



## A STUDY ON APPLICATION OF BRAND VALUATION TECHNIQUES WITH REFERENCE TO FAST MOVING CONSUMER GOODS COMPANIES

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### Abstract

Brand Valuation for the purpose of technical valuation results In balance sheet reporting, tax planning, mergers and acquisitions and investor relations purpose. Though there are various brand valuation techniques available, none can be applied in order to arrive at more accurate value of brand. In light of this drawback, this research paper has been taken up to derive an appropriate brand valuation technique or model suitable to Fast Moving Consumer Goods Companies. The researcher has gathered top ten companies from FMCG based on market capitalisation. Their four years annual reports are analysed, using statistical techniques to substantiate the model arrived at.

### Introduction

**Brand** refers to any name, design, symbol or any other feature that differentiates one product from another. It is intangible which includes trade names, trademarks, trade symbols, domain names, design rights, trade dress, packaging, copyrights, associated goodwill and advertising visuals. Brand is an intangible asset and very important to a wide variety of industries. The relative importance of intangible asset like brand varies industry wise. For a Pharmaceutical industry, knowledge asset is important, in a Retailing industry Business process asset is significant, for an Airline industry market position asset is primary driver and thus goes the list for various industries.

Brand valuation tries to explain what is to be valued and the purpose of valuation. In this context Brands can be valued based on technical valuation and commercial valuation. Technical valuation results in balance sheet reporting, tax planning, litigation, securitization, licensing, mergers and acquisitions and investor relations purposes. Commercial valuation is required for brand architecture, portfolio management, market strategy budget allocation and brand scorecards. Brand value or brand valuation is an estimate of the financial value of a brand. The method to determine brand value is still not established & hence each company can adopt from the three main types of brand valuation methods, viz, cost approach, market approach and income approach.

### Literature Review

Aswath. Damodaran, (2009) – This paper looks at the characteristics shared by Companies with intangible assets and the valuation issues that follow. It also looks at the dark side of valuation and some remedies. The results shows that both earnings and book value numbers at the Companies taken for study are skewed and using them in valuation can lead to poor estimates of values. Artsberg. Kristina, Mehtiyeva. Nigar (2010) – This research article discusses the research that has been conducted in financial accounting concerning accounting measurement. It is concluded that the goodwill is overestimated due to new standards with impairment testing. It is also difficult to assess value relevance of research and development only on the basis about how much is spent. There is need for information about successful and not successful projects.

Austin, Lloyd (2007) – This article tries to understand the problems involved in developing accounting standards for intangible assets. It also looks at the nature of assets and the special case of intangibles. It describes the requirements of IASB's 38 and consider consequences of its adoption. The study has found that accounting standard setters are aware of potential information gaps in reporting intangible assets both before and after adoption of IAS 38. IASB has noted deficiencies and weakness in the guidance given by IAS 38.

H. Lee, M.Hu (2012) – This article proposes brand valuation model and a new brand value measure in context of mergers and acquisitions. Data is collected from Thomson ONE Banker Mergers & Acquisitions database, SEC filings, COMPUSTAT data base, CRSP database and USPTO's Trademark database. The sample of 98 mergers & acquisitions are dealt. Valuation models like Ohlson's Valuation approach, brand value based on shareholder's value, & four-parameter risk adjustment is used. The results show that the validity of using shareholder's value is largely supported by results of this study. Sandner, Philipp. (2013) – This paper reviews the existing and recently promulgated accounting standards relating to intangibles. It also tries to provide evidence and alternatives to help improve the measurement and recognition of intangible capital. This would lead to reporting of quality earning that reflect the qualities of relevance and reliability. The study points out that the predictive value of financial statement is diminished when statements do not include these intangibles.

Sinclair, N, Roger. Keller, L, Kevin (2014) – This article explains the nature of contradictions at the global accounting standard setting bodies with regard to brand under conditions of mergers and acquisitions and brands under internally created. The author's analysis shows that the problem is caused by a basic conceptual conflict. In the intangible asset standards the unit of account is cost. In business combination it becomes fair value. Requiring internally generated intangibles (brands) to be measured by their fair value resolves the conflict. Spuy, Pieter. (2015) – This article explores the implications of prohibition of recognizing internally generated brands as per IAS 38. The article highlights the information content relevant to unrecognized brand assets and that is not currently disclosed to users of financial statements. The article also explains how the situation may compromise the usefulness of financial statements.

Tollington, T (1999) – This article examines the various brand asset recognition methods used by accounting profession. This paper also examines the latest rule change, FRS10, to assess whether the recognition of brand assets is likely to remain restrictive in future. The author exposes the weaknesses in current accounting standards related to intangible assets and provides the marketers with ammunition to force the decision – either brand are an asset or they are not asset. He suggests that the recognition of brands as intangible assets is right.

### **Problem Statement**

There is no specific and standardized method to value the brand of companies. This has given undue advantage to few large business organizations to overvalue their brands and attract the potential investors. In light of this drawback, this research is been taken to derive a model which could be more suitable for specific companies to adopt brand valuation techniques. This research paper has been taken up to frame a model of brand valuation technique which could be adopted by the Fast Moving Consumer Goods Companies.

### **Objectives of Study**

- To analyze the present available approaches to the Brand Valuation.
- To determine the Brand Value Model for FMCG Companies by using capitalization of marketing expenditure method.
- To compare market capitalization with Brand value arrived, and ascertain the significance of the model used.

### **Hypothesis:**

H<sub>0</sub>: The Brand Value of FMCG is independent to the variables.

H<sub>1</sub>: The Brand Value of FMCG is dependent on the variables.

### **Research Design**

The study follows “Analytical and Descriptive study”. Analytical research is used to analyze the consolidated income statements, balance sheet and cash flow statements of the sample companies. The Descriptive research is used to describe the various methods available to value the brand and method available to estimate the cash flow of the brands.

*Research Methodology*

**Sampling technique:** Sample Population - It consists of companies from the Fast Moving Consumer Goods Industry. The study adopts the systematic sampling technique. FMCG companies are chosen on the basis of market capitalization ranging from high to low. The companies were chosen for the study is:

- Britannia Industries Limited
- Colgate-Palmolive (India) Limited
- Dabur
- Emami Limited
- Godrej Consumer Products
- Hindustan Unilever Limited
- ITC
- Marico Limited
- Procter & Gamble Hygiene & Health Care Limited
- Zydus Wellness Limited

*Method of Data collection*

The data chosen for the study is collected from secondary source through Annual reports of FMCG companies listed on various exchanges of India. The researcher has used various statistical technique such as Multiple Regression, ANOVA based predictive analysis model F test Descriptive statistics tools etc. which are explained below. The data pertaining to Market Price per share, Market capitalization, WACC, Marketing expenses, were collected from company’s annual reports. The data collected will be consolidated in a way to arrive at the brand value of selected FMGC Companies.

*Limitations of the Study*

The study is confined only to ten FMCG companies dealing with fast moving consumer goods from 2013 to 2016 Secondary data as published by the Companies annual reports and available statistical data in NSE India for market prices per share, price earnings ratio, & market capitalization.

**Data Analysis**

**TABLE 1.1 – Calculation of Brand Value for Britannia Limited (Amounts in crores)**

Particulars	2012-13	2013-14	2014-15	2015-16
Carriage, Freight & Distribution expenses	352.76	387.55	427.14	431.04
Advertising & Sales promotion	534.28	603.65	651.70	737.81
Corporate social responsibilities	-	-	7.74	10.94
<b>TOTAL MARKETING EXPENSES (a)</b>	<b>887.04</b>	<b>991.20</b>	<b>1,086.58</b>	<b>1,179.79</b>
<b>WEIGHTED AVERAGE COST OF CAPITAL (b)</b>	<b>0.267808</b>	<b>0.151876</b>	<b>0.111072</b>	<b>0.109667</b>
<b>Brand Value (a/b)</b>	<b>3312.23</b>	<b>6526.39</b>	<b>9782.71</b>	<b>10757.97</b>
<b>Market Capitalization</b>	<b>11040.40</b>	<b>22067.5</b>	<b>35588.40</b>	<b>34628.60</b>
<b>Percentage of Brand Value on Market Capitalization</b>	<b>30</b>	<b>29.54</b>	<b>27.49</b>	<b>31.07</b>
<b>Average of Brand Value percentage</b>	<b>29%</b>			

(Source: compiled from annual reports of Britannia Ltd.)

Table 1.1 prepared to explain the arrival of brand value from the above table, the marketing expenses have increased from the year 2012-13 to 2015-16. The weighted average cost of capital shows increasing trend from 2012-13 to 2013-14 by approximately 11%. But it has remained unchanged to the extent of 11% for next two years from 2014-15 to 2015-16. Due to increasing marketing expenses, the brand value arrived shows increasing year after year from 2012-13 to 2015-16. Further, the table indicates that the market capitalization of the Britannia Limited has been considerably increasing, though there is a slight reduction in the year 2015-16. With the help of percentage of brand value arrived on market capitalization, it can be concluded that the average percentage of brand value arrived as per the model is approximately 29%.

**Table 1.2 – Calculation of Brand Value for Colgate-Palmolive (India) Limited (Amounts in crores)**

Particulars	2012-13	2013-14	2014-15	2015-16
Advertising expenses	354.59	441.45	418.45	417.93
Sales promotion	135.48	246.88	295.79	306.27
Freight & Forwarding expenses	106.22	119.77	137.76	139.04
Corporate social responsibilities	--	--	13.28	14.33
<b>TOTAL MARKETING EXPENSES (a)</b>	596.29	808.43	865.28	877.57
<b>WEIGHTED AVERAGE COST OF CAPITAL (b)</b>	30.8146056	24.9669478	18.25385819	13.49822267
<b>Brand Value (a/b)*100</b>	1,938.33	3,238.00	4,740.26	6,501.37
<b>Market Capitalization</b>	18,397.80	24,264.50	26,392.10	24,631.00
<b>Percentage of Brand Value on Market Capitalization</b>	10.54	13.34	17.96	26.39
<b>Average of Brand Value percentage</b>	17%			

(Source: compiled from annual reports of Colgate-Palmolive India Ltd.)

Table 1.2 prepared to explain the arrival of brand value for Colgate-Palmolive (India) Limited, interprets that the total marketing expenses shows increasing trend from 2012-13 to 2015-16. It also indicates that the weighted average cost of capital shows decreasing trend for past four years. This has given boost to the brand value over the past four years. The market capitalization of the company shows a fluctuating trend. It has considerably increased from 2012-13 to 2014-15, but decreased in the year 2015-16. The table above also gives impression that the average of percentage of brand value on market capitalization is around 17%.

**Table 1.3 – Calculation of Brand Value for Dabur India Limited (Amounts in crores)**

Particulars	2012-13	2013-14	2014-15	2015-16
Advertising expenses	126.65	155.17	156.47	175.98
Sales promotion	836.98	999.67	1,124.38	1,242.68
Freight & Forwarding expenses	76.60	91.24	67.24	73.40
Corporate social responsibilities	--	--	14.94	17.63
<b>TOTAL MARKETING EXPENSES (a)</b>	1,040.23	1,246.08	1,363.03	1,509.69
<b>WEIGHTED AVERAGE COST OF CAPITAL (b)</b>	0.120354	0.12362	0.137847	0.102481
<b>Brand Value (a/b)</b>	8,643.08	10,079.93	9,887.96	14,731.35
<b>Market Capitalization</b>	29,679.70	41,023.30	48,657.80	48,757.80
<b>Percentage of Brand Value on Market Capitalization</b>	29.12	24.57	20.32	30.21
<b>Average of Brand Value percentage</b>	26%			

(Source: compiled from annual reports of Dabur India Ltd.)

Table 1.3 prepared to explain the arrival of brand value of Dabur India Limited, the marketing expenses have increased for past four years. The weighted average cost of capital has remained same for two years, that is for 2012-13 and 2013-14, it increased in the year 2014-15, but reduced in 2015-16, showing a fluctuating trend for WACC. But the Brand value shows increasing trend due to increasing marketing expenses. Market capitalization of the company has increased for the past four years. The table above also shows that the average of brand value percentage on market capitalization is 26%.

**Table 1.4 – Calculation of Brand Value for Emami Limited (Amounts in crores)**

Particulars	2012-13	2013-14	2014-15	2015-16
Freight & Forwarding expenses	41.60	47.91	57.34	60.52
Advertising expenses	279.00	277.41	391.94	430.47
Commission charges	8.88	9.74	9.56	10.90
<b>TOTAL MARKETING EXPENSES (a)</b>	<b>329.48</b>	<b>335.06</b>	<b>458.84</b>	<b>501.89</b>
WEIGHTED AVERAGE COST OF CAPITAL (b)	0.18095	0.164411	0.092957	0.069455
<b>Brand Value (a/b)</b>	<b>1,820.84</b>	<b>2,037.94</b>	<b>4,936.07</b>	<b>7,226.12</b>
<b>Market Capitalization</b>	<b>10,763.90</b>	<b>17,902.10</b>	<b>22,654.80</b>	<b>21,695.80</b>
<b>Percentage of Brand Value on Market Capitalization</b>	<b>16.91</b>	<b>11.38</b>	<b>21.79</b>	<b>33.31</b>
<b>Average of Brand Value percentage</b>	<b>22%</b>			

(Source: compiled from annual reports of Emami Ltd.)

Table 1.4 prepared to explain the arrival of brand value of Emami Limited, indicates that the marketing expenses for past four years have increased. The weighted average cost of capital has shown a fluctuating trend with increase in first two years and decreasing in last two years. The value of brand has increased for past four years; this could be due to the increase in marketing expenses. Market capitalization of the company has shown increasing pattern for first three years, but in 2015-16 there is decrease in the market capitalization. The average of brand value on market capitalization for four years is 22%.

**Table 1.5 – Calculation of Brand Value for Godrej Consumer Products (Amounts in crores)**

Particulars	2012-13	2013-14	2014-15	2015-16
Sales promotion & Advertising expenses	891.60	1,108.52	1,206.58	838.83
Selling & distribution expenses	116.07	132.41	137.29	95.61
Freight & Forwarding expenses	211.74	244.42	253.91	261.68
Commission & discount	18.11	13.11	15.30	10.11
Corporate social responsibilities	--	--	16.08	14.57
<b>TOTAL MARKETING EXPENSES (a)</b>	<b>1,237.52</b>	<b>1,498.46</b>	<b>1,629.16</b>	<b>1,220.80</b>
WEIGHTED AVERAGE COST OF CAPITAL (b)	2.607199821	2.878173571	23.28289132	36.98291816
<b>Brand Value (a/b)</b>	<b>47,465.48</b>	<b>52,062.88</b>	<b>6,997.24</b>	<b>3,300.98</b>
<b>Market Capitalization</b>	<b>29,167.00</b>	<b>33,026.40</b>	<b>44,907.80</b>	<b>51,481.90</b>
<b>Percentage of Brand Value on Market Capitalization</b>	<b>162.74</b>	<b>178.49</b>	<b>21.19</b>	<b>7.35</b>

<b>Average of Brand Value percentage</b>	92%
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(Source: compiled from annual reports of Godrej Consumer Products Ltd.)

Table 1.5 prepared to explain the arrival of brand value of Godrej Consumer Products, it indicates that the company has spent increasing amount on marketing activities for three years 2012-13 to 2014-15, but in the year 2015-16, there is decrease in the marketing expenses. This in turn has shown decrease in the value of brand for the past four years. But the value of weighted average cost of capital has increased over the past four years. Also, market capitalization has increased considerably over past four years. There is an average of 92% of brand value on market capitalization due to considerable increase in market capitalization and weighted average cost of capital.

**Table 1.6 – Calculation of Brand Value for Hindustan Unilever Limited (HUL) (Amount in crores)**

Particulars	2012-13	2013-14	2014-15	2015-16
Advertising expenses & Sales promotion	3,289.97	3,674.66	3,943.59	3,656.00
Carriage & Freight charges	1,199.11	1,354.64	1,460.40	1,522.00
Corporate social responsibilities	--	--	88.13	96.00
<b>TOTAL MARKETING EXPENSES (a)</b>	4,489.08	5,029.30	5,492.12	5,274.00
<b>WEIGHTED AVERAGE COST OF CAPITAL (b)</b>	43.66753757	27.09374854	18.80387171	21.30196267
<b>Brand Value (a/b)</b>	10,280.13	18,562.58	29,207.39	24,758.28
<b>Market Capitalization</b>	1,23,466.40	1,64,256.80	1,86,566.40	1,78,806.10
<b>Percentage of Brand Value on Market Capitalization</b>	8.33	11.30	15.65	13.85
<b>Average of Brand Value percentage</b>	12%			

(Source: compiled from annual reports of HUL Ltd.)

Table 1.6 prepared to explain the arrival of brand value of HUL Company, it indicates that the company has spent more on marketing expenses in past three years, 2012-13 to 2014-15, but in the year 2015-16, it has reduced its marketing expenses with a slight reduction in advertising, sales promotion and carriage charges. This has shown the value of brand to have increased for past three years from 2012-2015, but in the year 2015-16 there is reduce in the value of brand. Thus indicating direct influence of marketing expenses on brand value. The value of weighted average cost of capital shows fluctuating trend for past four years. Similar trend is seen with regard to market capitalization value. The average of brand value percentage on market capitalization is 12%.

**Table 1.7 – Calculation of Brand Value for ITC (Imperial Tobacco Company Of India Limited) (Amounts in crores)**

Particulars	2012-13	2013-14	2014-15	2015-16
Advertising expenses	834.23	825.81	783.45	894.93
Outward freight & handling charges	891.79	786.04	904.98	852.77
Warehousing charges	71.02	103.17	120.32	142.72
Brokerage & discounts	9.21	10.65	17.66	8.74

Commission to selling agent	34.00	36.28	37.59	46.81
Marketing expenses	29.35	29.41	30.30	33.02
Corporate social responsibility	--	--	214.06	247.50
<b>TOTAL MARKETING EXPENSES (a)</b>	1,869.60	1,791.36	2,108.36	2,226.49
<b>WEIGHTED AVERAGE COST OF CAPITAL (b)</b>	0.179477	0.181835	0.148478	0.143904
<b>Brand Value (a/b)</b>	10,416.01	9,851.58	14,199.80	15,472.07
<b>Market Capitalization</b>	2,54,123.00	2,92,995.30	2,62,588.40	2,91,691.10
<b>Percentage of Brand Value on Market Capitalization</b>	4.10	3.36	5.41	5.30
<b>Average of Brand Value percentage</b>	5%			

(Source: compiled from annual reports of ITC Ltd.)

Table 1.7 prepared to explain the arrival of brand value of ITC Company, it shows that the company has increased its marketing expenses over past four years. The value of weighted average cost of capital is fluctuating for past four years. Likewise, the value of brand shows increasing trend from 2013-14 to 2015-16. But the market capitalization value has a fluctuating trend. The average brand value percentage on market capitalization is 5%.

**Table 1.8 – Calculation of Brand Value for Marico Limited (Amounts in crores)**

Particulars	2012-13	2013-14	2014-15	2015-16
Freight, forward & distribution expenses	186.18	196.88	219.26	229.94
Advertising & promotion expenses	597.94	561.17	649.82	692.72
Commission to selling agents	9.28	4.59	5.29	5.06
Communication expenses	11.34	7.57	8.56	9.44
Corporate social responsibilities	--	--	0.44	10.02
<b>TOTAL MARKETING EXPENSES (a)</b>	804.74	770.21	883.37	947.18
<b>WEIGHTED AVERAGE COST OF CAPITAL (b)</b>	0.051592	0.107192	0.178247	0.257696
<b>Brand Value (a/b)</b>	15,598.20	7,185.30	4,955.89	3,675.57
<b>Market Capitalization</b>	13,984.10	21,023.80	29,196.60	33,576.70
<b>Percentage of Brand Value on Market Capitalization</b>	111.54	34.18	16.97	10.95
<b>Average of Brand Value percentage</b>	43%			

(Source: compiled from annual reports of MARICO Ltd.)

Table 1.8 prepared to explain the arrival of brand value of Marico Limited, it shows that the marketing expenses have been fluctuating over the past four years. The weighted average cost of capital shows increasing trend for four years period. But the value of brand has reduced from 2012-13 to 2015-16. Value of market capitalization has also increased over the past over years. The overall average brand value percentage on market capitalization is 43%.



**Table 1.9 – Calculation of Brand Value for Procter & Gamble Hygiene & Health Care Limited (P&GHH) (Amounts in crores)**

Particulars	2012-13	2013-14	2014-15	2015-16
Freight, transport, warehousing & distribution charges	73.79	81.03	107.03	11.37
Advertising expenses	159.60	170.54	187.92	182.55
Trade Incentives	125.67	132.37	144.81	18.02
Communication cost	3.31	4.70	5.57	4.06
Distributor coverage expenses	24.94	--	--	--
Corporate social responsibilities	--	--	6.52	8.45
<b>TOTAL MARKETING EXPENSES (a)</b>	<b>387.31</b>	<b>388.64</b>	<b>451.85</b>	<b>224.45</b>
WEIGHTED AVERAGE COST OF CAPITAL (b)	4.551364319	4.053311285	3.316847883	3.312939711
<b>Brand Value (a/b)</b>	<b>8,509.76</b>	<b>9,588.21</b>	<b>13,622.87</b>	<b>6,774.95</b>
<b>Market Capitalization</b>	<b>9,858.20</b>	<b>18,811.50</b>	<b>18,275.20</b>	<b>22,995.30</b>
<b>Percentage of Brand Value on Market Capitalization</b>	<b>86.32</b>	<b>50.97</b>	<b>74.54</b>	<b>29.46</b>
<b>Average of Brand Value percentage</b>	<b>60%</b>			

(Source: compiled from annual reports of P&GHH Ltd.)

Table 1.9 prepared to explain the arrival of brand value of P&GHH Limited, which shows that the marketing expenses has increased from 2012-13 to 2014-15, but reduced in year 2015-16 due to drastic reduction in trade incentive expenses. The weighted average cost of capital shows decreasing trend over past four years. But the value of brand indicates fluctuation due to both marketing expenses and WACC. The value of market capitalization gives an increasing trend for past four years. The average of brand value as percentage of market capitalization is 60%

**Table 1.10 – Calculation of Brand Value for Zydus Wellness Limited (Amounts in crores)**

Particulars	2012-13	2013-14	2014-15	2015-16
Commission on sales	8.40	8.70	9.01	9.65
Freight & forward on sales	9.28	8.34	9.10	9.45
Advertising & sales promotion	77.59	82.29	89.95	101.97
Representative allowances	3.42	3.11	4.13	5.58
Other marketing expenses	15.77	18.05	19.76	12.27
Corporate social responsibility	-	-	1.79	1.98
<b>TOTAL MARKETING EXPENSES (a)</b>	<b>114.46</b>	<b>120.49</b>	<b>133.74</b>	<b>140.90</b>
WEIGHTED AVERAGE COST OF CAPITAL (b)	0.097407	0.088558	0.062224	0.383931
<b>Brand Value (a/b)</b>	<b>1,175.06</b>	<b>1,360.57</b>	<b>2,149.34</b>	<b>366.99</b>
<b>Market Capitalization</b>	<b>2,134.10</b>	<b>3,198.60</b>	<b>3,339.30</b>	<b>3,362.90</b>
<b>Percentage of Brand Value on Market Capitalization</b>	<b>55.06</b>	<b>42.54</b>	<b>64.36</b>	<b>10.91</b>



Average of Brand Value percentage	43%
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(Source: compiled from annual reports of Zydus Wellness Ltd.)

Table 1.10 prepared to explain the arrival of brand value of Zydus Wellness Limited, which indicates that the marketing expenses have increased from 2012-13 to 2015-16. The value of WACC has reduced from 2012-13 to 2014-15, but increased in the year 2015-16. This has reflected on the brand value by showing fluctuating values for the past four years. The market capitalization value has increase for past four years. The average brand value percentage on market capitalization is 43%.

**Comparison of Brand Value with Market Capitalization of FMCG Companies for the past four years period of 2012-13 to 2015-16:**

Company	Average of Brand Value for four years (amt in crores)	Average of Market Capitalization for four years (amt in crores)	Percentage of Brand Value on Market Capitalization
Britannia Limited	7,594.82	25,831.23	29%
Colgate-Palmolive (India) Limited	4,104.49	23,421.35	17%
Dabur Limited	10,835.58	42,029.65	26%
Emami Limited	4005.24	18,254.15	22%
Godrej Consumer Products	27,456.65	39,645.78	69%
HUL	20,702.10	1,63,273.93	13%
ITC	12,485.09	2,75,349.45	5%
Marico Limited	7,853.74	24,445.30	32%
P&G	9,623.95	17,485.05	55%
Zydus Wellnes Limited	1,262.99	3,008.73	42%
Overall Average in percent			31%

**Hypothesis Testing**

**H<sub>1</sub>: Accepted** - The Brand Value of FMCG is dependent on the variables.

<i>Regression Statistics</i>	
Multiple R	0.548047
R Square	0.300356
Adjusted R Square	0.220396
Standard Error	9748.609
Observations	40

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	4	1427945897	356986474	3.756353	0.012068856

Residual	35	3326238522	95035386		
Total	39	4754184419			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>
Intercept	6368.867	2189.382161	2.9089793	0.006262
MC	-0.04243	0.07896803	-0.537294	0.594464
ME	5.976184	2.200686265	2.7156003	0.010206
SR	0.127937	0.574807667	0.2225738	0.825161
WACC	-342.343	164.1014374	-2.086166	0.044317

The above statistical analysis used to test the impact of Brand Value through market capitalization techniques is significant. The variables like marketing expenses and weighted average cost of capital has an influence on Brand Value of Company. Based on the above analysis the following model has been developed:- **BV= 6368.87+5.9(Marketing expenses)+WACC(-342.343)**

#### Findings

From the above analysis it is found that the Companies like, Godrej Consumer Products, HUL, P&G Hygiene & Health, have increasing marketing expenses from 2012-13 to 2014-15, but in the year 2015-16 these expenses of all these companies have reduced. But at the same time, other Companies like, Britannia Ltd., Dabur, Colgate-Palmolive (India) Limited, Emami Ltd., ITC Limited, Marico Ltd. & Zydus Wellnes Ltd., have considerably increased over the past four years, that is 2012-13 to 2015-16.

The Weighted Average Cost of Capital has shown a fluctuating trend of all companies for the past four years.

The above analysis shows that the market capitalization of the Companies like, Colgate-Palmolive (India) Limited, Dabur, HUL, ITC has fluctuating market capitalization trend. Whereas, the Companies like, Britannia Ltd., Emami, Godrej, Marico, P&G and Zydus Wellness have increasing market capitalization value.

The analysis of all the ten Companies indicates that five Companies Brand Value has been increasing for the past four years, viz., Britannia Ltd., Colgate-Palmolive, Dabur, Emami, ITC. Three Companies have shown decreasing value in Brand Value, viz., Godrej, HUL, Marico. Two Companies, Viz., P&G and Zydus Wellness Limited, have fluctuating Brand Value.

On comparison of the Brand Value and Market Capitalization, it is indicated that the overall average percentage of the Brand Value on Market Capitalization, is around 31%.

#### Suggestions

From the above findings it can be suggested that the Brand Value of FMCG Companies can be ascertained to be 31% of the Market Capitalization. This will help the financial institutions, banks and other credit providing institutions to determine the amount of credit which can be approved based on this Brand Value.

The statistical analysis used to test the impact of Brand Value through market capitalization techniques has shown its significance. The variables like marketing expenses and weighted average cost of capital has an influence on Brand Value of Company. Based on the above analysis the following model has been developed:-

<b>BV= 6368.87+5.9(Marketing expenses)+WACC(-342.343)</b>
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