

dent.<sup>533</sup>

What is more, even though *Interbrand* operationalise more criteria than others, they as well do not include all various kinds of criteria necessary. For example, consumer behavioural factors like brand sympathy, which are needed for purposes of efficient brand management, are not sufficiently considered.<sup>534</sup>

In addition, transparency and replicability of this methodology are lacking at a number of stages. For example, it is not comprehensible how the s-curve utilised in step four (the same curve is used in every valuation) is actually arrived at and whether it is valid. In addition, the criteria used to operationalise the seven factors in the course of the brand strength analysis are not completely disclosed.<sup>535</sup> The *Interbrand* methodology is thus to some extent an inflexible and ‘black box’, i.e. intransparent or opaque, tool. Hence, the criterion of conceptual and methodical soundness is merely met in part.

While the *Interbrand* model attains the highest market share of all hybrid proprietary brand valuation tools, its market share is far behind compared to hybrid generic and most other ones. The prerequisite of widespread acceptance can therefore only be said to be met in view of hybrid proprietary brand valuation tools, which merely constitute a small fraction of all methods available.

A positive aspect of the methodology at hand is that future orientation is covered by both discounting estimated future income streams and handling a few non-financial factors such as brand trend, which includes attributes like future developments and prospects.<sup>536</sup>

However, comparability of results, a further prerequisite for attaining a manageable valuation outcome, is not achieved by the *Interbrand* tool. This is due to the fact that this tool is per se not applicable to all kinds of brands (let alone other IP assets). It is solely applicable if the proprietor company is publicly traded, earns at least one third of revenue outside its home country, EVA is positive, the brand is market facing and does not have a purely business-to-business single audience without wider public profile and aware-

533 Künzel, *Die Marke und ihr Wert*, pp. 137-139.

534 *Ibid.*, p. 138.

535 *Bekmeier-Feuerhahn*, *Marktorientierte Markenbewertung*, pp. 78-81.

536 *Stucky*, *Interbrand-Modell*, p. 117. This is an improvement compared to the *ACNielsen* technique, one of the shortcomings of which lie in the lacking operationalisation of future-related value influencers.

ness. This means that brands such as Mars, which is privately held, cannot be valued.<sup>537</sup> Neither can young brands, since they usually do not bring about a positive EVA.<sup>538</sup>

All in all, even though the *Interbrand* brand valuation tool comprises noteworthy advantages, the list of drawbacks prevails. Especially the partially lacking replicability and missing applicability for all types of brands make it a methodology which cannot be recommended for widespread utilisation.

### 3.2.4.3 Intermediate Findings

Brand Performance System, like *Interbrand* Brand Valuation, combines both financial and non-financial value parameters. However, underlying priorities are different. Whereas *Interbrand's* methodology originates from finance-oriented valuation uses such as accounting and focuses on the net present value of future income streams as representing utility of the brand and therefore its value,<sup>539</sup> *ACNielsen* defines brand value more holistically,<sup>540</sup> operationalising brand strength as the target figure resulting from brand value.<sup>541</sup>

The various non-monetary factors playing a role within the *Interbrand* methodology cover brand value more comprehensively than those operationalised in the course of *ACNielsen* Brand Performance System. For example, contrary to the latter, legal trade mark protection is one of the seven non-monetary factors being examined in the course of the fourth valuation step of the *Interbrand* methodology.<sup>542</sup> On the other hand, *ACNielsen* achieve a better result with respect to separation of brand and product related success factors than *Interbrand*. However, the issue of overlapping criteria has been resolved by neither of these methodologies.

537 *Interbrand/BusinessWeek*, Best Global Brands 2006. A Ranking by Brand Value, p. 9.

538 *Berger*, MarkenR 1999, 271, 275.

539 *Stucky*, *Interbrand-Modell*, pp. 103-104.

540 Following *Domizlaff's* 'Markentechnik' ('brand technology') approach, defining a brand as a "system in which people and objects, mind and matter are linked to become one and interact", cf. *Franzen*, *ACNielsen Brand Performance System*, p. 129.

541 *Franzen*, *ACNielsen Brand Performance System*, p. 129.

542 Determinants of legal trade mark protection, such as the type of registration or the number of won or lost cases, are allocated 5% of overall importance of the seven factors, cf. *Stucky*, *Interbrand-Modell*, p. 117 and *Zednik/Strebinger*, *Marken-Modelle der Praxis. Darstellung, Analyse und kritische Würdigung*, p. 133. Yet all legal points playing a role in this context are not completely revealed.