graphic techniques enjoy strong market shares as well.[382] The most popular of such methods reached an application rate of 77.8%. However, even though a number of providers of proprietary brand valuation tools are known to many brand experts and some such techniques have been newly developed, they have not gained market share compared to 1999.[383]

In the area of financial brand valuation tools, the income approach in its pure form seems to be the most widely applied brand valuation technique, being split up into calculations of brand related profit per period (distribution rate of 40.3%) and brand related revenues per period (distribution rate of 23.9%). These figures relate to the income approach in its simplest form, notably without computing the net present value of future profit or revenue streams respectively.[384]

Simple generic psychographic tools also hold considerable market share. *Völckner/Pirchegger* have shown that the examination of single brand value indicators such as brand image is being utilised by almost 80% of the queried experts. The combination of brand value indicators reaches a significant market share of 44.4%.

With both generic financial and generic psychographic tools reaching such high market share, which would in sum be more than 100%, it follows that a number of respondents are using both kinds of techniques. This may be due to the instance that a number of brand experts deploy more than one brand valuation method in order to minimise the spread of deviating outcomes in one and the same valuation scenario. Moreover, the assumption that financial and psychographic valuation techniques are used for different purposes stands to reason.

Hybrid tools, of which all those discussed in the surveys are proprietary, are still struggling to catch up with the abovementioned generic ones. In this context, the past and current lack of confidence in available valuation methods becomes most apparent. To a considerable extent, this may be due to the fact that these techniques, in their essence and core aspects, are not being revealed to the interested public at large, as it is the case with generic

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382   This fills the information gap the 1999 studies had left.
383   The most widely applied psychographic proprietary tool reached an application rate of 12.8% and the accordant hybrid methodology attained 6.1%.
384   Such particular methods including discounted cash flow analysis arriving at a net present value attain distribution rates of 13.4% (relating to forecasted brand related revenues) and 10.4% respectively (with respect to forecasted brand related profits).

tools. As a consequence, proprietary methods cannot be fully understood and proven. The reluctance to apply such methods may also be rooted in the fact that they all have been developed specifically for brand valuation and have not become familiar tools in the course of other valuation scenarios, such as the income approach which was used for company valuations before it was adopted for the valuation of brands and other intangible assets.

3.1.4 Findings

Even though the necessity and benefit of brand valuation is widely recognised, the extent of practical implementation falls short of its importance – despite a slight upward trend.

An exception hereof can only be made with respect to some generic psychographic valuation methods, which reach largest market shares of all three groups (financial, psychographic and hybrid techniques). However, due to the fact that such methods do not yield a monetary valuation end result, they are only useful for a limited number of strategic forecasting valuation purposes.[385]

As for financial and hybrid methods, the implementation gap takes full effect. This is not only detrimental for the brand valuation industry. It also means that brands are oftentimes not valued at all. This brings about negative implications on many company internal and external processes. It is not until a brand is properly valued (with a monetary end result) that it can be appropriately managed, traded and otherwise exploited as an asset.

Those who, despite all current shortcomings, actually have their brands valued, rely to the largest extent on freely available methods of which many have been adopted for brand valuation from other fields of practice. Generic financial methods such as the income approach and its variations and generic customer-related ones such as evaluation of brand value indicators hold the largest market shares.

A possible added benefit proprietary methods provide vis-à-vis generic ones has not yet been reflected by their market share. The following analysis will, among others, discuss whether this circumstance rightly exists.

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385   Cf. 3.2.3.

3.2 Analysis of Currently Applied Brand Valuation Methods

In order to see whether the present retentiveness vis-à-vis actual performance of brand valuation is justified and, if yes, to elaborate what could be improved and how, some of the currently applied brand valuation methods will be analysed in the following.

3.2.1 Introduction

For these purposes, an exhaustive treatment of all available or commercially applied brand valuation routines needs not be carried out. It has already been provided by a number of other studies.[386] More importantly, such broad overview would not add extra value in light of the purposes of this work.[387] Keeping in mind that this contribution is aiming at, amongst others, illuminating fundamental coherences of brands and their value, providing both an analysis of the vital issues common to all brand valuation tools and an exemplary analysis of methods currently most popular in German and European practice in order to set out general trends and issues is both sufficient and expedient.

3.2.1.1 Selection Criteria

Two to three brand valuation methods in each category of techniques (financial, customer-related and hybrid) will be presented and analysed. Such exemplary approach will be used to illuminate positive and negative aspects characteristic to each class of models.

The methods' selection is based on both their practical significance and their degree of elaboration.

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386 *Bentele/Buchele/Hoepfner/Liebert*, Markenwert und Markenwertermittlung; *Esch/Geus*, Ansätze zur Messung des Markenwerts; *Frahm*, Markenbewertung. Ein empirischer Vergleich von Bewertungsmethoden und Markenwertindikatoren; *Hanser/Högl/Maul* (ed.), Markenbewertung. Die Tank AG; *Künzel*, Die Marke und ihr Wert; *Sattler*, Markenbewertung: State of the Art; *Schimansky* (ed.), Der Wert der Marke; *Zednik/Strebinger*, Marken-Modelle der Praxis. Darstellung, Analyse und kritische Würdigung; *Zimmermann/Klein-Bölting/Sander/Murad-Aga*, Brand Equity Excellence, Volume 1: Brand Equity Review, pp. 31 et seq.

387 As defined at 1.1.1.