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Organisation internationale de normalisation  
International Organization for Standardization  
Международная Организация по Стандартизации



Our ref. TS/P 240

**TO THE ISO MEMBER BODIES**

Date 2012-08-27

**ISO/TS/P 240 – Brand evaluation**

Dear Sir or Madam,

Please find attached a proposal for a new field of technical activity on *Brand evaluation* submitted by SAC (China) and ANSI (USA).

According to subclause 1.5.6 of Part 1 of the ISO/IEC Directives, you are kindly invited to submit a vote on this proposal before **27 November 2013**.

**As previously announced, all TS/P and NWIP ballots opened on or after 1 August 2013 use ISO's electronic balloting system (we can no longer accept votes cast by email using form 2). Please see the attached document for instructions on how to use the electronic balloting for 'votes to all members' (new TS/P and NWIP ballots issued by the TMB secretariat).**

A communication was sent to member bodies on 10 July 2013, with a reminder on 8 August, announcing the change to the voting procedure and requesting that each member register a voter for 'votes to all members' in the Global Directory. As was stated in that communication, for any member body that did not register a voter, ISO/CS has automatically registered their 'Central DIS balloter' for 'votes to all members' ballots. Your user administrator can update your voter details at any time.

The person who is registered as the 'votes to all members' voter for your member body will have received an automatic email notification of this ballot on TS/P 240 *Brand evaluation* from the electronic balloting system. We are sending out this circular letter as an additional notification, to help members adjust to the new voting system. In future, notification of new TS/P and NWIP ballots will only be provided via the electronic balloting system.

If you have any questions or problems related to the use of the new electronic balloting system, please contact [helpdesk@iso.org](mailto:helpdesk@iso.org).

Yours faithfully,

A handwritten signature in black ink, appearing to read 'S. Clivio', written over a white background.

Sophie Clivio,  
Secretary of the Technical Management Board

Encl.: TS/P 240

Instructions for registering a voter and using electronic balloting for 'votes to all members'



| PROPOSAL FOR A NEW FIELD OF TECHNICAL ACTIVITY |                                                          |
|------------------------------------------------|----------------------------------------------------------|
| Circulation date:                              | Reference number<br>(to be given by Central Secretariat) |
| Closing date for voting:                       |                                                          |
| Proposer<br>SAC and ANSI                       | ISO/TS/P                                                 |

A proposal for a new field of technical activity shall be submitted to the Central Secretariat, which will assign it a reference number and process the proposal in accordance with the ISO/IEC Directives (part 1, subclause 1.5). The proposer may be a member body of ISO, a technical committee or subcommittee, the Technical Management Board or a General Assembly committee, the Secretary-General, a body responsible for managing a certification system operating under the auspices of ISO, or another international organization with national body membership. Guidelines for proposing and justifying a new field of technical activity are given in the ISO/IEC Directives (part 1, Annex C).

**The proposal** (to be completed by the proposer)

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| <p><b>Title of the proposed new committee (The title shall indicate clearly yet concisely the new field of technical activity which the proposal is intended to cover.)</b></p> <p>Brand Evaluation</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <p><b>Scope statement of the proposed new committee (The scope shall precisely define the limits of the field of activity. Scopes shall not repeat general aims and principles governing the work of the organization but shall indicate the specific area concerned.)</b></p> <p>The standardization of brand evaluation, including the terms and the definitions of the brand, the methods and the guidelines of brand evaluation, and the work of standardization in related fields.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <p><b>Proposed initial programme of work (The proposed programme of work shall correspond to and clearly reflect the aims of the standardization activities and shall, therefore, show the relationship between the subject proposed. Each item on the programme of work shall be defined by both the subject aspect(s) to be standardized (for products, for example, the items would be the types of products, characteristics, other requirements, data to be supplied, test methods, etc.). Supplementary justification may be combined with particular items in the programme of work. The proposed programme of work shall also suggest priorities and target dates.</b></p> <p>It is planned that the standardization of the field of brand evaluation will be carried out on three levels. The first level pertains to the basic standards, including the terms and the elements involved in brand and brand evaluation. The second level involves the criteria for the measurement approaches of the brand value, including the income method, the price premium method, the income-split method and other specific methods of evaluation. The third level is concerned with the measurement guidelines regarding the impacting factors of the brand value, including the quality, the technology and the market which constitute the factors impacting on the brand value. Of those three different levels, the first level can provide a foundation to maintain consistency in all the activities of brand evaluation. This will make it convenient for the users to understand and to apply other standards. The second level and the third level are related to the application-oriented standards, which provide technical support to brand evaluation on one hand and, on the other, provide guidelines aimed at promoting the brand management and enhancing the brand value.</p> <ol style="list-style-type: none"> <li>1. The Basic Standards of the Brand <ul style="list-style-type: none"> <li>— The terms of brand and brand evaluation</li> <li>— The elements of the brand Value, etc;</li> </ul> </li> <li>2. The Approaches and Standards of Brand Evaluation <ul style="list-style-type: none"> <li>— The Income Method of Brand Evaluation;</li> <li>— The Price Premium Method of Brand Evaluation;</li> <li>— The Income-Split Method of Brand Evaluation, etc;</li> </ul> </li> <li>3. The Guidelines for the Brand Elements Evaluation <ul style="list-style-type: none"> <li>— The evaluation guidelines of the factors such as quality, technology, market and others that impact the brand value;</li> </ul> </li> </ol> <p>The standardization will first be performed on two levels: the basic standards of the brand and the standards of the approaches. This is because the terms and the standards of elements are the basis for developing standards on other levels. The standards for the approaches and methods are the ones which should be most urgently developed at the present stage of the brand evaluation activities. The new TC is planning to make 5 major proposals within the forthcoming three years regarding international standard.</p> |

**Indication(s) of the preferred type or types of deliverable(s) to be produced under the proposal (This may be combined with the "Proposed initial programme of work" if more convenient.)**

1. Brand- Terms
2. Brand-Elements
3. Brand Evaluation:-Multiple-Cycle Excess Earnings Method
4. Brand Evaluation- Income-Split Method
5. Brand Evaluation-The Measurement Guidelines of the Quality Elements of the Brand Value

**A listing of relevant existing documents at the international, regional and national levels. (Any known relevant document (such as standards and regulations) shall be listed, regardless of their source and should be accompanied by an indication of their significance.)**

The following are the main standards related to the terms and definitions of brand evaluation:

1. The National Standards of China: GB/T 29185-2012 Brand Value-Vocabulary
2. The National Standards of China: GB/T 29186-2012 Brand Value-Elements

The following are the standards or regulations related to the measurement approaches of brand value:

1. ISO 10668-2010:Brand Valuation-Requirements for monetary brand valuation;
2. The National Standards of China: GB/T 29187-2012 Brand Valuation-The Requirements of the Valuation of the Brand Value, Standardization Administration of the People's Republic of China (SAC);
3. The National Standards of China: GB/T 29188-2012 Brand Valuation-Multiple-Cycle Excess Earnings Method, Standardization Administration of the People's Republic of China (SAC);
4. The National Standards of China: GB/T27925-2011 The Guidelines for the Brand Valuation of Commercial Enterprises and the Construction of Corporate Culture, Standardization Administration of the People's Republic of China (SAC);
5. IAS36: Impairment of Assets, International Accounting Standards Board (IASB)
6. IAS 38: Intangible Assets, International Accounting Standards Board (IASB);
7. IFRS13:Fair Value Measurement, International Accounting Standards Board (IASB);
8. IVSC GN4:Intangible Assets 2010, International Valuation Standards Council (IVSC);
9. Uniform Standards of Professional Appraisal Practice (USPAP) of the United States, The Appraisal Standards Board of The Appraisal Foundation;
10. ONR 16800 Method of the Valuation of Intangible Assets Brand, Austrian Standards Institute

At present, international or national standards and regulations regarding the evaluation of the impacting factors of the brand value have not yet been developed.

**A statement from the proposer as to how the proposed work may relate to or impact on existing work, especially existing ISO and IEC deliverables. (The proposer should explain how the work differs from apparently similar work, or explain how duplication and conflict will be minimized. If seemingly similar or related work is already in the scope of other committees of the organization or in other organizations, the proposed scope shall distinguish between the proposed work and the other work. The proposer shall indicate whether his or her proposal could be dealt with by widening the scope of an existing committee or by establishing a new committee.)**

So far, within ISO and IEC, there are no technical TC or PC on standardization directly related to brand evaluation. The ISO/PC 231, after publicizing the ISO 10668 International Standards in September 2010, failed to propose the subsequent plans regarding international standardization in the field and has been dismissed in accordance with the ISO working procedures. ISO 10668 did propose general requirements and approaches for monetary brand valuation, laying a sound foundation for the international standardization in the field of brand valuation. However, it failed to make further explanations or raise further requirements concerning the specific valuation methods mentions in the standards. Compared to brand valuation, brand evaluation refer to make systematic determination of the key factors of brands, examine the comprehensive value of brand which include but not limited to monetary value, providing more valuable guidance to stakeholders. So, brand evaluation is broader, and can involve a variety of methods for evaluation of both quantitative and qualitative aspects of brands. After its establishment, the new TC would further expand its scope of work on the basis of the ISO 10668, and align its work closely with existing, well-established and generally accepted and used methods and standards. On one hand, a comprehensive examination would be made of the fundamental terms in the field of brand evaluation, along with researches on the key factors impacting on the brand value and measures of brand strength, so as to improve the basic standards in this field. On the other hand, with respect to the methods and requirements of brand valuation, it is necessary to specify the methods and requirements of brand valuation proposed by ISO 10668 so that concrete and easy-to-operate valuation methods can be made accessible to various organizations. Finally, in terms of the composition of the impacting factors of the brand value, it is important to unveil, based on the practices of the global brand management, the impact produced by such factors as quality, service, technology innovation, tangible assets and intangible assets on the value of a brand, and to propose guidelines as to how to assess various factors comprising the brand value. It is also essential to perfect the overall system of evaluation standards regarding brand value and provide guidance to enterprises worldwide, especially to those enterprises and the medium/small-scale businesses in developing countries to help them elevate their capabilities in brand management and increase their competitive power by enhancing the value of their brands. Consequently, we propose that ISO approve the establishment of a specialized technical committee (TC) to take up the standardization work of brand evaluation, performing duties of international standardization in the field of brand evaluation, setting up a well-developed system of international standards in the area of brand management, and extensively disseminate and implement the system on a global basis.

In view of the fact that the approaches and standards of brand evaluation involve a number of complicated components such as market study and quality control, it is perhaps necessary to set up liaison to the following TCs:

- TC69 Applications of statistical methods
- TC176 Quality management and quality assurance
- TC225 Market, opinion and social research

In view of the fact that the approaches and standards of brand evaluation involve work in asset appraisal, it is perhaps necessary to set up liaison to following international organizations:

- International Accounting Standards Board (IASB)
- International Valuation Standards Council (IVSC)

In addition, it is important to elucidate the relationship and the differences between the new technical committees (TC) and the technical committees of the PC 251 asset management standardization. PC 251 is mainly responsible for developing international standards in the field of asset management, but the contents contained in the standards that it develops are primarily applicable to tangible and physical assets, and are unrelated to the contents of the brand valuation and its impacting factors. Therefore, the contents of the standards involved in PC251 cannot provide effective guidance for brand valuation or management.

**A listing of relevant countries where the subject of the proposal is important to their national commercial interests.**

A majority of countries in the world.

**A listing of relevant external international organizations or internal parties (other ISO and/or IEC committees) to be engaged as liaisons in the development of the deliverable(s). (In order to avoid conflict with, or duplication of efforts of, other bodies, it is important to indicate all points of possible conflict or overlap. The result of any communication with other interested bodies shall also be included.)**

TC176 Quality management and quality assurance

TC225 Market, opinion and social research

PC251 Asset Management

International Accounting Standards Board (IASB)

International Valuation Standards Council (IVSC)

**A simple and concise statement identifying and describing relevant affected stakeholder categories (including small and medium sized enterprises) and how they will each benefit from or be impacted by the proposed deliverable(s).**

The stakeholders of a brand refer to the organizations or the individuals whose decision making are affected or are likely to be affected by that particular brand. Brand stakeholders generally include consumers, brand owners, government organizations, the third-party institutions, etc.

The international standards in brand evaluation will provide the above-mentioned stakeholders with a series of benefits. For the average consumers, they will be provided with a much richer variety of brand information and with higher added value of the brand. For the brand owners, they will be able to share the most outstanding research findings and the practical experiences in the global brand valuation and management. In the way, the brand owners (particularly those enterprises in the developing countries and those small and medium sized enterprises) will be able to undertake their brand management in a more effective manner, promoting the sustainable development of the brand value. For the government organizations, they will acquire a powerful mechanism to maintain justice and a fair market order. For the third-party institutions, the international standards in brand valuation will provide them with scientific tools of brand valuation that will make it possible for them to establish, on a worldwide scale, uniform and standardized measurements regarding the brand value and to expand the market scale of the brand valuation, with the final result of generating huge commercial profitability.

**An expression of commitment from the proposer to provide the committee secretariat if the proposal succeeds.**

China is willing to take charge of the work of the new TC secretariat.

**Purpose and justification for the proposal. (The purpose and justification of the standard to be prepared shall be made clear and the need for standardization of each aspect (such as characteristics) to be included in the standard shall be justified. Clause C.4.12.1 through C.4.12.10 of Annex C of the ISO/IEC Directives, Part 1 contain a menu of suggestions or ideas for possible documentation to support and purpose and justification of proposals. Proposers should consider these suggestions, but they are not limited to them, nor are they required to comply strictly with them. What is most important is that proposers develop and provide purpose and justification information that is most relevant to their proposals and that makes a substantial business case for the market relevance and the need for their proposals. Thorough, well-developed and robust purpose and justification documentation will lead to more informed consideration of proposals and ultimately their possible success in the ISO IEC system.)**

A brand represents a full embodiment of a multiplicity of elements of an organization, including the quality, technology, market, etc. and it constitutes a core factor affecting an organization's competitive power and is an important intangible asset, producing a far-reaching impact on the long-term and the sustainable development of an organization. As the economic globalization keeps deepening, the competitions on the international market have centered on the brand competition.

Enterprises around the world have all made brand management as a crucial component of their organizational management, making positive actions to enhance their market competitiveness and profit-making capacities by elevating the value of their brands. Similarly, a brand has important significance to the stakeholders including the consumers, investors and employees. After years of explorations and practices, a relatively mature theoretical framework of brand valuation and management has been developed, enterprises around the world have succeeded in accumulating abundant useful experiences in their practical operations, creating a firm basis for undertaking standardization work in this particular field.

In recent years, relevant international organizations, countries and regions have been carrying out a large amount of work in the area of brand evaluation and over the years a series of regulations and standards have been developed and publicized. In 2007, the International Organization for Standardization (ISO) set up the Brand Valuation Project Committee (PC 231) and in 2010 formally issued the ISO 10668: 2010 Brand Valuation — The Requirements for Monetary Brand Valuation. ISO 10668 has been warmly welcomed and actively adopted by all the member countries and relevant countries and organizations have been carrying out the work of brand valuation in accordance with this international standard. According to the ISO 10668 framework, China has been taking positive moves to conduct nationwide practices in brand evaluation. Based on the equation and conversion of the ISO standards, China has developed and released a series of national standards ranging from Brand Value: Terms, Brand Value: Elements, to Brand Valuation: Multiple-Cycle Excess Earnings Methods, etc. In addition, the work of brand evaluation has been carried out throughout the country and we have applied ISO 10668 and relevant national standards to conduct brand evaluation for nearly 500 listed Chinese companies. In this process of brand evaluation, we have discovered that those enterprises have not yet had a clear understanding about various factors affecting the value of a particular brand and they have demonstrated a strong need for ways to enhance the value of their brands.

The above-mentioned principles and standards are mostly based on a financial perspective, focusing on the accurate calculation of the intangible assets in the financial statements. As a result, the comprehensive value of a brand cannot be fully reflected and it was impossible to provide effective guidance to those corporate organizations on issues of how to enhance the value of the brands and how to manage the brands. Furthermore, the above-mentioned standards have failed to demonstrate consistency in such categories as the definition of the brand, the classification, the elements of the brand value, and methods of evaluation, and the management of brands. The evaluation conducted by different countries and different organizations concerning a particular brand would differ by several times or even dozens of times, making it difficult for the corporate organizations to understand the value of their brands accurately and making it confusing for those corporate organizations to carry out brand management and asset restructuring.

Another important objective of brand evaluation is to reveal the underlying relationship of such impacting factors as the quality, technology and the market with the value of the brands. The findings from the research in this area can provide guidance to the enterprises around the globe, particularly those enterprises in the developing countries and the small and medium sized enterprises, so that they could adopt specific measures to improve and strengthen their efforts in brand management and to enhance the value and the competitive power of their brands. However, the existing standards and principles have not provided regulations and explanations concerning the key elements that affect the brand value. Under such circumstances, in order to promote the work of global brand valuation in a standardized manner, it is imperative to set up a comprehensive system of international standards comprising of the basic standards of a brand, standards of valuation methods, and standards regarding the guidelines of implementation.

Therefore, we strongly suggest that ISO approve the establishment of specialized technical committees (TC) of brand evaluation standards, to be in charge of the work of international standardization of brand evaluation, creating and improve a system of international standards in the field of brand evaluation. The system is to be extensively promoted and implemented on a worldwide scale, with the purpose of fulfilling the following objectives:

- 1.To allow all the member countries around the globe to share the most outstanding research findings and practical experiences in the field of brand valuation and management, to help enterprises around the globe to undertake their brand management more effectively and promote the sustainable development of those enterprises, and to provide consumers and other stakeholders with greater added value;
- 2.To standardize the behaviour of brand valuation and provide guidance to the enterprises regarding how to enhance their brand value and brand effect;
- 3.To promote the establishment of a globally unified system of brand valuation to facilitate the management and measurement of brand assets, to boost the merger and restructuring of the brands, and contribute to the development of international trade.

Signature of the proposer

*Further information to assist with understanding the requirements for the items above can be found in the Directives, Part 1, Annex C.*

**Comments of the Secretary-General** (to be completed by the Central Secretariat)

Signature