

The UK's most valuable retail brands 2008

The great British high street

Intangible Business has recently published the first of what will become an annual league table of the 100 most valuable retail brands in the UK. Over 200 of the country's leading retail brands were analysed using historical sales data and qualitative expert panel data – providing unique insight into each brand's financial contribution and strength in the eyes of the consumer.

The top 10		
1.	Tesco	£8.6bn
2.	Sainsbury's	£4.9bn
3.	Marks & Spencer	£3.9bn
4.	Asda	£3.6bn
5.	Morrisons	£2.6bn
6.	Boots	£1.9bn
7.	Argos	£1.4bn
8.	Co-operative	£1.4bn
9.	Waitrose	£1.2bn
10.	John Lewis	£1.1bn

Being the UK's biggest retailer, with sales of £32bn, the report identifies Tesco as the most valuable brand on the high street with Sainsbury's filling the much sought-after runner-up spot following growth of 6%. After several years in the doldrums, Marks & Spencer is revealed to be the third most valuable brand, helped by its status as the UK's biggest clothing retailer with a market share of 11.4%.

The report also includes a ranking for countries of origin. The UK, which has 86 brands in the top 100 and accounts for all of the top 10, dominates the table followed by the USA (2), which has seven, Germany and Sweden (3), which both have two, and Denmark, Netherlands and Spain (4), which have one. The report also identifies key issues that the industry will face this year including:

- Economic climate: several retailers have already gone into administration this year such as Allsports, Base and Dolcis, and with retail sales continuing to fall and the cost

of debt increasing, everything points to a challenging year for UK retailers.

- Online retailing: whilst mitigation online is nothing new, it is increasing at an impressive rate. Online consumer retail spending is set to increase from 5% in 2007, worth £14bn, to 6% in 2008, worth £17.3bn, and up to 9% by 2011, worth £29bn according to Verdict Research.
- Own label: the UK's grocery market accounts for 49 pence in every £1 of retail spending and is the third largest area of household spending after housing and transport. Retailers are therefore trying to improve their own margins and gain market share from established product brands by using their own brands and products.
- M&A/consolidation: with tighter market conditions comes opportunities. Despite the macro-economic environment, 2008 will inevitably see its fair share of acquisitions and consolidation as retailers and investors spot opportunities too good to wait for.

Worst performers include Woolworths, worth £297m, after sales continued to fall in 2007 landing it with £246m debt in 2008, from £113m a year ago, and Matalan, which experienced a drop in sales of 4% to just over £1bn and a drop in its share of the UK clothing market from 5.7% to 5.1%. Brands experiencing the best performance include:

- Aldi: UK sales have doubled since 2005 and are now approaching £2bn.
- Primark: by February 2008 it had increased its share of the UK clothing market by 2% over the previous year, taking its total share of the market to 10.1%.

Five ones to watch also appear in the report including Early Learning Centre, Ann Summers, World Duty Free, Boden and Jaeger.



Stuart Whitwell of Intangible Business

The strongest brands in the report, indicating those punching above their weight, is headed up by John Lewis, which is closely followed by Selfridges, Marks & Spencer and Waitrose – which was named the strongest brand in the grocery sector.

Stuart Whitwell, joint managing director of Intangible Business said: "After several years of growth for the UK retail industry, 2008 is starting to show signs of a slowdown. Strong brands are more important than ever before as more competition and the requirement to convince the consumer to part with money from their increasingly squeezed wallet, will require more brand differentiation."

Stuart continued: "Some brands this year will inevitably benefit from the downfall of others and whilst some sectors will grow, others will shrink. The only thing certain in 2008 is that everyone will be affected and that this will be one of the most exciting years in UK retail to date."

Mark Price, managing director of Waitrose, said: "We are delighted to be named the strongest brand in the grocery sector. These results reflect the consistently strong performance of our business and highlight the significant value of our customer service, quality of our products and the shopping experience in our branches."