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Brand Valuation - Food Processing and Manufacturing Industry

品牌价值评价 食品加工及食品制造业

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Standardization Administration of the People's Republic of China.

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Brand Valuation - Food Processing and Manufacturing Industry

1 Scope

This document provides the brand strength, evaluation model and evaluation process of brand valuation in the food processing and manufacturing industry.

This document is applicable to the enterprises and products in the food processing and manufacturing industry in carrying out brand valuation.

This document is not applicable to the evaluation of regional brands.

2 Normative References

The contents of the following documents constitute indispensable clauses of this document through the normative references in the text. In terms of references with a specified date, only versions with a specified date are applicable to this document. In terms of references without a specified date, the latest version (including all the modifications) is applicable to this document.

GB/T 29185 Brand - Vocabulary

GB/T 29186 (all parts) Evaluation of Brand Value Elements

GB/T 29187 Brand Valuation - Requirements for Monetary Brand Valuation

GB/T 29188 Brand Valuation - Multi-cycle Excess Earnings Method

3 Terms and Definitions

What is defined in GB/T 29185, GB/T 29186 (all parts), GB/T 29187 and GB/T 29188, and the following terms and definitions are applicable to this document.

3.1 food processing

Food processing refers to various operations that change the shape, size, nature or purity of raw materials of food or semi-finished products, so that they can conform to the food standards.

[source: GB/T 15091-1994, 2.3]

3.2 food manufacturing

Food manufacturing refers to the entire process of processing raw materials of food or semi-finished products into substances that can be eaten or drunk by human beings.

[source: GB/T 15091-1994, 2.2]

4 Brand Strength

4.1 Overview

The forecasting and calculation indexes of brand strength of the food processing and manufacturing industry include: tangible element (K_1), quality element (K_2), innovation element (K_3), service element (K_4) and intangible element (K_5). See Appendix A for the evaluation indexes and contents at all levels.

4.2 Tangible Element

The evaluation indexes can include:

---market leadership;

---market development capability;

---profitability.

4.3 Quality Element

The evaluation indexes can include:

---product quality and food safety level;

---product quality and food safety management level;

---food quality and food safety credit status.

4.4 Innovation Element

The evaluation indexes can include:

---innovation capability;

---innovative achievements.

4.5 Service Element

The evaluation indexes can include:

---service capability;

---customer relations.

Different evaluation objectives will affect the evaluation procedures, evaluation accuracy and the form of results reporting.

6.2 Determine Evaluation Object and Scope

Before the evaluation, the evaluation object shall be identified, defined and described, including the scope of its products or services, and the scope of brand valuation, etc.

6.3 Judge the Applicability of Evaluation Method

In accordance with the characteristics of the brand being evaluated, judge the applicability of the evaluation method.

When selecting an evaluation method, the following factors may be considered, but not limited to:

a) Evaluation objective;

b) Brand management status, for example, profitability;

c) Availability of the data of various evaluation indexes involved in the method;

d) Consistency requirements for evaluation results.

6.4 Determine Model Parameters

In accordance with the relevant monetary policies and industry development policies of the country, region and industry where the brand is located, the economic conditions of the current market and the selected evaluation method, determine the following model parameters:

a) Year and cycle of evaluation;

b) Earnings forecasting method;

c) Perpetual growth rate within the evaluation cycle;

d) Industry average return on assets;

e) Proportionality factor for the portion of the intangible asset income attributable to the brand.

6.5 Collect Evaluation Data

Follow the principles of authenticity, accuracy and objectivity, collect all kinds of data needed for evaluation.

The channels for obtaining evaluation data include, but are not limited to:

---Information and data publicly released or provided by the brand being evaluated;

Appendix B

(informative)

Optional Evaluation Methods

B.1 Cost Approach

The cost approach is an evaluation approach of forecasting and calculating the brand value by deducting the depreciation caused by various losses on the basis of the replacement cost of brand building. When adopting this approach, the brand being evaluated should satisfy, but not limited to the following conditions:

---The brand being evaluated can continue to be used, that is, it can bring prospective earnings to its owner;

---There are cost information on brand establishment and maintenance, etc.

B.2 Market Approach

The market approach forecasts and calculates the value of the brand being evaluated by comparing the similarities and differences between the brand being evaluated and the comparable brand, and adjusting the evaluation value of the comparable brand. When adopting this approach, the brand being evaluated should satisfy, but not limited to the following conditions:

---The existence of comparable brands similar to the brand being evaluated;

---Be able to collect and obtain market information, financial information and other relevant materials of the comparable brands;

---For the comparable brands, multiple brands in the same industry are generally chosen for comparison, and the most reasonable and appropriate brands are selected from them.

NOTE: there are few relevant cases of brands being traded as independent assets. In addition, even if data of the comparable objects is available, the characteristics of the brand being evaluated may be significantly different from those of the few brands being traded.

B.3 Incremental Cash Flow Method

The incremental cash flow method identifies the cash flow generated when the enterprise uses the brand compared to when the brand is not used. When adopting this method, the brand being evaluated should satisfy, but not limited to the following conditions:

---The cost-saving cash flow generated compared to when the brand is not used by the subject of evaluation;

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