of state; i.e. entertaining foreign ambassadors and travelling for economic relationships.

Members of the Royal Family support The Queen in her role as a monarch by accompanying her on official duties both at home and abroad, the frequency of which can be seen in the table below. These members also work closely with public organisations and charities as patrons or presidents. Today the Royal Family supports over 3000 organisations, many of which reflects the passions and beliefs of each individual member of the Royal Family. Every year The Queen hosts three Royal Garden parties at Buckingham Palace, inviting people from these various organisations to recognise their public service.

The Royal Family's Engagements in 2011

| | A | B | C | D | E | F |
|-----------------------|-----|-----|-----|-----|-----|-----|
| The Queen | 81 | 54 | 190 | 325 | 45 | 370 |
| Duke of Edinburgh | 117 | 127 | 39 | 283 | 47 | 330 |
| Prince of Wales | 158 | 98 | 240 | 496 | 105 | 601 |
| Duchess of Cornwall | 128 | 42 | 20 | 190 | 60 | 250 |
| Duke of York | 101 | 66 | 160 | 327 | 128 | 455 |
| Earl of Wessex | 141 | 58 | 76 | 275 | 99 | 374 |
| Countess of Wessex | 88 | 33 | 38 | 159 | 32 | 191 |
| Princess Royal | 270 | 120 | 86 | 476 | 92 | 568 |
| Duke of Gloucester | 141 | 33 | 40 | 214 | 37 | 251 |
| Duchess of Gloucester | 95 | 26 | 30 | 151 | 4 | 155 |
| Duke of Kent | 124 | 39 | 28 | 191 | 20 | 211 |
| Princess Alexandra | 74 | 29 | 12 | 115 | 3 | 118 |

Source: Tim O'Donovan, published in The Times
 A – Official visits, opening ceremonies & other engagements; B – Receptions, lunches, dinners & banquets; C – Other engagements, including investitures, meetings attended and audiences given; D – Total number of engagements in the UK; E – Total number of engagements on official overseas tours. F – Total number of UK and Overseas engagements



There are large costs associated with the Royal Family including staff, regular travel and the maintenance of properties across the UK. The Royal Household's 2011 financial report shows that in the year to 31st March 2011, the Queen's official expenditure was £32.1 million. Compared to the previous year's expenditure, this represents a decrease of 10.2% in real terms. Reasons for this include a rise in income generation due to postponed property costs as well as a staff pay freeze.

The four sources from which The Queen or representatives from The Royal Household can obtain finance are:

1. The Queen's Civil List
2. Grant-in-aid
3. Privy Purse
4. The Queen's personal income

The Queen's Civil List

The Queen's Civil List is a set amount of money provided by the government annually to cover the expenses of the sovereign only. In the year to 31st March 2011, the civil list was set at £7.9million per year (The Royal Trustees Report 2000). However, due to lower than predicted levels of inflation, the Queen has built up a large reserve. This reserve will contribute to next year's total. In the year to 31st March 2011, 40% of the Civil List was made up of reserve funds.

The Civil List arose following the glorious revolution of 1688 when the finances of the monarchy were separated from those of the state. In 1689, the House of Commons decided that £700,000 a year was to be split evenly between public defence and the sovereign. It decided in 1697 that an extra sum

of money was needed to meet costs such as the salaries of the judiciary that had not been included up to that point.

The most significant change occurred in 1760, when an agreement was made between George III and the government that the sovereign would surrender all hereditary revenues to parliament at the beginning of his or her reign, in return for an annual Civil List, the first official use of the term. Under this arrangement the Government would manage the Crown Estate with all profits going to the Treasury. The Crown Estate includes a diverse portfolio of agricultural land, commercial property and almost the entire seabed around the UK, currently valued at over £7 billion.

Since 1960 amendments have been made regularly to the Civil List, mainly as a result of inflation which caused a crisis of funding in the 1960's, with the fixed annual sum of £700,000 no longer able to cover the sovereign's expenses. A Parliamentary Select Committee had to be re-established in 1970 to resolve this. It developed the Civil List Act 1972 which included a provision for inflation and required a review of the Civil List every decade. If required, parliament could vote for an additional fee to be awarded.

As the Civil List only covers the Queen's expenses, other members of The Royal Family are financed in other ways depending on their seniority; Grant-in-aid is given to members of The Royal Family for specific official engagements, The Prince of Wales receives income from the Duchy of Cornwall, whilst other key members of The Royal Family receive income from the Privy Purse.

All other members of The Royal Family, such as Prince Philip, receive payment in the



The Royal Finances Cont...

form of Parliamentary Annuities. Her Majesty's Treasury provide Prince Philip with £359,000 per annum. These Parliamentary Annuities are reimbursed by the Queen's Privy Purse.

Grant-in-aid

Grant-in-aid is provided as a supplement to the Civil List, set and paid annually by the government for specific projects. These projects include some 3,000 official engagements that The Royal Family participates in each year. There are three services for which funding is provided: the Department for Transport for Royal Travel, which meets the cost of official royal travel by rail and air; the Communications and Information Services, which fund official royal engagements and the Property Services; which provides funding for the cost of property maintenance and upkeep.

Privy Purse, the Duchy of Lancaster & the Duchy of Cornwall

The Privy Purse is funded by the income of the Duchy of Lancaster, a portfolio of land, property and other assets. This is the Queen's private income, which after tax is used to cover the expenses of members of The Royal Family not covered by the Civil List. It is separate from the Crown Estate as the property is held for the sovereign and is handed down to their heir at the end of their reign.

In the year to 31st March 2011, the Privy Purse saw an increase in net operating income of 7.9% to £13.9 million. The 2011 Duchy Accounts show strong growth in their agricultural and financial portfolios following dramatic falls experienced in 2009.

The Duchy of Cornwall is a private estate which provides The Prince of Wales with income from its assets. His life and work are funded predominantly by the Duchy of Cornwall as he does not receive money from the Civil List.

However the grants-in-aid paid to The Queen's Household are also used, in part, to support His Royal Highness's official activities.

The Queen's personal income

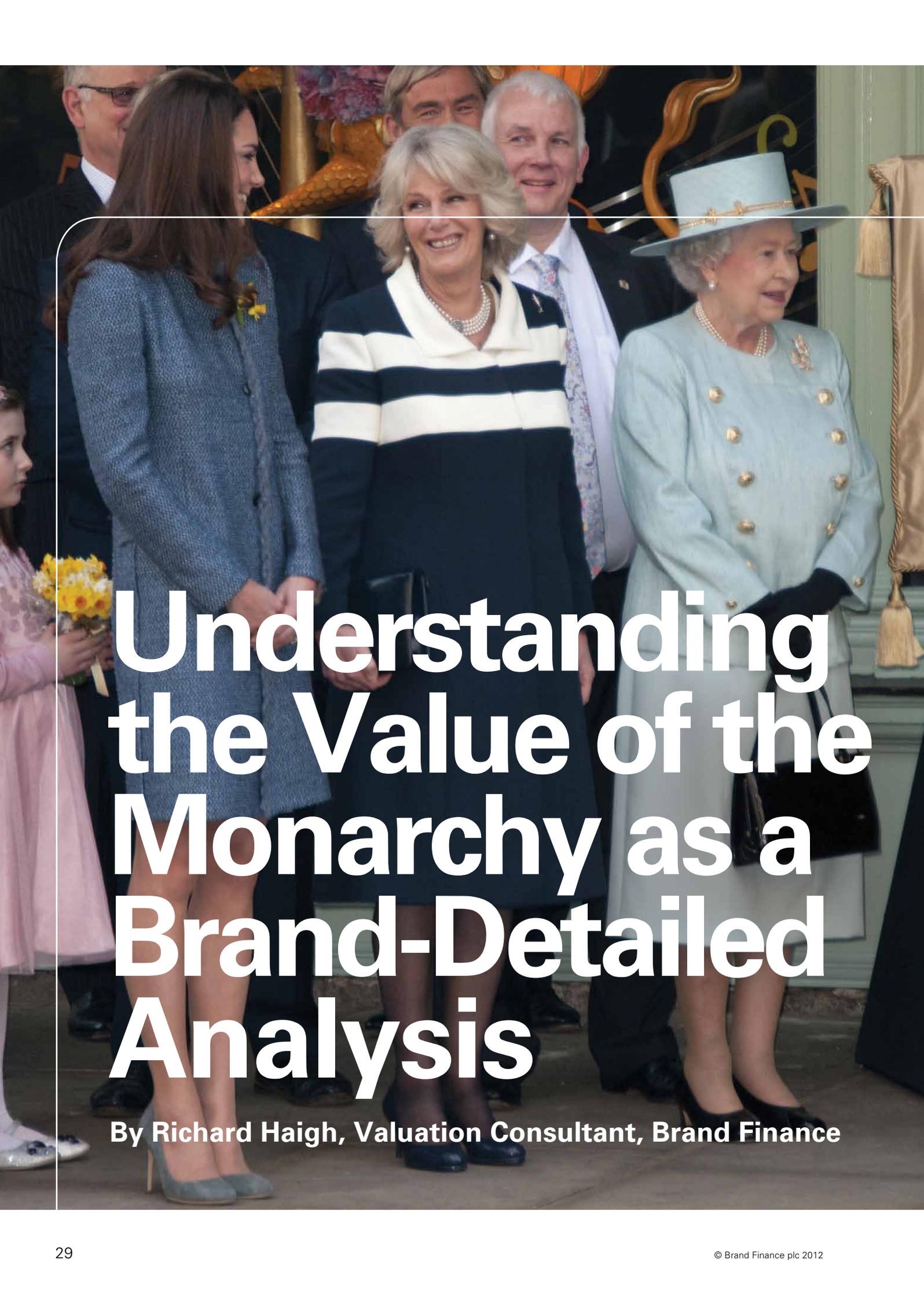
The Queen's personal income is made up of the Balmoral and Sandringham Estates inherited from her father, as well as a private portfolio of investments. This is separate from her inherited wealth as Sovereign, which she must pass to her successor. This is used to meet her private expenses and figures are not made public.

Recent changes in the law

The Sovereign Grant Act 2011

The Sovereign Grant Act introduced by Chancellor George Osborne was passed into law on 18th October 2011. It replaces the system of the Civil list and Grant-in-aid in with a single annual payment made up of a percentage of the profits from the Crown Estate. In the year to 31st March 2012, the Sovereign Grant has been set at £31 million. This is a similar amount to previous years in cash terms, however there are now more flexible mechanisms are in place to allow any surplus to contribute to the following year's grant. It will allow the royal finance system to keep up with the modern running of the Monarchy.

The Sovereign Grant will now be subject to audit by the Comptroller & Auditor General making the Royal Finances more transparent. The Royal Trustees will meet every five years to confirm that the percentage given from the Crown Estate is appropriate. Other members of the Royal Family will still be paid by Parliamentary Annuities with Her Majesty's Treasury continuing to provide Prince Philip with £359,000 per annum. The Duchies of Cornwall and Lancaster will also remain separate.



Understanding the Value of the Monarchy as a Brand-Detailed Analysis

By Richard Haigh, Valuation Consultant, Brand Finance

The Economic Impact of the Monarchy

As the Queen celebrates her Diamond Jubilee the world will focus its attention on the Royal Family and the institution of the Monarchy. However the Monarchy is more than just a historical throwback but a real and much needed impetus for economic growth in the United Kingdom. This year Brand Finance estimates that the combined tangible and intangible asset value of the Monarchy 'brand' is **£44 billion**.

How do you value the Monarchy 'brand'?

1. The value of the Monarchy 'brand' is derived by combining tangible and intangible asset values.
2. The tangible value of the Monarchy represents the value of the Crown Estate, the Royal Collection and other properties held.
3. The intangible value of the Monarchy represents the value of the uplift to the economy attributable to the Monarchy. For example, 'there was a £500 million uplift in leisure and tourism spending in 2011 linked to the Monarchy.'
4. Brand Finance researched all revenue streams and costs which we believed were impacted by the Monarchy. These include tourism, spending on merchandise, the impact of Royal Warrants, security, transportation costs etc.
5. The valuation of Royal Warrants and Coats of Arms is based on notional Royalty Rates based on Brand Finance's experience and analysis. The Royalty rates used in the calculation illustrate what could reasonably be charged for the use of the Warrants or Coats of Arms in our opinion.
6. The Monarchy 'brand' calculation ignores tax as tax is paid to the Treasury.



7. The annual net economic benefit was forecast over a five year period from 2012-2016 ('The Explicit Period') using a growth rate sourced from the Office for Budget Responsibility.
8. A discount rate was applied to each forecast period in order to convert the economic value uplift to a net present value. The discount rate is employed in order to factor in the time value of money. The rate utilised was based upon the yield on UL 30 year bonds at the time of the valuation.
9. We also calculated the economic value uplift into perpetuity from year 5 (2016) by applying a perpetuity growth factor (using the 30 year compound annual growth rate of UK GDP) to the final explicit period's net economic benefit.

| Summary | GBP Millions (£) | USD Millions (\$) |
|--|---------------------|----------------------|
| Net Present Intangible Value to the UK Economy | 26,365 | 41,921 |
| Value of UK Monarchy Tangible Assets | 18,113 | 28,800 |
| Total | 44,478 | 70,721 |

assumed exchange rate of 1 GBP = 1.59 USD

| Tangible Assets of the Monarchy | GBP Millions | USD Millions |
|---------------------------------|-----------------|-----------------|
| Crown Estate | 7,001 | 11,132 |
| Royal Collection | 10,000 | 15,900 |
| Duchy of Cornwall | 729 | 1,159 |
| Duchy of Lancaster | 383 | 609 |
| Total Tangible Assets | 18,113 | 28,800 |

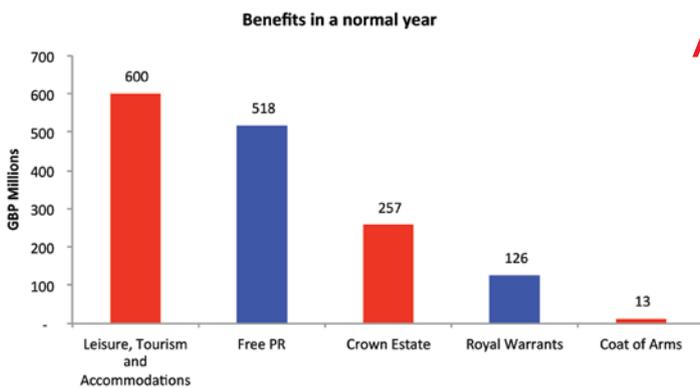
| Short Term Value (2012 only) | | |
|---|--------------|--------------|
| Benefits | GBP Millions | USD Millions |
| Leisure, Tourism and Accomodation | 600 | 953 |
| Special Events Merchandise | 66 | 105 |
| Special Events Impact Upon Retail | 540 | 858 |
| Leisure and Accomodation Uplift | 324 | 515 |
| Value of Royal Warrants | 126 | 200 |
| Value of Coats of Arms | 13 | 20 |
| Advertising Value Equivalent of Monarchy Coverage | 518 | 822 |
| Crown Estate | 257 | 408 |
| Total Benefits | 2,443 | 3,882 |

| Short Term Value (2012 only) | | |
|-----------------------------------|---------------|---------------|
| Costs | GBP Millions | USD Millions |
| Civil List | -14 | -23 |
| Property Maintenance | -12 | -19 |
| Travel | -6 | -10 |
| Required Government Expenditure | -4 | -6 |
| Security | -101 | -160 |
| Duchy of Cornwall (lost revenue) | -25 | -39 |
| Duchy of Lancaster (lost revenue) | -13 | -21 |
| Communications and PR | 0 | -1 |
| Cost to Councils | -26 | -42 |
| Cost of Additional Bank Holiday | -1200 | -1907 |
| Total Costs | -1,402 | -2,227 |

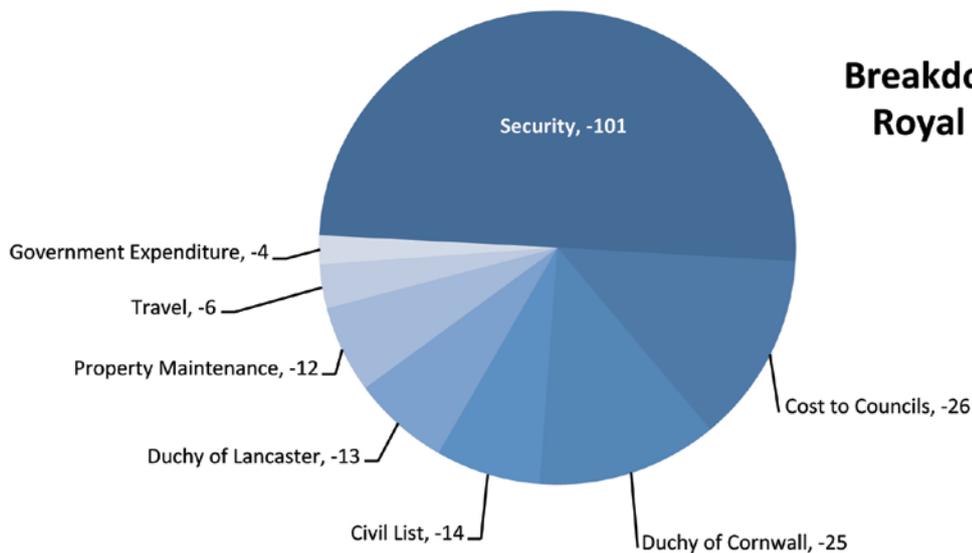
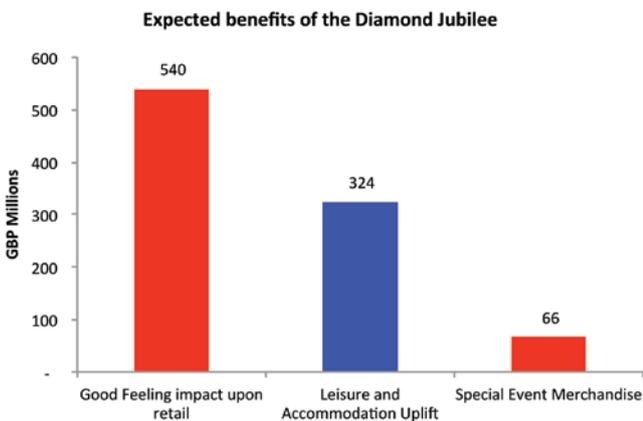
| Long Term Values (2012 to infinity) | | |
|---|---------------|---------------|
| Benefits | GBP Millions | USD Millions |
| Leisure, Tourism and Accomodation | 16,336 | 25,975 |
| Special Events Merchandise | 63 | 100 |
| Special Events Impact Upon Retail | 513 | 815 |
| Leisure and Accomodation Uplift | 308 | 489 |
| Value of Royal Warrants | 4,057 | 6,451 |
| Value of Coats of Arms | 406 | 645 |
| Advertising Value Equivalent of Monarchy Coverage | 4,039 | 6,422 |
| Crown Estate | 8,285 | 13,173 |
| Total Benefits | 34,006 | 54,070 |

| Long Term Values (2012 to infinity) | | |
|-------------------------------------|---------------|----------------|
| Costs | GBP Millions | USD Millions |
| Civil List | -461 | -734 |
| Property Maintenance | -387 | -615 |
| Travel | -195 | -310 |
| Required Government Expenditure | -127 | -201 |
| Security | -3,249 | -5,166 |
| Duchy of Cornwall (lost revenue) | -796 | -1,266 |
| Duchy of Lancaster (lost revenue) | -429 | -682 |
| Communications and PR | -13 | -21 |
| Cost to Councils | -845 | -1,343 |
| Cost of Additional Bank Holiday | -1,140 | -1,812 |
| Total Costs | -7,641 | -12,149 |

Understanding the Value of the Monarchy as a Brand-Detailed Analysis Cont...



Costs in 2012 (£m)



Source: Brand Finance plc

The Contribution of the Monarchy to UK Trade

By Liam Wong, Valuation Consultant, Brand Finance

Whilst the Monarchy might attract revenues from tourism and leisure, does the fame and attraction which surrounds it translate into a more competitive United Kingdom trade performance?

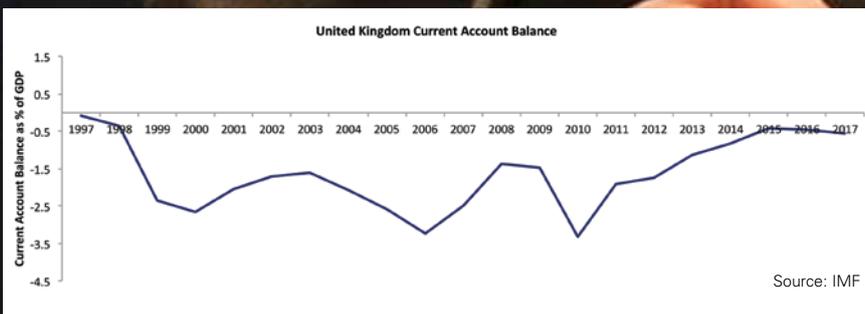
It is extremely beneficial to have someone directly related to the country's Head of State who is also knowledgeable in economics and business affairs to act as a trade envoy for the United Kingdom. He or she would have access to various national and business leaders with influence over trade decisions and policy. Through the development of key relationships and the promotion of UK businesses abroad, prosperity at home could be boosted. Until recently this role was filled by the Queen's second son, Prince Andrew, Duke of York who was the United Kingdom's Special

Representative for UK Trade and Investment from 2001 after he took over the role from The Duke of Kent.

Information regarding the success of The Prince in this role is scarce and much of it, for lack of explicit evidence, is anecdotal. The Prince was embroiled in a series of controversies throughout his period with the UK Trade & Investment department, however, business leaders from sectors ranging from banking to construction came out in support of him and his role as Trade Envoy. The majority of the praise Prince Andrew received highlighted his global reach and business expertise as factors which have ensured that the UK has won business and investment worth billions of pounds. The Prince was cited as the reason behind AirAsia choosing Rolls-Royce engines and Serco being selected to operate the Dubai Metro.

The current account balance measures the difference between a nation's exports and imports of goods, services, investment income and cash transfers. The deficit which was large and fairly volatile before Prince Andrew assumed his role as trade representative in 2001 remained so and even deteriorated afterwards. The trend has certainly not been altered by the Prince's appointment. Therefore, whilst The Prince's efforts may have been successful, they have clearly had little effect upon the UK's generally poor trade deficit in recent years.

From a business standpoint it is clearly advantageous to have a business representative connected to the Monarchy. However, could this role not be equally well fulfilled by a non-royal representative or at least one not so connected to the Royal Family? Several critics of the current system have pointed to the work of UK Trade Representatives such as Lady Judge and Baron Green. However the lure of a Royal connection is a powerful one to international investors and the Special Representative role, with all its connotations of the Monarchy, is an important and unique one which plays a significant role in the development of British business overseas.



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The Contribution of the Monarchy to UK Tourism

By Richard Haigh and Liam Wong,
Valuation Consultants, Brand Finance

Top 10 attractions for Foreign Tourists

- | | |
|---------------------|---------------------------|
| 1. Trafalgar Square | 2. Tower Bridge |
| 3. London Museums | 4. Buckingham Palace |
| 5. Oxford Street | 6. The London Eye |
| 7. Windsor Castle | 8. Edinburgh Castle |
| 9. Stonehenge | 10. Globe Theatre, London |

Source: VisitBritain (2009)

The heritage and culture of the United Kingdom is historically entwined with the Monarchy and is a major incentive for tourists to visit the country.

For nearly 1000 years, with one small intermission following the Civil War, various dynastic houses have ruled the UK and in turn the monarchs and their governments have provided the nation with a vast collection of castles,

palaces and other monuments. The effect that the Monarchy has had on the United Kingdom is so pronounced that a report by VisitBritain recently estimated that 12.5% of the top UK attractions are those linked to the institution.

Over the centuries the number of castles and palaces has naturally grown as each monarch left behind a legacy, for reasons either strategic or grandiose, on the nation's landscape. Many are now no longer inhabited by the current Royals but still maintain a strong association with the Monarchy in the eyes of many international visitors, with the spirit kept alive by Royal appearances and ceremonies that reignite the spectacle. Hampton Court Palace and the Tower of London are perhaps the best known examples of such historic buildings, of which see over 500,000 and 2 million visitors per year respectively.

The Royal Residences are open to the general public over a much shorter period, typically during the summer. Buckingham Palace is only open for eight weeks a year, but in this time the palace sees around 400,000 visitors. Built at the height of the British Empire, and more recently famed for the memories of newly-married kisses on the balcony, the palace is a must-see attraction for many visitors to London. The ceremony is accentuated by the Queen's Guard, with their famed Bearskin hats, and also offers an additional photo opportunity. These soldiers tasked with guarding the ruling monarch's palaces have entered popular culture as a shining beacon of British tradition, as iconic as red phone boxes or double decker buses.

The various ceremonies and events attended by the Royal Family generate media attention from the Commonwealth and round the world, providing hundreds of millions of pounds worth of free publicity for UK Tourism. While there are some scandals that harm the perception of the United Kingdom worldwide, the majority of the coverage delivers a positive message which encourages goodwill for the country. The state visits carried out by many royals, are equally valuable as shown by Prince Harry's recent trips to the Caribbean and South America. His modern approach, along with his breach of protocol to hug the openly Republican Prime Minister of Jamaica provided news stories and publicity to an international audience, not just in the UK and Jamaica.

Queen Elizabeth II's Diamond Jubilee, a feat not managed since Queen Victoria in 1896, is undoubtedly causing a surge of interest in the Royal Family. The Royal Wedding in 2011 was a new beginning for regal spectacles. As a show of elegance for the Jubilee there will be a flotilla of 1,000 ships slowly touring down the Thames from Hammersmith to the Old Royal Naval College. The procession will be led by the *Gloriana*, a 90ft oared galley, and will pass under 14 road bridges along its route. The entire £10 million cost of the Flotilla will be privately funded, with the government imposing a further £2 million as a 20% VAT levy.

Additional tourists to the capital, extra merchandise sales, waves of new visitors to Royal Palaces and pervasive media coverage will all provide a combined boost which Brand Finance values will be more significant to the British economy than William and Catherine's wedding in 2011.



The Economic Benefit of The Royal Wedding

The wedding of Prince William and Catherine Middleton on the 29th April 2011 was watched by an estimated 2 billion people worldwide. A dazzling display, images of the ceremony at Westminster Abbey and the appearances on Buckingham Palace's balcony have become part of modern history.

As national and international tourists came to central London, retailers encouraged a spending bonanza with celebratory merchandise and memorabilia contributing to the spirit of the event. As well, an extra Bank Holiday, announced by the government, gave everyone another day off work.

The goodwill value of the Royal Wedding is difficult to gauge but both PwC and Verdict released estimated figures on how the wedding would affect the economy. PwC said £107million to London alone, while Verdict came to £620million for the total British economy.

The reports analysed figures for the boost in revenue to accommodation, travel, night life and shopping, as well as the negative impact



The Contribution of the Monarchy to UK Tourism Cont...

of extra time off. This year's Diamond Jubilee is set to eclipse last year's event, with more celebrations planned and visitors expected. But, as with any extra bank holiday, the festivities have a financial burden, which the Department of Culture Media and Sports estimate at a net loss to the UK economy of £1.2bn.

The popularity of the Monarchy soared during the Royal Wedding and increased the country's profile internationally. A YouGov poll found that 73% thought the wedding had a positive effect on how people view Britain, and 70% felt the same about how people view the Queen and her family.

An unrecognised benefit of the Monarchy is the publicity from the world's media. This is often ignored when the impacts of the Wedding, or even this year's Jubilee, are quantified. While the Royal Family is not all the UK has to offer, it is a significant element which attracts tourists to the UK for very special experience.



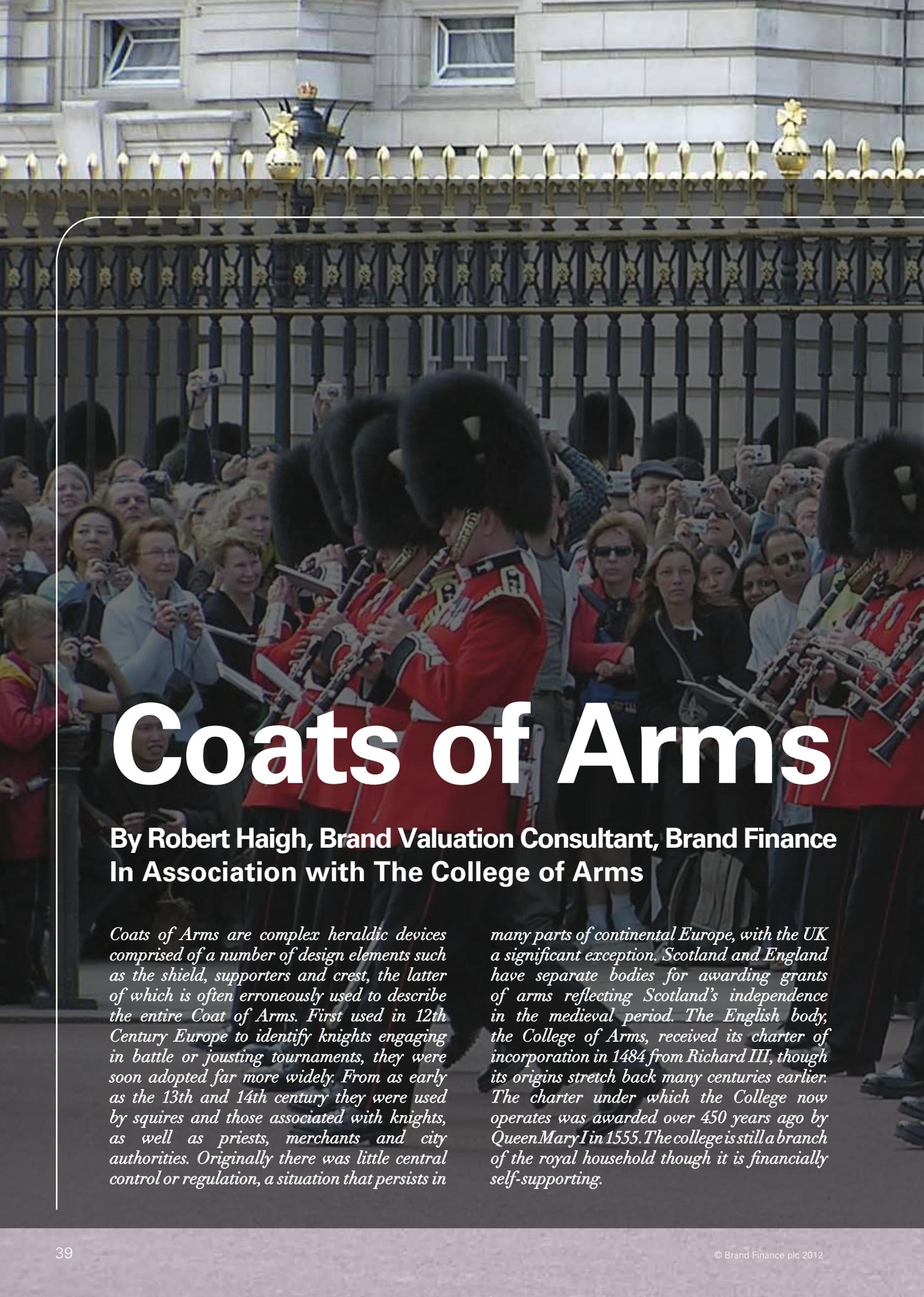
Source: Brand Finance plc

The Royal Wedding in Numbers

| | |
|--|--------------|
| People watching TV coverage in the UK | 24.5 million |
| Length of train | 2.7 metres |
| Length of bunting sold by Tesco | 120 miles |
| Weight of rubbish | 140 tonnes |
| Estimated cost of policing | £10 million |
| Estimated food sales | £360 million |
| Power surge immediately after wedding service | 2,400MW |

| | |
|---|--------------|
| Road closure requests for street parties | 5,500 |
| Sugar paste flowers on wedding cake | 900 |
| Police on duty | 5,000 |
| Estimated merchandise sales | £44 million |
| Estimated travel and tourism revenues | £216 million |

Source: BBC/Reuters



Coats of Arms

**By Robert Haigh, Brand Valuation Consultant, Brand Finance
In Association with The College of Arms**

Coats of Arms are complex heraldic devices comprised of a number of design elements such as the shield, supporters and crest, the latter of which is often erroneously used to describe the entire Coat of Arms. First used in 12th Century Europe to identify knights engaging in battle or jousting tournaments, they were soon adopted far more widely. From as early as the 13th and 14th century they were used by squires and those associated with knights, as well as priests, merchants and city authorities. Originally there was little central control or regulation, a situation that persists in

many parts of continental Europe, with the UK a significant exception. Scotland and England have separate bodies for awarding grants of arms reflecting Scotland's independence in the medieval period. The English body, the College of Arms, received its charter of incorporation in 1484 from Richard III, though its origins stretch back many centuries earlier. The charter under which the College now operates was awarded over 450 years ago by Queen Mary I in 1555. The college is still a branch of the royal household though it is financially self-supporting.

Individuals, organisations and companies are keen to associate themselves with the notions of duty, service, consistency and heritage that the Monarchy conveys. The fact that the British Monarchy is still a working institution and that the College of Arms has such close ties to it, means a grant of arms is the most relevant and direct way for British brands to associate themselves with such noble characteristics. The rigorous process conducted by the heralds at the College of Arms means that only those companies deemed to have sufficient standing will be awarded arms, so the public can have confidence that the desired associations are grounded in fact. A grant of arms is therefore a certification of a brand's dependability and longevity, reinforcing consumer perception and boosting brand value.

"A company with a Coat of Arms is not simply using the oldest and most flexible form of visual identity available; it is demonstrating its standing and reputability in its field, and showing that the Crown is aware of this."

Clive Cheesman, Richmond Herald of Arms, College of Arms

Case Study: British Airways

A perfect example of this is British Airways' current advertising campaign 'To Fly, To Serve'. At the heart of the campaign is the company's

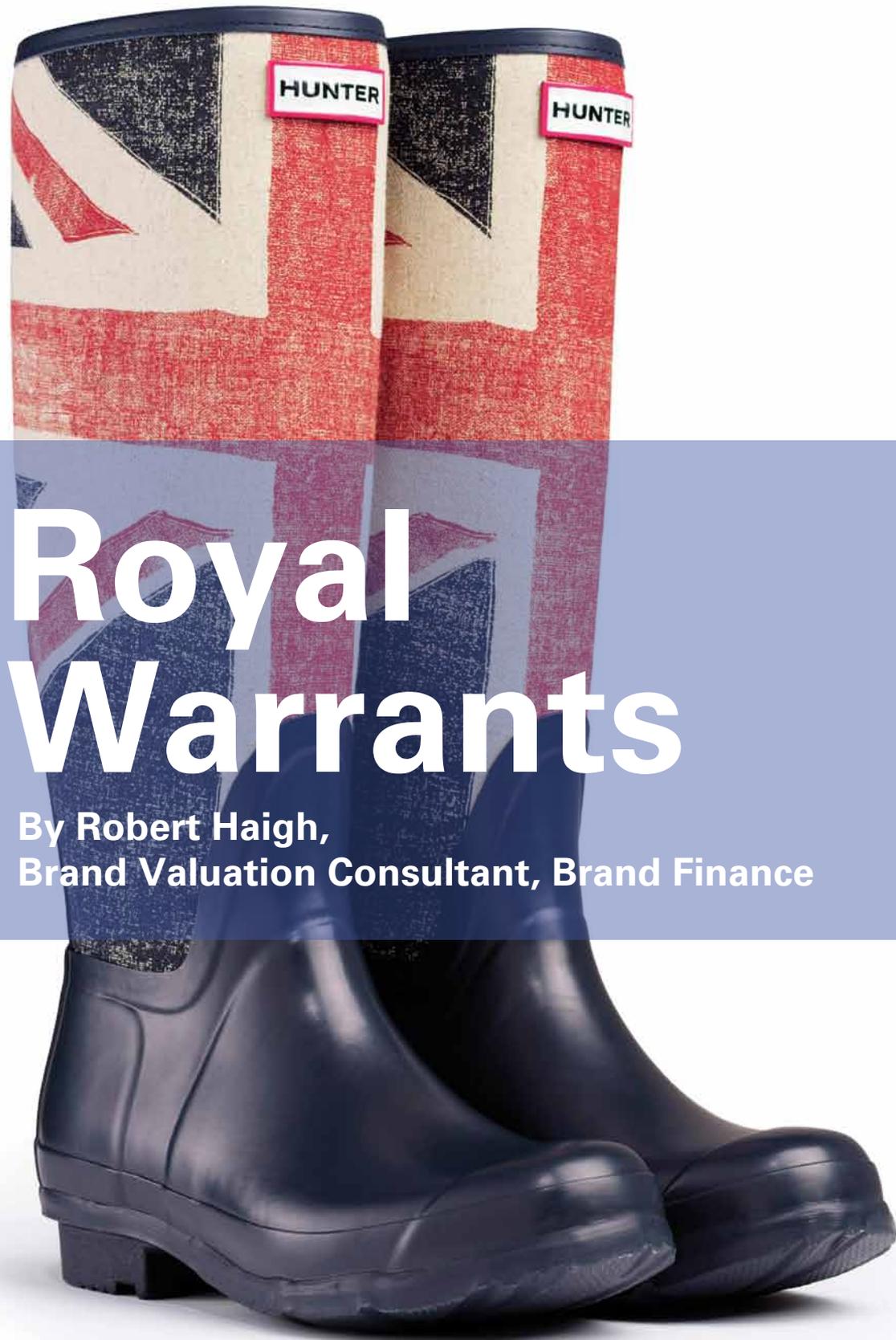


Coat of Arms, reworked by design agency 'Forpeople'. Last seen as part of BA livery in the late 1980s, the arms have been reapplied to all planes as a reminder to both staff and passengers of the airline's heritage and its duty to represent Britain. Such values are clearly reinforced when visualised as part of a Coat of Arms and chime with the perceived virtues of the British Monarchy. Some have cast doubt on the credibility of the campaign, specifically whether BA can live up to the espoused level of service, however there has been almost universal acknowledgement of its emotive power and appeal of its message.



Having recognised the benefits of a Coat of Arms, Brand Finance commissioned its own, which was awarded in 2007.

The lower left section of the shield displays the heraldic symbol for branding while the lower right hand section displays the heraldic symbol for finance. The top section of the shield carries a bridge to symbolise the company's mission of bridging the gap between marketing and finance, which is repeated in the motto. The crest features a golden dragon, which is associated with great wealth, holding a brand and standing on a chequer board, another heraldic emblem for finance.



Royal Warrants

By Robert Haigh,
Brand Valuation Consultant, Brand Finance

Reproduced courtesy of Hunter

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Royal Warrants

Some companies can enhance their brand with an even closer association with the monarchy: The Royal Warrant is granted on the recommendation of the Lord Chamberlain, to suppliers of goods or services who have had a trading relationship with the households of Prince Charles, the Duke of Edinburgh or the Queen for at least five years. The award of a Royal Warrant allows the company or individual to display the coat of arms of the Royal in question alongside their own coat of arms or the company logo.

The Royal Warrant Holders' Association points to William Caxton as the first Warrant holder, following his appointment as the King's printer in 1476. Tradesmen began displaying the Royal Arms in the late 18th century, but it was not until Queen Victoria's reign that Royal Warrants gained the mass appeal and international renown they still confer today. The Queen granted over 2000 Royal Warrants to companies that are still household names including Schweppes and Twinings.

The Royal Warrant is both a matter of prestige and a commercial benefit. It is the most direct connection to the royals a firm can hope to achieve, highlighting both the enduring appeal of Royal associations and the use of heraldry in cementing them.

It is worth noting that this is highly dependent on both the sector and size of the brand. Originally the Royal Warrant was seen as a guarantee

of acceptable quality as well as an indicator of prestige. The former function may no longer be quite as relevant since the shop or supermarket where a product is sold may be a sufficient guarantor of quality for the consumer. Tighter regulations on product quality and manufacture will have helped to raise minimum standards. Therefore for product categories where display and status do not feature in purchasing decisions and functionality is paramount, the financial benefit of the warrant may indeed be relatively small. Examples include Boots the chemist, DHL, Heinz or Ford, all of which hold Royal Warrants but do not frequently advertise the fact.

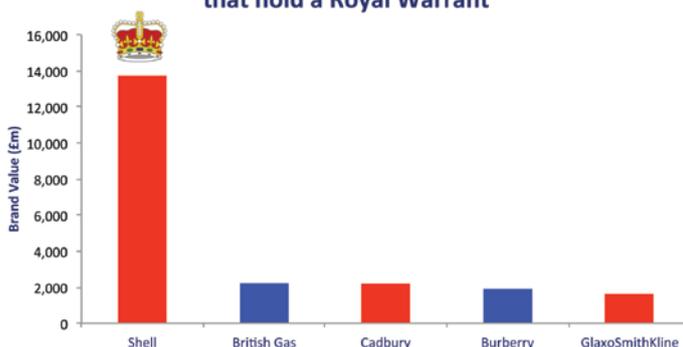
On the other hand, for brands that trade on values or activities associated with the Monarchy, the added value can be very significant. Brand Finance research indicates that some companies may earn up to 5% of their revenue as a result of the Royal Warrant.

Growing international demand for high quality British goods has contributed to a new surge of interest in the Royal Warrant. Firstly there is the recent surge in interest in everything to do with the British Royal Family, arising from the wedding of William and Kate and the Queen's Diamond Jubilee. However a second and longer term trend may be even more beneficial. Increasing Asian affluence in the 21st century has already boosted demand for luxury goods. Asian consumers are said to be particularly impressed by the Royal Warrant and this has contributed to a resurgence of British fashion brands, such as Burberry and Barbour, both of which display their Royal Warrants prominently.

Case Study: Hunter

Hunter boots may appear to be purely functional wellington boots, however its strong association with sporting pursuits and the British upper class means the Royal warrant is hugely important and a prominently displayed part of its visual identity. Started in 1856, it was not until 1977 that the company was granted its first Royal Warrant, from the Duke of Edinburgh, soon followed by the Queen in 1986. The brand has had some problems with production costs in the last few

Top 5 Most Valuable British Brands that hold a Royal Warrant



Source: Brand Finance plc

© Brand Finance plc 2012



Reproduced courtesy of Duchy Originals and Waitrose

Royal Warrants Cont...

years and has had to move production abroad. Its Royal Warrants are therefore especially important in maintaining its positioning as a firmly British brand and an icon of the British countryside.

Case Study: Lyle's Golden Syrup

This staple of British kitchen cupboards has been sold in its distinctive tins since 1884. Since 1922 those tins have also featured the Royal Warrant and it has "proudly remained there ever since" (Tate & Lyle). The dedication of a webpage to the brand's receipt of the warrant and its continuing use 90 years on shows the prestige and commercial value it can confer. A large part of the brand's appeal is its comforting familiarity. It evokes nostalgia for Britain's past through its heritage and continuity, the same emotions evoked in many by the enduring presence of the Queen as head of state.



Reproduced courtesy of Tate & Lyle

Case Study: Piccadilly

Piccadilly is one of London's most exclusive shopping districts, with 18th and 19th century arcades, boutiques and luxury department stores. Dozens of Royal Warrants are visible on even a short walk through the area. Truefitt & Hill, bootmaker John Lobb, wine merchants Berry Brothers & Rudd and the Ritz Hotel are just some of Piccadilly's brands that benefit from the associations with luxury, prestige and refinement of taste that a Royal Warrant confers. Fortnum & Mason is perhaps the best known of all. It has held numerous Royal Warrants since the creation of the system nearly 150 years ago

including Grocers to HRH the Prince of Wales and Purveyors of Oillery to HM the Queen. The Queen's arms are proudly displayed above the main entrance.



BY APPOINTMENT
TO HER MAJESTY QUEEN ELIZABETH II
GROCCERS AND PROVISION MERCHANTS
FORTNUM & MASON PLC LONDON



BY APPOINTMENT
TO HRH THE PRINCE OF WALES
TEA MERCHANTS AND GROCCERS
FORTNUM & MASON PLC LONDON

Case Study: Duchy Originals

A brand with perhaps the closest Royal connection of all is Duchy Originals. The brand is named after the Duchy of Cornwall, a series of estates across Cornwall, Devon, Herefordshire, Somerset and Wales of which are controlled by Prince Charles in his capacity as Duke of Cornwall, while the logo is a stylized version of the arms of the Duchy. Launched in 1990, Duchy Originals produces high quality, organic food and fulfils the Prince's personal goals of organic farming and charitable endeavour. Ingredients are sourced from organic farms across the Duchy of Cornwall and beyond, while a portion of the profits are donated to the Prince's Charitable Foundation, a figure which has reached over £6 million. Since 2010, the brand has been integrated into Waitrose, a Royal Warrant holder, as one of the supermarket's premium range. The success of the range, which has survived the impact of the recession on premium foods, highlights the enduring appeal and commercial power of the Monarchy. Meanwhile the extensive use of heraldry, including both the arms of the Duchy of Cornwall and the Prince's Royal Warrant, show the value of this imagery in conveying these positive royal associations from heritage to duty and nostalgia to prestige. This connection is why individuals, organisations and companies continue to commission and protect their coats of arms and display their Royal Warrants, indicating the positive economic contribution of the monarchy to British brands.



Royalties

By Mary-Ellen Field, Licensing Director, Brand Finance



Royalties are what we call the money that is paid for the licensing of intellectual property, including; patents, trade marks, copyrights, design rights and plant breeder's rights. It also includes the payment of royalties for the copyright in music and writing. The easiest way to explain royalties is to compare them to rent that is paid for the lease of a flat, house or land. Royalties also exist in the oil and gas industries.

The meaning of the word is said to be based on the fees paid by inventors for prerogatives granted by a sovereign, to an individual or corporation. In England from the 15th century for example kings or queens granted "letters patent" which gave monopoly rights to an inventor for twenty years in exchange for the public disclosure of the invention. Sovereigns did not grant these monopoly rights for free so the income stream that was paid to the kings became known as a "royalty". Kings were always looking for new ways to raise money and to limit their kingdom's dependence on imports.

The word "patent" comes from the Latin word "patere" which means "to lay open". The first patent in England was granted for twenty years

by Henry VI to John Utynam from Flanders for a new type of stained glass. Henry wanted to use this glass in the windows of the Chapel at Eton College. Utynam was also required to teach English craftsman the technique during the twenty years of the patent. There was a concept throughout Europe that investors should be rewarded for the creativity by being given monopoly rights for a fixed period of time. In France the investor was not required to publish the patent after it was examined by the Academy for "novelty" because it was felt that the use of the invention in public was disclosure enough.

Unfortunately in England sovereigns became rather greedy and too many patents were granted causing people to lose confidence in them. The crown began granting monopolies to favoured people for very large sums of money for old inventions as well as new. In 1623, James I realised the situation was out of control so he cancelled all existing patents and introduced the Statute of Monopolies to regulate the granting of monopolies. Most patent law in English speaking countries is based on this statute.



About Brand Finance



Brand Finance is an independent global business focused on advising strongly branded organisations on how to maximize value through the effective management of their brands and intangible assets.

Since it was founded in 1996, Brand Finance has performed thousands of branded business, brand and intangible asset valuations worth trillions of dollars.

Brand Finance's services support a variety of business needs:

- Technical valuations for accounting, tax and legal purposes
- Valuations in support of commercial transactions (acquisitions, divestitures, licensing and joint ventures) involving different forms of intellectual property
- Valuations as part of a wider mandate to deliver value-based marketing strategy and tracking, thereby bridging the gap between marketing and finance.

Our clients include international brand owners, tax authorities, IP lawyers and investment banks. Our work is frequently peer-reviewed by the big four audit practices and our reports have also been accepted by various regulatory bodies, including the UK Takeover Panel.

Brand Finance is headquartered in London and has a network of international offices in Amsterdam, Bangalore, Barcelona, Cape Town, Colombo, Dubai, Geneva, Helsinki, Hong Kong, Istanbul, Lisbon, Madrid, Moscow, New York, Paris, Sao Paulo, Sydney, Singapore, Toronto and Zagreb.

www.brandfinance.com



About Brand Finance

Brand Finance is an independent global business focused on advising strongly branded organisations on how to maximize value through the effective management of their brands and intangible assets.

At Brand Finance, we are entirely focussed on quantifying and leveraging intangible asset value. Our services compliment and support each other, resulting in robust valuation methodologies, which are underpinned by an in-depth understanding of revenue drivers and licensing practice.

| Valuation | Analytics | Strategy | Transactions |
|--|--|---|--|
| <p>We perform valuations for financial reporting, tax planning, M&A activities, joint ventures, IPOs and other transactions. We work closely with auditors, tax authorities and lawyers.</p> | <p>Our analytical services help clients to better understand the drivers of business and brand value. Understanding how value is created, where it is created and the relationship between brand value and business value is a vital input to strategic decision making.</p> | <p>We give marketers the framework to make effective economic decisions. Our value-based marketing service enables companies to focus on the best opportunities, allocate budgets to activities that have the most impact, measure the results and articulate the return on brand investment.</p> | <p>We help private equity companies, venture capitalists and branded businesses to identify and assess the value opportunities through brand and market due diligence and brand licensing.</p> |
| <p>Financial reporting Tax and transfer pricing Litigation Investor relations</p> | <p>Brand equity drivers Brand strength analysis Brand risk analysis (BrandBeta®) Brand scorecards Marketing mix modelling Marketing ROI</p> | <p>Brand strategy Brand architecture Brand extension Budget setting and allocation Brand value added (BVA®)</p> | <p>Brand due diligence Brand licensing Fundraising</p> |

Valuation

We conduct valuation and analytics assignments for branded enterprises and branded businesses. We value brands, intangible assets and intellectual property in many jurisdictions for accounting, tax, corporate finance and marketing purposes. We act on behalf of intellectual property owners, tax authorities and work closely with lawyers, private equity firms, and investment banks.

Our work is frequently peer-reviewed by independent audit practices and our approach has been accepted by regulatory bodies worldwide.

Reasons for Brand Valuation Financial Reporting:

Accounting standards in most developed markets allow for capitalisation of purchased intangible assets. The initial valuations and subsequent impairment reviews generally require the opinion of an independent valuation expert.

Tax Planning: The growing importance of intangible assets has significant tax planning implications. Brand Finance works for both fiscal authorities and brand owners on transfer pricing and capital gains tax issues.

Dispute Resolution: We have helped clients protect the commercial value of their brands through a range of licensing and trademark disputes that have been settled both in and out of court. We also provide litigation support work for various legal firms and IP companies.

Marketing & Brand Management: There is an increasing demand from investors and analysts for information on brand value and brand performance. Brand Finance advises clients on both the external disclosures and required brand metrics. Our valuation services have assisted many companies to understand and improve the value of their intangible assets.

Commercial Transactions: We help clients to determine the value of their intangible assets and enterprise value for mergers and acquisitions, negotiations, franchise and licensing and deal structuring to ensure that they make informed decisions.

Analytics

Our analytical services help clients to better understand the drivers of business and brand value. Understanding how value is created, where it is created and the relationship between brand value and business value is a vital input to strategic decision making. By furthering knowledge of this relationship, Brand Finance is able to help clients' leverage brand value and ultimately maximise shareholder value.

Some of our key analytical services include:

Brand Dashboards and Scorecards: We help companies improve brand performance management and reporting by integrating market research, investment, market and financial metrics into a single insightful model to track performance over time and against competitors and to uncover the most important drivers of overall brand and business value.

Competitor Benchmarking: We conduct a benchmarking study of the strength, risk and future potential of a clients brand relative to its competitor set. This helps understanding the strengths and weaknesses of the client brand compared with key competitor brands.

Value Drivers Analysis: We help businesses understand the relationship between brand attributes and key value drivers in the business model. This is achieved by creating a framework for measuring brand equity and connecting it to value driving behaviour in each stakeholder group. Resources can then be allocated and prioritised based on the overall impact on financial value.

Demand Forecasting: We provide clients with a market demand forecasting framework for long term strategic planning.

Marketing Mix Modelling: We help improve the efficiency of brand campaign planning and targeting by isolating and quantifying the impact of different marketing activities. The model guides the mix and combination of future marketing activities

Marketing ROI: We help clients improve decision-making by providing insights which assist with budget optimisation, resource allocation, brand

Our Services

performance and evaluation of marketing activities. Combined with brand valuation results, our analytical service creates the framework for better corporate reporting and brand performance management.

Strategy

We conduct market studies, market sizing, feasibility studies, brand audits and brand portfolio evaluation. Combining market intelligence, brand analytics, market research and financial assessment, we provide greater depth and insights into our clients' strategies.

Some of our key Brand Strategy Advisory Services include:

Brand Strategy Evaluation: We help clients make disciplined choices about how to maximise economic value, by providing a framework for optimal resource allocation and strategy selection. This helps identify the value optimising allocation of marketing investment, provides a strategic overview of the risks and returns associated with each market segment

Strategic Optimisation: We help branded businesses increase their value. Using brand valuation techniques, we help clients determine the financial impact of different strategic brand options such as licensing, joint ventures, investment, divestment, brand architecture changes, entering or exiting new segments or markets and other transactions.

Brand Architecture and Portfolio review: We help companies evaluate different branding architecture scenarios. Using sensitivity analysis, this identifies potential addition or loss of economic value under alternative brand architecture options and enables informed decision making.

Market Entry and New Product Development: We work together with companies to develop successful market entry and new product strategies.

Naming and Visual Identity Management: We work together with clients to help develop research-based naming strategies that are aligned with the overall business objectives of the company. In addition, we help manage the entire visual identity process to help ensure that new and refreshed brand identities are implemented efficiently and effectively.

Budget Determination: We help clients identify which products or services and brands create or destroy the most value. Clients can use this to allocate resources and budgets across their marketing activities to yield the best returns.

Communications Strategy: We help companies develop effective results-oriented communication strategies. All communication strategies are driven by market research with the aim of meeting clients key objectives including building goodwill across customer base; generating sales; creating and reinforcing brand and professional corporate image; informing and creating positive perceptions and assisting in the introduction of new products to market.

Transactions

Our transaction support services help companies evaluate and mitigate risks, extract maximum value in mergers and acquisitions as well as private equity investments. We also assist private equity companies, venture capitalists, brand owners and businesses identify and assess the value of opportunities through brand due diligence and brand strategy option, including licensing.

Some of our key Transaction Support Services include:

Brand and Market Due Diligence: We help clients by valuing branded businesses, brands and other intangible assets for purchase or sale providing reassurance to the investment and management teams. In addition, we assist in securing finance against brands by using a mixture of financial, legal, marketing and commercial due diligence.

Brand Licensing and Franchising: We help maximise earnings and provide greater brand presence and knowledge by identifying the best opportunities for licensing and franchising, both internally and externally. We also provide advice on best practice in licensing agreements.

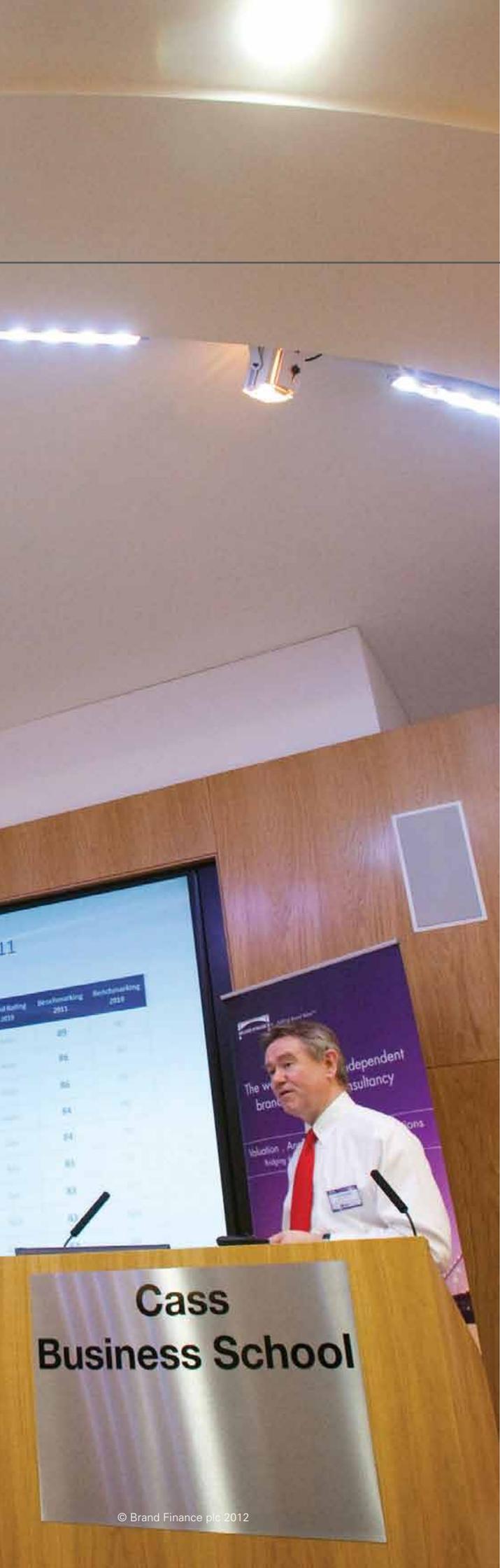
Purchasing & Sales: We provide clients with an understanding of the financial potential of their intellectual property to help inform negotiation of rates and terms to strike the best deals. Our role also includes the identification of potential purchasers and execution of the sales process.



“Understanding the role of the brand in the generation of profit is vital to all businesses.

The Brand Finance Forum helped to create a breakthrough for my company.”

Ex-Chairman,
Shell Brands International, Switzerland



Brand Finance® Forums

Brand Finance is committed to the development of theoretical and practical issues surrounding brands.

As part of this process, we organise a series of events and forums around the world where leading practitioners in the area of brand strategy, brand building and brand valuation come together to share their experiences and to better understand the process by which valuable brands are created.

The Brand Finance Forum has progressively become one of the definitive events in the area of brand valuation and should not be missed by anyone who is serious about maximising the value of their brands and intangible assets.

To find out more visit
www.brandfinanceforum.com

BRANDIRECTORY



Brandirectory is an online encyclopedia of brands where financial results, visual identities, trademark histories and the latest marketing news are compiled and shared.

- Brand league tables
- Brand valuation reports
- Brand profiles
- Brand comparison tool

It is an invaluable resource for brand managers, offering detailed brand profiles and comparative analysis across all major commercial sectors. Our league tables are the most comprehensive table of published brand values in the world.

To find out more visit www.brandirectory.com

Brand Finance® Journal

The BrandFinance® Journal is the official journal of the Brand Finance Institute and printed by Brand Finance plc in London.

Launched in 2011, the BrandFinance® Journal is edited and written by a team of journalists, marketers, valuation analysts and branding experts. Discussing the latest issues in the brand valuation industry, the Journal provides a comprehensive look at how brands are used by major corporations as well as further insight into the reports and league tables of Brand Finance.

Issue 2, launched this March, features exclusive interviews with John Hayes, CMO of American Express, Chris Clark, Marketing Chief of HSBC, and John Murphy, the 'father of brand valuation'.

This quarter's issue also contains exclusive features from Brand Finance Hong Kong on branding in China and a branding study on Apple and BlackBerry from Brand Finance Canada.

For subscription enquiries contact journal@brandfinance.com

BRANDFINANCE

BrandFinance Journal

www.brandfinance.com/journal



John Hayes
Chief marketing officer
of American Express

"We have to accept that we really have lost control"

HSBC's Chief Marketing Officer is the most powerful in the public trust

John Murphy on the importance of loyalty

Why Apple's marketing is the envy of BlackBerry

BRANDFINANCE JOURNAL ISSUE 2 MARCH 2012

Branding

Chinese puzzle

The Chinese passion for brands sounds like good news for branded goods businesses wanting to expand in the region. But despite the abundant opportunities, it's a path that companies need to tread with care. Rupert Passer explains.

CHINA IS THE ONLY country that has a brand value of over \$100bn in a single year. During the Cultural Revolution, general economic decline saw almost no new products, and the only consumer goods available, like those from the Communist Party, were of low quality and low status. The country's economic and social system is still in transition, with Chinese characteristics. The Chinese government's position on policy and the fact that it has made very little attempt to change its China's long-term growth strategy. The recent discovery of several large deposits of natural gas, the capital and power of various provinces to work on China, indicates the scale of the problem. They are not generally believed they were working for Apple.

Enter Starbucks in Shanghai as a brand to produce (top) of 'China's Western' 'Western' and 'Asian' products. The Asia Business Council estimates the contribution of the country's growth sector to China to be as high as eight per cent of GDP. And while many of these goods are imported, there is a strong demand within China for products that consumers here to be locally made.

The reason for the success of these brands is not the fact that they are imported, but the fact that they are locally made. The reason for the success of these brands is not the fact that they are imported, but the fact that they are locally made.

John Hayes, Chief Marketing Officer of American Express, is the most powerful in the public trust.



CHINA FACTS

9.2% GDP of China's GDP

\$1.9trn China's GDP

1.34bn China's population

China's population is 1.34 billion, according to the national census.

"Many Chinese consumers seek out foreign branded products wherever possible – especially those manufactured outside China"

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China

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BRANDFINANCE JOURNAL ISSUE 2 MARCH 2012

Banking forum

Bank brands: what really matters?

In February Brand Finance launched its 2012 Banking 500 global league table at its third annual Banking Forum, held in conjunction with The Brand, BSC, World News and LinkedIn. The forum focused on the importance of country of origin, innovation and customer service, and speakers included the marketing heads of some of the world's most successful banks. We feature some of the highlights below.

"The UK, in third position, is punching above its weight: its 25 banking brands are worth some \$68 billion, helped by the strong performance of HSBC"

BRIAN CAPLEN, editor of *The Brand*, described banking as 2011 as "a game of two halves". There was growth and development across most of the world, and significant attention, but as he explained, the UK was seen to have done better than the rest of the world. He noted that the value of UK bank brands is \$68 billion, helped by the strong performance of HSBC.

DAVID MURPHY, CEO of Brand Finance, explained that bank brands are worth more than 100 per cent of the value of the financial services industry. Indeed, the...

TOP 10 BANKING BRANDS BY REVENUE

| Rank | Brand | Revenue (\$bn) |
|------|-----------------|----------------|
| 1 | HSBC | 2,000 |
| 2 | Wells Fargo | 1,500 |
| 3 | Bank of America | 1,400 |
| 4 | Citigroup | 1,300 |
| 5 | JP Morgan Chase | 1,200 |
| 6 | Deutsche Bank | 1,100 |
| 7 | Barclays | 1,000 |
| 8 | BNP Paribas | 900 |
| 9 | UBS | 800 |
| 10 | Bank of China | 700 |

TOP 10 BANKING BRANDS BY MARKET VALUE

| Rank | Brand | Market Value (\$bn) |
|------|-----------------|---------------------|
| 1 | HSBC | 2,000 |
| 2 | Wells Fargo | 1,500 |
| 3 | Bank of America | 1,400 |
| 4 | Citigroup | 1,300 |
| 5 | JP Morgan Chase | 1,200 |
| 6 | Deutsche Bank | 1,100 |
| 7 | Barclays | 1,000 |
| 8 | BNP Paribas | 900 |
| 9 | UBS | 800 |
| 10 | Bank of China | 700 |

TOP 10 BANKING BRANDS BY COUNTRY OF ORIGIN

| Country | Value (\$bn) |
|-------------|--------------|
| UK | 68 |
| USA | 55 |
| France | 45 |
| Germany | 35 |
| Switzerland | 25 |
| China | 20 |
| Spain | 15 |
| Italy | 10 |
| Japan | 5 |
| Other | 5 |

TOP 10 BANKING BRANDS BY GROWTH

| Brand | Growth (%) |
|-----------------|------------|
| HSBC | 15 |
| Wells Fargo | 12 |
| Bank of America | 10 |
| Citigroup | 8 |
| JP Morgan Chase | 7 |
| Deutsche Bank | 6 |
| Barclays | 5 |
| BNP Paribas | 4 |
| UBS | 3 |
| Bank of China | 2 |

The Brand Finance Institute

The Brand Finance Institute is the education and training division of Brand Finance plc in which technical and practical issues surrounding brands and brand measurement are explored. The BFI organizes events around the world featuring leading edge thinkers in the area of brand strategy, brand measurement and brand valuation, who come together to share their experiences and to better understand the process by which valuable brands are created.

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At Brand Finance we focus on measuring companies' intangible value and on helping them to grow it.

Our services complement and support each other, resulting in robust valuations underpinned by an in-depth understanding of revenue drivers and licensing practice.

Valuation | Analytics | Strategy | Transactions

Brand Finance plc, the world's leading independent brand valuation and strategy consultancy, has a global footprint with over 15 offices worldwide.

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