

Top brands in Africa could lose up to \$60bn due to pandemic

The top 150 most valuable African brands from inaugural Brand Finance Africa 150 2020 ranking stand to lose up to \$60bn of cumulative brand value following devastating Covid-19 pandemic.

As the Covid-19 pandemic wreaks havoc on the global economy, Africa's top 150 most valuable brands could lose up to 12% of brand value cumulatively, a drop of US\$60bn compared to the original valuation date of 1 January 2020, according to the latest Brand Finance Africa 150 2020 report.

Looking beyond Africa, the value of the 500 most valuable brands in the world, ranked in the Brand Finance Global 500 2020 league table, could fall by an estimated US\$1tn as a result of the coronavirus outbreak.

Brand Finance has assessed the impact of Covid-19 based on the effect of the outbreak on enterprise value, compared to what it was on 1 January 2020. Based on this impact on enterprise value, Brand Finance estimated the likely impact on brand value for each sector. The industries have been classified into three categories – limited impact (minimal brand value loss or potential brand value growth), moderate impact (up to 10% brand value loss), and heavy impact (up to 20% brand value loss) – based on the level of brand value loss observed for each sector in the first quarter of 2020.

Declan Ahern, valuation director, Brand Finance London, commented:

“ No truly Pan-African brands exist, with even the highest-performing brands in the ranking often only operating out of their home countries and therefore finding themselves a complete unknown across the continent and globally. It is no surprise that South Africa is by far the most represented economy in the ranking, with 87 brands featuring, which account for 76% of the total brand value. ”

Jeremy Sampson, managing director, Brand Finance Africa, commented:

“ There is no denying that the African market remains immature and fragmented in comparison to its global counterparts. The lack of connectedness between nations across the continent means that brands' growth is being stifled and they are unable to flourish beyond their home markets. This does pose, however, a great opportunity for African brands to develop in a market ripe for consolidation and M&A. ”



Brand Finance® Africa 150



TOP 10 MOST VALUABLE AFRICAN BRANDS

 1 ← 1   \$3,349m -1.0%	 6 ↓ 5   \$1,352m -10.8%
 2 ← 2   \$2,052m -8.3%	 7 ↓ 6   \$1,247m -11.5%
 3 ← 3   \$1,617m -5.8%	 8 ↑ 11   \$1,119m +5.2%
 4 ← 4   \$1,540m -2.5%	 9 ↑ 12   \$1,073m +3.1%
 5 ↑ 8   \$1,375m +16.4%	 10 ← 10   \$1,019m -5.4%

Source: Brand Finance Africa 150 2020

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MTN crowned Africa's most valuable

For the first time, Brand Finance has launched the Africa 150 ranking – a ranking of Africa's top 150 most valuable and strongest brands.

South Africa's telco giant MTN has been crowned as the continent's most valuable brand, despite recording a 1% brand value loss to US\$3.3bn. Over the last year, Africa's largest mobile operator has celebrated solid profits and impressive subscriber growth, which currently stands at over 250 million across 23 countries.

As with all big telcos globally, MTN is being squeezed from all sides as OTT messaging apps like WhatsApp are impacting voice and SMS revenue, and challenger brands offer comparable data services at below-market rates, leading to fierce price competition and decreasing margins. However, Covid-19 may be an opportunity for telecoms brands to reverse their fortunes, as Brand Finance predicts a limited overall impact to the sector and even potential for growth as demand surges.

South Africa dominates

MTN is leading the way for South African dominance in the ranking. The entire top 10 are South African brands, and a total of 87 brands feature with a cumulative brand value of US\$34.6bn, equating to 76% of the total brand value in the ranking. Vodacom (brand value down 8% to US\$2.1bn), First National Bank (down 6% to US\$1.6bn), Absa (down 3% to US\$1.5bn) and Old Mutual (up 16% to US\$1.4bn) complete the top 5.

Only 19 out of the 54 African countries are represented in the Brand Finance Africa 150 2020 ranking. Behind South Africa, Nigeria's 16 brands account for 7% of the total brand value in the ranking (cumulative brand value US\$3.6bn) and Morocco's 9 brands account for 5% (cumulative brand value US\$2.2bn).

Banking, telecoms and insurance take podium

When assessing the ranking at a sector level, banking, telecoms and insurance brands are the most valuable with these brands amassing a total value of US\$12.5bn, US\$10.4bn and US\$3.8bn respectively.

South African brands once again dominate the banking sector, five of which are placed within the top 10. The highest-ranked bank outside of the nation is Morocco's Attijariwafa Bank (down 1% to US\$459m). Despite recording a slight drop in brand value, Morocco's leading bank has continued to report steady earnings in the face of mixed macroeconomic trends across the nation. The bank has been negotiating a difficult transition, however, in the Egyptian market following its acquisition of Barclays' Egypt subsidiary in 2017.

Telecoms brands MTN and Vodacom claim the first and second spot in the overall ranking. The third most valuable telecoms brand – and 12th most valuable in the ranking – is Kenya's Safaricom with a brand value of US\$970m.

There are nine insurance brands in the ranking, all of which hail from South Africa. Old Mutual is Africa's most valuable insurance brand with a brand value of US\$1.4bn.

Kenya's Senator Lager is fastest growing

Senator Lager's brand value has grown an impressive 88% to US\$132m, making the beer brand the fastest growing brand in this year's ranking by some way.

The beer brand was established by alcohol giant Diageo in 2012 when emerging economies posed a real opportunity for growth and developed economies were becoming saturated. Since its inception, Senator Lager has become popular amongst workers – some of whom have switched to the brand from homemade alternatives - due to its very low prices. Brewed by East African Breweries, the brewer has benefitted from a more stable business environment over the last year, as well as an increase in production capacity. Sales of Senator rose by a third over the previous year, which has helped to offset some of the difficulties that both Diageo and East African Breweries are encountering as a result of higher taxes in Kenya.

Vodacom is the continent's strongest

In addition to measuring overall brand value, Brand Finance also evaluates the relative strength of brands, based on factors such as marketing investment, customer familiarity, staff satisfaction, and corporate reputation. According to these criteria, Vodacom (down 8% to US\$2.1bn) is the strongest brand in Africa, with a Brand Strength Index (BSI) score of 89.5 out of 100 and a corresponding AAA brand strength rating.

Brand Finance's global brand monitor study showcased a clear improvement in Vodacom's brand investment metrics – place, price, products and promotion. All of which were considerably stronger than main rival MTN. Vodacom has committed to a 34% price cut its in-data services following an agreement with the Competition Commission, after criticism that it was exploiting its market dominance. This price cut is no doubt going to bolster the brand's already burgeoning

subscriber base, which is currently growing on average by a staggering 67,000 a day.

Vodacom is currently working with the nation's health department to send Covid-19 alerts to its 44 million customers. Furthermore, the brand is providing subscribers with free access to premium health and education websites.

View the full Brand Finance Africa 150 2020 report [here](#).

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