



Valuation of Brands and Intellectual Capital

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Abstract:

In this paper, we revise several methods used for valuing brands. Among them, those of Interbrand, Damodaran, Financial World, Houlihan Valuation Advisors, Market Facts, Young & Rubicam and CDB Research & Consulting.

In particular, we analyze in depth the valuations of Kellogg's and Coca-Cola performed by Damodaran and the method proposed by Interbrand. Damodaran valued the brand Coca-Cola in 24,6 billion dollars in 1993 and in 102,6 billion dollars in 1998. In recent years, a lot has been spoken about the value of companies' intellectual capital. However, almost all of the studies on the subject are highly descriptive and a long way from obtaining a quantitative valuation. It is by no means clear what the company's intellectual capital is, and even less so if we intend to value the company's brand and intellectual capital separately.

Our goal is to show the limitations of a number of the methods proposed for valuing brands and intellectual capital and, within the limits imposed by the brand's intrinsic reality, establish guidelines for value creation through the study of brands and intellectual capital. We also propose a scheme for identifying brand value drivers, that is, the parameters influencing the brand's value.