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**Brand valuation — Requirements  
for monetary brand valuation**

*Evaluation d'une marque — Exigences pour l'évaluation monétaire  
d'une marque*

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## Foreword

ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work. ISO collaborates closely with the International Electrotechnical Commission (IEC) on all matters of electrotechnical standardization.

International Standards are drafted in accordance with the rules given in the ISO/IEC Directives, Part 2.

The main task of technical committees is to prepare International Standards. Draft International Standards adopted by the technical committees are circulated to the member bodies for voting. Publication as an International Standard requires approval by at least 75 % of the member bodies casting a vote.

Attention is drawn to the possibility that some of the elements of this document may be the subject of patent rights. ISO shall not be held responsible for identifying any or all such patent rights.

ISO 10668 was prepared by Project Committee ISO/PC 231, *Brand valuation*.

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## Introduction

Intangible assets are recognized as highly valued properties. Arguably the most valuable but least understood intangible assets are brands. However, reliable values need to be placed on brands. This International Standard provides a consistent, reliable approach to brand valuation, including financial, behavioural and legal aspects.

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# Brand valuation — Requirements for monetary brand valuation

## 1 Scope

This International Standard specifies requirements for procedures and methods of monetary brand value measurement.

This International Standard specifies a framework for brand valuation, including objectives, bases of valuation, approaches to valuation, methods of valuation and sourcing of quality data and assumptions. It also specifies methods for reporting the results of such valuation.

## 2 Terms and definitions

For the purposes of this document, the following terms and definitions apply.

### 2.1

#### **asset**

legal right or organizational resource which is controllable by an entity and has the capacity to generate economic benefits

### 2.2

#### **brand**

marketing-related intangible asset including, but not limited to, names, terms, signs, symbols, logos and designs, or a combination of these, intended to identify goods, services or entities, or a combination of these, creating distinctive images and associations in the minds of stakeholders, thereby generating economic benefits/values

### 2.3

#### **intangible asset**

identifiable non-financial asset with no physical substance

### 2.4

#### **monetary brand value**

#### **brand value**

economic value of the brand in transferable monetary units

NOTE The result obtained can be either a single economic value or a range of values.

### 2.5

#### **premise of value**

assumption regarding the most likely set of circumstances that can be applicable to the subject valuation

### 2.6

#### **present value**

current discounted worth of a future monetary amount

### 2.7

#### **stakeholder**

person whose decision making is, or might be, affected by a brand

NOTE Common stakeholders are customers, consumers, suppliers, employees, potential employees, opinion leaders, shareholders, investors, governmental authorities and non-governmental organizations.

**2.8 trade mark**  
legally protectable sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings

EXAMPLE Words (including personal names), letters, numerals, figurative elements and combinations of colours.

NOTE 1 This definition is in accordance with the trade mark definition of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

NOTE 2 A trade name is the name of a business, association or other organization used to identify it. It might or might not be the same as the trade mark used to identify the company's goods and/or services.

**2.9 valuation date**  
date on which the valuation is concluded

**2.10 value date**  
date on which the valuation inputs, assumptions and valuation result are valid

### 3 General requirements

#### 3.1 Transparency

Monetary brand valuation processes shall be transparent. This requirement includes disclosure and quantification of valuation inputs, assumptions and risks as well as, when appropriate, sensitivity analyses of the brand value to the main parameters used in the valuation models.

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**3.2 Validity** <https://standards.iteh.ai/catalog/standards/sist/833e63d7-d4b2-49b1-8e80-ae210555d586/iso-10668-2010>

A valuation shall be based on valid and relevant inputs and assumptions as of the value date.

#### 3.3 Reliability

If a valuation is repeated, it shall reliably give a comparable and reconcilable result.

#### 3.4 Sufficiency

Brand valuations shall be based on sufficient data and analysis to form a reliable conclusion.

#### 3.5 Objectivity

The appraiser shall conduct the valuation free from any form of biased judgement.

#### 3.6 Financial, behavioural and legal parameters

When performing a monetary brand valuation, financial, behavioural and legal parameters shall be taken into account, the aforementioned parameters forming part of the overall assessment. The monetary brand valuation shall be conducted on the basis of the findings from the financial, behavioural and legal modules.



## 4 Specific requirements

### 4.1 Declaration of purpose

The declaration of purpose shall specify the intended use, the addressed audiences, the identified asset, the premise of value, the position of the appraiser (valuator), the valuation date and the value date.

The value concept shall be specified in accordance with the purpose of valuation.

NOTE The purposes of valuation are diverse. Common purposes are:

- a) management information;
- b) strategic planning;
- c) value reporting;
- d) accounting;
- e) liquidation;
- f) legal transaction;
- g) licensing;
- h) litigation support;
- i) dispute resolution;
- j) taxation planning and compliance;
- k) loan and equity financing.

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### 4.2 Value concept

The monetary value of a brand shall represent the economic benefit conferred by a brand over its expected useful economic life. Generally, the monetary value shall be calculated by reference to cash flows, determined by reference to earnings, economic profits or cost savings.

### 4.3 Identification of brand

The appraisal shall identify, define and describe the brand subject to valuation.

## 5 Valuation approaches and methods

### 5.1 General considerations

Brands shall be valued by applying the income, market or cost approach. The purpose of the valuation, the value concept and the characteristics of the brand being valued shall dictate which approach (or approaches) is (are) utilized to calculate the value of a brand.