International Review of Management and Marketing

ISSN: 2146-4405

available at http: www.econjournals.com

International Review of Management and Marketing, 2026, 16(2), 263-272.

The Impact of Marketing Brand Value on a Company's Financial Performance

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Received: 01 September 2025 **Accepted:** 28 Decemeber 2025 **DOI:** https://doi.org/10.32479/irmm.22354

ABSTRACT

This research examines the impact of brand equity on corporate financial performance, utilizing a dataset of 135 international companies spanning the period from 2005 to 2024. We examine the impact of brand power on essential financial parameters, including operational income, EBITDA, and market capitalization, by merging brand value data from Brand Finance with financial metrics from Bloomberg Database. Our research reveals a robust positive association between brand value and turnover, profitability, and market valuation, indicating that organizations with elevated brand value experience superior financial results. Our econometric analysis demonstrates that a $1 increase in brand value correlates with a $1.76 gain in turnover and a $0.16 rise in net income, underscoring the tangible financial advantages of robust branding. Furthermore, we observe that brand value influences non-operating income, presumably via enhanced financing conditions and reduced interest expenses. Despite apprehensions regarding overvaluation, our findings indicate that although brand value enhances share prices, it does not result in an unsustainable rise in price-to-earnings ratios. These insights highlight the strategic significance of brand investments, indicating that companies should prioritize brand-building efforts to enhance long-term profitability and market competitiveness. Subsequent research ought to examine the impact of branding across various industries and organizational scales.

Keywords: Brand Value, Brand Rating, Marketing Expenses
JEL Classifications: M31; G32; L25

1. INTRODUCTION

Brand value is essential in determining a company's financial success, impacting areas like profitability, market valuation, and risk management. As competition intensifies in the global market, companies heavily invest in brand-building initiatives to improve customer perception, foster loyalty, and boost overall financial health. Research in marketing and business management has thoroughly examined the connection between brand value and financial outcomes, demonstrating a robust link between brand equity and important financial metrics such as revenue, profit margins, and shareholder value.

This study investigates the relationship between brand value and financial performance by analyzing a dataset of 135 global companies from 2005 to 2024. We utilize brand valuation data from BrandFinance along with financial metrics sourced from LSEG data and analytics to evaluate how brand strength influences key financial indicators such as operating income, EBITDA, and market capitalization. By combining empirical evidence with theoretical frameworks, this research aims to shed light on the mechanisms that enable brand value to enhance financial success and its strategic importance for corporate decision-making.

Additionally, this research examines how economic conditions and industry-specific factors influence the relationship between brand strength and financial performance. Previous studies indicate that strong brands can endure economic downturns, reduce financial risks, and maintain long-term profitability. However, the degree of these advantages differs among industries and market conditions,

highlighting the need for a more thorough exploration of contextual factors. By employing a comprehensive econometric method, this study enhances the existing literature by measuring the financial returns of brand investments and their significance in corporate strategy.

While the influence of branding on financial performance has been widely studied, the literature is predominantly conceptual, or industry- or region-specific, with limited empirical testing over a significant period. Furthermore, previous studies primarily examine consumer-level brand equity or branding approaches while only a limited number quantitatively connects brand value to solid financial metrics, such as EBITDA, leverage, and market cap. This paper fills the gap by examining a longitudinal dataset of 135 global firms covering 2005-2024. Augmenting the BrandFinance brand value rankings with granular financial metrics from LSEG Data and Analytics allows us to better understand how brand value impacts tangible financial results. While previous studies are based on perception measures, our analysis provides empirical evidence that a $1 increase in brand value will result in a $1.76 increment in turnover and $0.16 in net income. These findings provide a new empirical contribution to the marketing analytics and financial performance domain. Thus, this paper contributes to academic dialogue concerning the marketing–finance interface, whilst also offering practitioners an evidence-based benchmark for gauging return on brand investment.

2. LITERATURE REVIEW

The connection between brand value and a company's financial success represents a crucial topic of study in marketing and business management. This literature review integrates existing research to clarify how brand value affects financial results, the processes that drive this relationship, and the consequences of management practices.

Brands value and firm performance have been extensively studied across industries, geographies, and methodological frameworks. Of the same, this review distills findings from 16 recent empirical studies into a structured analysis of the relationship between brand value and key indicators of firm performance such as profitability, market-value and operational efficiency. The literature is reviewed thematically, with particular attention to the following areas: (1) How brand value has been conceptualized and measured; (2) its associated direct and indirect effects on financial outcomes; (3) contextual and moderating factors that may affect this relationship; and (4) methodological developments in the evaluation of brand value-performance linkages. Integrating insights from across different approaches, this review surfaces regularities, tensions, and avenues for future research, delivering redemptive theory and practical implications.

2.1. Brand Value Conceptualization and Measurement

Brand value has been defined and measured using a variety of approaches, reflecting the construct''s multidimensional nature. Several studies (e.g., Bhaskaran et al., 2023; Tripopsakul et al., 2024; Niyas and Kavida, 2023) rely on Interbrand's valuation framework, which incorporates financial performance, brand role, and brand strength.

Other proxies could be trademarks (as a proxy of investment in brand building) (Crass et al., 2016), customer-based brand equity (CBBE) (Fischer and Himme, 2017; Nguyen and Feng, 2020) or the use of Data Envelopment Analysis (DEA) to measure the efficiency of brand management (Rahman et al., 2018; Martins et al., 2021).

Alcaide et al. (2020) compare brand rankings produced by Interbrand, Brand Finance, and Millward Brown and contribute to the measurement debate. Their results indicate that net earnings and stock market valuation explain about 80% of the variance in brand value, implying that financial fundamentals explain most of what valuation models capture." However, considerable variation between methods demonstrates the subjective nature of classifying brand strength.

In a similar vein, the reviewed literature also highlights the heterogeneity in the ways in which brand value impacts firm outcomes. Some examine accounting-based measures including return on assets (ROA) (Bhaskaran et al., 2023) or profit margins (Crass et al., 2016), whilst others focus instead on market-based measures such as Tobin's q (Rahman et al., 2018; Rahman et al., 2019) and cumulative abnormal returns (Chehab et al., 2016). This variation highlights that brand value functions across multiple performance dimensions, which makes methodological pluralism a necessity for empirical analysis.

2.2. The Impact of Brand Value on Firm Performance: Mediating and Moderating Effects

Although the extent and duration of this effect differ, empirical studies frequently record a favored relationship between brand value and company performance. Tripopsakul et al. (2024), who analyze Interbrand's top 100 global brands, find a positive impact of brand value on revenue for all firms in their sample. Using Indian fast-moving consumer goods (FMCG) companies as a sample, Niyas and Kavida (2023) show that brand value improves contemporaneous firm value and stock prices while brand value has a negative lagged impact after 3 years, indicating diminishing returns as time passes.

Literature outlines multiple avenues for the impact of brand value on performance. Fischer and Himme (2017) developed a financial brand value chain whereby marketing investments (such as advertising or R&D) will increase customer-based brand equity, resulting in improved financial leverage and reduced credit spreads. They also spot a virtuous cycle: Better financial returns allow for bigger future marketing budgets, which strengthens brands. Likewise, Peterson and Jeong (2010) show that brand expenditure has an indirect impact on financial performance through its effect on brand value, and the strength of the mediation varies depending on the type of brand and performance measure used.

Time-lagged effects emerge as a central theme. Crass et al. (2016), we estimate a long-run return to brand investments using Almon polynomial distributed-lag regression, uncovering a response delayed until year 11 and decaying after year 19. Their analysis shows that brand investments pay long-term dividends, with a lot

of differences across sectors. In their sample, the median annual contribution of brand equity to profits was €265,000, highlighting the financial significance of brand-related intangibles.

Comparative studies done between entities that have brand with entities that do not have brand have further supported the same phenomenon. Martins et al. (2021) study the Portuguese hotel sector and conclude that brand affiliation relates positively to profitability, returns on equity, and value added per employee. The performance composites constructed using their application of DEA give a more holistic picture than single-ratio financial metrics. In a study on firms that are outside the world of global brands, more focused on unlisted firms, Schmitz and Villaseñor-Román (2018) demonstrate that brand equity not only exists but is associated with accounting-based performance measures.

2.3. Human Capital as a Moderator in the Brand Value–Performance Relationship

A few studies specify the conditions under which the brand value–performance relationship is moderated or mediated. Industry features, the type of product, the form of a business, abundant corporate social responsibility (CSR) is delineated as the most notable moderating variables.

Sectoral differences loom particularly large. Honarmandi et al. (2019), who highlight the greater impact of brand value on profitability in B2C industries relative to B2B settings. Tripopsakul et al. (2024), who introduce product involvement as a moderator, show that brand value exerts a stronger impact on revenue for low-involvement categories like beverages and apparel than for high-involvement products, such as automobiles or electronics. This is consistent with the idea that the importance of branding increases in the context of commoditized or emotion-laden product markets.

Organizational strategy also moderates the realization of brand value. Maier et al. (2023) study the impact of omnichannel strategies through the lens of online-only companies opening physical retail stores. They discover that this sort of diversification boosts sales and profits without cannibalizing online revenue, showing that brand value can be better leveraged via wider distribution formats.

CSR strengthens the brand-performance association by bolstering stakeholder confidence. Rahman et al. (2019) report that CSR activities amplify the positive effect of brand equity on firm performance as measured by Tobin's q and market share. The findings imply a synergistic phenomenon wherein CSR and branding work in unison to influence the perceptions of consumers and investors.

The relationship is also influenced by market and consumer characteristics. Nguyen and Feng (2020) note that "brand love" exerts a more favorable impact on financial performance in more hedonic and competitive markets. Elma et al. (2024), examining Turkish firms, find the financial contribution of brand value differs substantially by sector, further supporting the contextual contingencies approach.

2.4. New Methodological Innovations and Comparative Approaches

Recently, several studies have applied methodological approaches that extend our understanding of the brand value–firm performance association. Bhaskaran et al. (2023) utilize fuzzy set qualitative comparative analysis (fsQCA) approach to uncover asymmetric, configurational paths between brand value and firm performance. While traditional regression models assume linear causality, fsQCA reflects causal complexity since being only the minimization of certain conditions still leads to equivalent performance. Through their analysis, they demonstrate that high ROA emerges with several configurations, including some that are contradicting with each other, an observation that suggests linear models can be limited in the explanatory power of performance effects for brand-related constructs.

Recent literature also highlights innovations in brand value measurement. Crass et al. (2016)'s stock conception of brand equity as unobservable variable oof trademark activity is partly estimated via long-run distributed-lag regression. It also, in turn, captures how long and how much the return on investment to brand investment is. Rahman et al. (2018) used DEA to measure brand management efficiency by combining input-side variables (i.e., advertising, R&D) with output-side indicators (i.e., brand equity), enabling a performance measurement that goes beyond traditional financial metrics.

Methods for performing sensitivity analysis on these brand-related rankings have also been established to link them with financial outcomes. Elma et al. (2024) apply multi-criteria decision analysis (MCDA) to assess alignment between rankings methodology and ranks-related actual stock performance. Key visual: Some techniques from MCDA, such as FUCA as well as RAFSI, are more correlated with financial results, indicating that the choice of method under a framework for brand evaluation can have a very large impact on results.

Differences across brand valuation methods are also highlighted through comparative studies. Alcaide et al. (2020) demonstrate that discrepancies in brand value estimates are considerable between different consultancy approaches (i.e., Interbrand, Brand Finance). Although financial indicators account for the vast majority of the variance, the remaining differences illustrate the impact of subjective assumptions and weighting schemes. Chehab et al. (2016) investigates how the market reacts to brand recognition events and find firms newly included in the Interbrand ranking to experience statistically significant positive abnormal returns. As they construct a portfolios portfolio given the market weight of brands, then outperforming industry averages and the S&P 500, the market indicates that brand value relevance is real.

2.5. Critical Synthesis and Areas of Research Gap

Despite the firm evidence from the reviewed literature about the positive effect of brand value on firm performance, there are some gaps and inconsistencies in the existing literature that need to be addressed. The temporal dynamics of brand effects are truly unsettled. Crass et al. According to the study of Niyas and Kavida (2023) exemplary diminishing returns of ESG are observed in the span of

3 years in the Indian FMCG sector as opposed to document returns lasting up to 19 years (2022). Differences like those may reflect differences in industry structure, national context, or methodological design, and point to a need for more comparative, longitudinal analyses.

Second, while studies focusing on individual studies underscore mediating mechanisms—including brand equity or credit spreads—few integrated models exist, let alone models that fully capture the causal chain from brand investment to firm performance. Bhaskaran et al. (2023) caution that brand value does not universally dictate outcomes, drawing attention to contextual configurations. More extensive frameworks are required to describe the interaction of intermediate variables through time.

Third, much of the literature focuses on large publicly listed firms. Findings should be interpreted with caution due to the number of studies (e.g. Schmitz and Villaseñor-Román, 2018) focused on solely privately held or small enterprises, leaving open questions on the generalizability of results to SMEs. Geographic coverage is patchy too, with the majority of studies are focused on developed markets. The under-representation of emerging economies, except for Niyas and Kavida (2023) and Elma et al. (2024)—limits insights applicability across a broader range.

Finally, developments related to digital branding, omnichannel retailing and AI-enabled personalization introduce some new empirical and conceptual questions. Maier et al. (2023) highlight the strategic implications of hybrid distribution channels, but larger questions persist surrounding how such digital environments affect fundamental dynamics of brand-building. Likewise, the implications of algorithmically designed brand messaging and influencer marketing have not been fully theorized yet either.

2.6. Conclusion

This review captures findings from 16 empirical studies investigating the relationship between brand value and firm performance. Consistency can be found across different methodologies and contexts in the literature but there is a growing consensus that brand value, which constitutes a significant intangible asset, does have measurable financial implications. In every case, strong brands are linked to better profitability, better market valuation and better operational efficiency. The strength and duration of the effects are, however, moderated by industry characteristics, product involvement phenomena, distribution strategy and CSR engagement.

More recent methodological developments—specifically in relation to fsQCA, DEA and MCDA-based sensitivity analysis—have further enriched the analytical toolbox of researchers. Such methods enable a more sophisticated exploration of causal configurations, long-term dynamics, and multi-dimensional performance metrics. The need to challenge the accuracy with which brands are evaluated is particularly critical, as the brand dynamics play a significant role in determining firm value, as well as impacting which firms investors choose to get behind.

Several research gaps remain. Longitudinal research that explicitly models the decay or persistence of effects of brand investment is required to more clearly understand time dependent dynamics. And more attention should be focused on small and medium-sized enterprises, unlisted companies, and underrepresented geographic areas. Moreover, future research opportunities exist concerning the interaction between brand value and digital transformation, including the potential venues of algorithmic marketing, personalized data and social media engagement.

For practitioners, this research uncovers a strategic rationale for sustained investment in the brand. In addition to short-term gains, strong brands bring resilience, pricing power and market credibility. Continued investigations of mediating mechanisms and contextual moderators will be imperative for researchers, in order to create increasingly integrated, predictive models of brandderived performance.

3. DATA AND METHODOLOGY

Our data sample consists of 135 companies around the world for the period 2005-2024.

For each year we selected the 100 companies with the most valued brands. We extracted Brand data (Brand Value and Brand Rating) from BrandFinance (Brandirectory) data base. Table 1 presents our sample of companies.

Next, for each company we extracted accounting data from LSEG Data & Analytics data base. The accounting variables of our sample are:

- Book value
- Total assets
- Turnover (revenues)
- Gross profit margin
- Operating income
- Net income
- EBITDA
- Market capitalization
- Share price
- P/E ratio

The brand value is calculated according to equation presented in Figure 1.

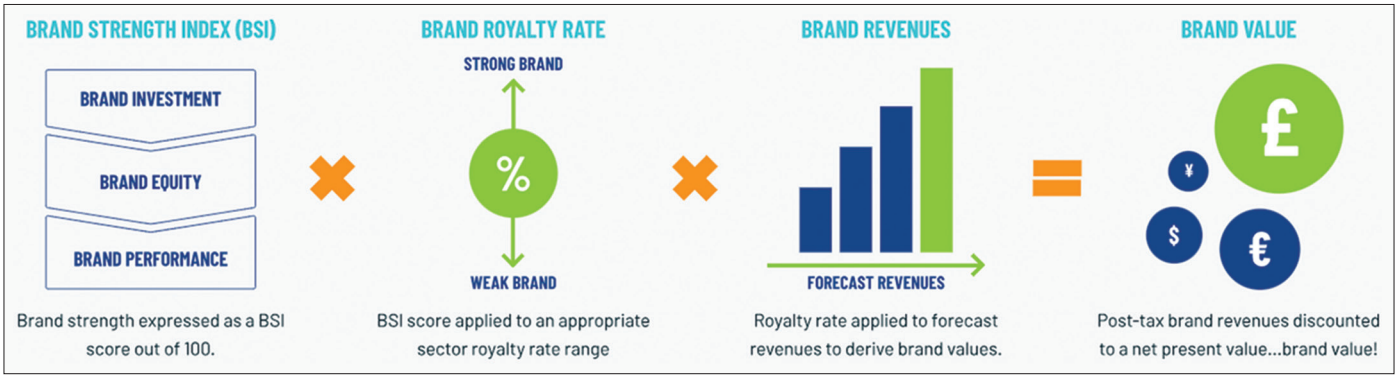
Brand ratings are derived from the brand strength index which benchmarks the strength, risk and future potential of a brand relative to its competitors. As the brand rating was in a non-numeric form we transformed in numeric-form under the standardised approach, in order to use this variable in our econometric analysis. We used a score out of 100 as the main component of brand rating, brand strength is scored on the same scale. The transformation is presented in Table 2.

Table 3 present descriptive statistics of our data

Table 1: Sample of companies

Company (BrandFinance Name)	Brand	Company	Brand
3M	3M	HYUNDAI MOTOR	Hyundai Group
ACCENTURE CLASS A	Accenture	INDITEX	Zara
AIA GROUP	AIA	INDL&COML.BOC.'H'	ICBC
ALIBABA GROUP HOLDING ADR 1:8	Alibaba	ING GROEP	ING
ALPHABET 'A'	Google and YouTube	INTEL	Intel
AMAZON.COM	Amazon	INTERNATIONAL BUS.MCHS.	IBM
AMERICAN EXPRESS	American Express	ITAU UNIBANCO BANCO HLDG.ADR 1:1	Itaú
AMERICAN INTL.GP.	AIG	JD COM ADR 1:2	JD.com
APPLE	Apple	JOHNSON & JOHNSON	Johnson & Johnson
AT&T	AT&T	JP MORGAN CHASE & CO.	J.P. Morgan
AVON TECHNOLOGIES	Avon	KONINKLIJKE PHILIPS ADR 1:1	Philips
BAIDU ADS 1:8	Baidu	LOWE'S COMPANIES	Lowe's
BANCO SANTANDER SA ADR 1:1	Santander	MCDONALDS	McDonald's
BANK OF AMERICA	Bank of America	MERCEDES-BENZ GROUP N	Mercedes-Benz
BANK OF CHINA 'H'	Bank of China	META PLATFORMS A	Facebook and Instagram
BARCLAYS	Barclays	MICROSOFT	Microsoft
BBV.ARGENTARIA SPN.ADR 1:1	BBVA	MITSUBISHI	Mitsubishi Group
BMW	BMW	MITSUI & COMPANY ADR 1:20	Mitsui Group
BNC.BRADESCO PF.SPN.ADR 1:1	Bradesco	MOTOROLA SOLUTIONS	Motorola
BNP PARIBAS	BNP Paribas	NESTLE 'N'	Nestle
BOEING	Boeing	NETFLIX	Netflix
BP SPN.ADR 1:6	BP	NIKE 'B'	Nike
BT GROUP	BT	NINTENDO ADR 4:1	Nintendo
CANON	Canon	NISSAN MOTOR SPN.ADR 1:2	Nissan
CAPITAL ONE FINL.	Capital One	NOKIA SPN.ADR 1:1	Nokia
CARREFOUR	Carrefour	NPN.TEL&TEL.SPN.ADR 1:25	NTT
CHARTER COMMS.CL.A	Spectrum	NVIDIA	NVIDIA
CHEVRON	Chevron	ORACLE	Oracle
CHINA CON.BANK 'H'	China Construction Bank	ORANGE	Orange
CHINA EVERGRANDE SUSP	Evergrande	PANASONIC HOLDINGS	Panasonic
CHINA LIFE INSURANCE 'A'	China Life	PEPSICO	Pepsi
CHINA MERCHANTS BANK 'H'	China Merchants Bank	PETROCHINA 'A'	PetroChina
CHINA MOBILE	China Mobile	ROYAL BANK OF CANADA	RBC
CHINA PTL.& CHM. 'A'	Sinopec	SAMSUNG ELECTRONICS	Samsung
CHINA RAILWAY CON. 'H'	CRCC	SAP AE ADR 1:1	SAP
CHINA TELECOM 'H'	China Telecom	SAUDI ARABIAN OIL	Aramco
CHINA UNICOM (HONG KONG)	China Unicom	SCGN.FRN.SPN.FRANCE ADR 5:1	Société Générale
CHRISTIAN DIOR	Christian Dior	SHAI.PUDONG DEV.BK. 'A'	Shanghai Pudong Development Bank
CISCO SYSTEMS	Cisco	SHELL ADR EACH 1:2	Shell
CITIGROUP	Citi	SIEMENS ADR 2:1	Siemens
COCA COLA	Coca Cola	SONY GROUP ADR 1:1	Sony
COMCAST A	Comcast	STARBUCKS	Starbucks
CONTEMPORARY AMPEREX TECHNOLOGY 'A'	CATL	SUMITOMO SPN.ADR 1:1	Sumitomo Group
COSTCO WHOLESALE	Costco	TAIWAN SEMICON.SPN.ADR 1:5	TSMC
CREDIT SUISSE ASST.MAN.	Credit Suisse	TARGET	Target
CVS HEALTH	CVS	TELECOM ITALIA SPA 1:10	Telecom Italia
DELL TECHNOLOGIES C	Dell	TELEFONICA ADR 1:1	Telefonica
DEUTSCHE BANK	Deutsche Bank	TESCO ADR 1:3	Tesco
DEUTSCHE POST	DHL	TESLA	Tesla
DEUTSCHE TELEKOM ADR 1:1	Deutsche Telekom	TIM ADR 1:5	TIM
E ON N	E.ON	T-MOBILE US	T Mobile
EBAY	eBay	TORONTO-DOMINION BANK	TD
ELEVANCE HEALTH	Elevance Health	TOSHIBA TEC	Toshiba
ENGIE	Engie	TOTALENERGIES ADR EACH 1:1	Total
EXXON MOBIL	ExxonMobil	TOYOTA MOTOR ADR 1:10	Toyota
FEDEX	FedEx	UBER TECHNOLOGIES	Uber
FORD MOTOR	Ford	UBS GROUP	UBS
FOX A	FOX	UNITEDHEALTH GROUP	UnitedHealthcare
GOLDMAN SACHS GP.	Goldman Sachs	VERIZON COMMUNICATIONS	Verizon
HEINEKEN	Heineken	VISA 'A'	Visa
HENNES & MAURITZ B	H&M	VODAFONE GP.SPN.ADR 1:10	Vodafone
HITACHI	Hitachi	VOLKSWAGEN	Volkswagen
HOME DEPOT	Home Depot	WALGREENS BOOTS ALLIANCE	Walgreens
HONDA MOTOR	Honda	WALMART	Walmart
HP	HP	WALT DISNEY	Walt Disney
HSBC HDG.ADR 1:5	HSBC	WELLS FARGO & CO	Wells Fargo
HUMANA	Humana	ZURICH INSURANCE GROUP ADR 20:1	Zurich

Figure 1: Brand value equation



Source: https://brandirectory.com

Table 2: Brand rating scale

Original rate	Numeric	Original rate	Numeric	Original rate	Numeric	Original rate	Numeric
AAA+	100	BBB	55	CCC-	11	DD+	1.2
AAA	97	BBB-	50	CC+	9	DD	1.1
AAA-	94	BB+	45	CC	7	DD-	1
AA+	90	BB	40	CC-	5	D+	0.9
AA	85	BB-	35	C+	4	D	0.8
AA-	80	B+	30	C	3	D-	0.7
A+	75	B	25	C-	2	-	N/A
A	70	B-	20	DDD+	1.5		
A-	65	CCC+	15	DDD	1.4		
BBB+	60	CCC	13	DDD-	1.3		

Table 3: Descriptive statistics

Statistic	Brand value	Brand rating	Leverage	Turnover	Gross profit margin	Operating income	Net income	EBITDA	Market capitalization	P/E
Mean	2.66E+10	89.70548	0.684657	7.83E+10	0.291365	9.33E+09	6.32E+09	1.49E+10	1.04E+11	19.19325
Median	2.13E+10	90	0.692378	6.28E+10	0.26745	6.33E+09	4.09E+09	1.04E+10	6.52E+10	15.5
Maximum	7.46E+10	100	0.965391	2.63E+11	0.73477	3.30E+10	2.36E+10	4.99E+10	3.84E+11	56.55
Minimum	8.71E+09	75	0.300842	4.10E+09	0	17280400	−8.19E+08	41221800	6.74E+09	5.4
Std. Dev.	1.73E+10	6.618236	0.204624	6.62E+10	0.229153	9.00E+09	6.58E+09	1.37E+10	9.94E+10	12.92964
Skewness	1.437228	−0.576245	−0.270102	1.37799	0.35808	1.321191	1.297918	1.194485	1.471006	1.523686
Kurtosis	4.39514	2.603613	1.926228	4.441328	2.084199	3.878244	3.811123	3.526383	4.438366	4.814085
Jarque-Bera	534.2666	77.7336	149.417	1011.215	137.8609	810.5635	773.22	622.6117	1086.732	1234.156
Probability	0	0	0	0	0	0	0	0	0	0
Sum	3.34E+13	112670.1	1699.319	1.96E+14	713.261	2.34E+13	1.59E+13	3.73E+13	2.52E+14	45200.1
Sum Sq.	1.26E+24	10162094	1267.333	2.64E+25	336.3135	4.21E+23	2.09E+23	1.03E+24	5.02E+25	1.26E+06
Sum Sq. Dev.	3.73E+23	54970.31	103.8815	1.10E+25	128.4943	2.03E+23	1.09E+23	4.71E+23	2.40E+25	3.94E+05
Observations	1256	1256	2482	2509	2448	2509	2509	2497	2432	2355

All variables Winsorized at 5% level

4. DATA ANALYSIS

First of all, in order to exclude exceptional outliers, we winsorize our data on 5% level. Next, we focus on correlation of Brand Value with each one of the following accounting and market variables:

- Turnover
- Gross profit margin
- Operating income
- Net income
- EBITDA
- Market capitalization
- P/E
- Leverage

The above correlations are presented in Table 4. Initially, we observe a predictable trend. Brand value is positive and strongly correlated with turnover. The strength of brand value leads to an increase in sales (turnover).

Additionally, there is a positive correlation between brand value and gross profit margin. It seems, and is quite expected, that a strong brand value permits companies to sell their goods at higher prices that lead to a higher gross profit margin.

We observe a strong positive correlation between brand value and all profitability variables, including operating income, net income, and EBITDA. Quite intriguing is that the correlation

between brand value and net income is stronger than that of operating income. This is an indication that brand value, aside from operating income, affects non-operating income too. Taking in mind that EBITDA is more correlated than operating income and that taxes, depreciation, and amortization are not quite correlated with brand value, maybe the reason is that brand value affects interest expenses. This is logical, as a strong brand leads to profitability; the companies are in a better financial position, so they anticipate lower financial expenses, maybe due to lower leverage rates and better financing conditions (lower margin interest rates, for instance). We confirm this conclusion by observing a weak negative correlation between leverage (liabilities/total assets) and brand value.

Basing on the above, we have that $\frac{d(Operating\ Income)}{d(Brand\ Value)} = 0.55$ or a \$1 increase in brand value leads to a 0.55% increase in operating income. So, in order for a marketing campaign to be successful in profitability terms, a 1% marketing expense increase must lead at least to a $\frac{1}{0.55} = 1.82\%$ increase in brand value.

Regarding market capitalization, we see that there is a very strong positive correlation of about 0.6 with brand value. Brand value significantly affects a company's market value. This effect is not only the increased profitability but also the creation of positive expectations from the company's future perspectives. This can be inferred from the positive correlation of brand value and P/E ratio. The increase in the P/E ratio indicates investors' belief in the future prospects of the company's financial performance. In any case, these positive correlations are logical and expected. Brand strength (brand value is a measure of this) affects people and investors from the company's future perspectives, so we can expect a positive correlation. Indeed, Feng et al. (2021) illustrate that stocks with higher brand equity growth provide stronger investment value.

Finally, there is a negative correlation between brand value and leverage. This is quite logical and in accordance with previous correlations. As the brand value leads to better financial performance, companies have better financial positions, so they need fewer loans and stand more in their funds.

Regarding the correlations between brand rating and the financial performance variables, the findings presented in Table 5 are almost the same as the findings for the correlations of brand value. The only significant difference is the absence of correlation between brand rating and turnover, a finding that is, at first, weird. Looking deeper to our variables and their components we can make some conclusions about this.

Taking in mind that Brand Rating includes only Brand Strength, but Brand Value additionally includes Brand Royalty and Brand Revenues, we can infer that Turnover is affected by brand royalty. Regarding Brand revenues, this variable is a forecast of sales so if it is correctly calculated (there is strong indication that it is) it is logical to be correlated with sales. Figure 2 presents these correlations.

But how can be explained that sales are affected by royalty and not by strength? Brand Strength consist of Brand Equity, Investment and Performance. Brand equity is the value premium that a company generates from a product with a recognizable name, when compared to a generic equivalent. When a company has positive brand equity, customers willingly pay a high price for its products, even though they could get the same thing from a competitor for less. Customers, in effect, pay a price premium to do business with a firm they know and admire. But brand equity is not the dominant variable for sales. The key variable is the loyalty of customers. Loyal customers are willing to search the product to another places when it is not available. Loyal customers will not easily substitute the product with something else when it is not available to a specific store. Loyal customers will not easily substance the product with something else imediatetly available or cheaper. The are willing to consume time and money in order to find the product! Loyalty seems to be the key variable for sales increase.

On the other hand, brand equity even thought "helps" sales it is not the dominant affecting variable for sales. We conclude that in order to sales be increased brand loyalty plays the major role.

The results of this study enrich our understanding of brand value as a driver of corporate financial performance. This positive relationship between brand value and important financial figures like turnover, EBITDA, and net income reconfirms the previous qualifiers stated by Crass et al. (2016) and Tripopsakul et al. (2024), but extends their insights by estimating effect sizes over a wider time span and in a global sample. They validate the hypothesis that brand strength is no longer just a marketing framework, it is also an influence of operational effectiveness and an anchor for investor faith. The association of brand value to leverage also implies that better brands lower risk and improve access to capital. The

Table 4: Correlation brand value with accounting variables

Brand value	Turnover	Gross profit margin	Operating income	Net income	EBITDA	Market capitalization	P/E	Leverage
Correlation	0.43	0.12	0.55	0.52	0.56	0.58	0.09	−0.06
P-value (%)	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.04

Table 5: Correlation brand rating with accounting variables

Brand rating	Turnover	Gross profit margin	Operating income	Net income	EBITDA	Market capitalization	P/E	Leverage
Correlation	0.029	0.180	0.222	0.264	0.184	0.318	0.110	−0.069
P-value (%)	34.89	0.00	0.00	0.00	0.00	0.00	0.00	0.02

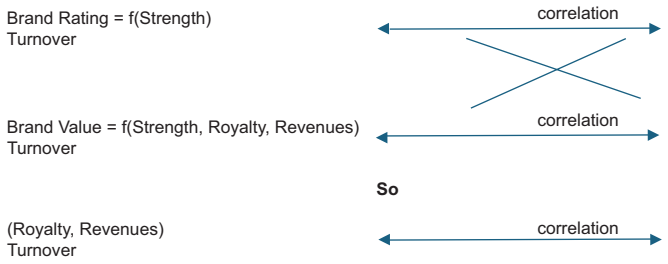
paper has a theoretical contribution to the stream of literature on marketing accountability and provides empirical to support adding brand value to firm valuation models. From a practical perspective, the findings highlight the need for brand metrics to be embedded into financial dashboards—especially for firms that do business in categories where differentiation and emotional resonance matter. The findings of this study insist on a paradigm change from treating Profits Yields as a "Cost," to treating them as an investment; not just any investment, but an investment that yields financial return for period extending far beyond the period in which the marketing investment was made; As per shareholder value theory and the core principles of strategic brand management.

Next as brand value seems to be a better and simpler variable in order to explain the financial performance we will focus on this variable using it as the independent variable on the following models:

- Turnover = b0 +b1 * Brand value$_{i,t}$
- Gross profit margin = b0 +b1* Brand value$_{i,t}$
- Operating income = b0 +b1 * Brand value$_{i,t}$
- Net income = b0 +b1 * Brand value$_{i,t}$
- EBITDA = b0 +b1 * Brand value$_{i,t}$
- Market capitalization = b0 +b1 * Brand value$_{i,t}$
- P/E = b0 +b1 * Brand value$_{i,t}$
- Leverage = b0 +b1 * Brand value$_{i,t}$

We estimate the above models using the Least Squares regression method. Also based on Hausman and Redundant tests' results we choose Cross Section Fixed Effects. Table 6 presents the regression results of the above models.

Figure 2: Brands' Correlations with Turnover



The results of the above table are quite in accordance with those of Table 4. With the exception of Gross Profit Margin and P/E, all the other variables can be estimated to a satisfactory degree using brand value as an independent variable. The explanatory power of the model that explains Turnover seems to be the highest at about 89%. This finding is both logical and consistent with the previous results of the correlation table. Turnover is strongly affected by the Brand strength as presented by Brand Value. Strong brands lead to more sales volume. It is quite interesting that we can satisfactorily estimate sales based on brand value. As both variables (Brand Value and turnover) are expressed in US dollars, we can say, based on the model, that a $1 increase in Brand Value leads to a $1.76 increase in annual Sales (Turnover). This indicates that the brand value has a significant impact on sales levels.

Also, and in accordance with the above findings, the models are satisfactory in explaining profit margin, operating income, EBITDA, and also net income. The explanatory power of the model that explains Net Income is 67% and is quite satisfactory. As both variables (brand value and net income) are expressed in US Dollars we can say, based on the model, that a $1 increase in Brand Value leads to a $0.16 increase in net income. From this we can lead to two very important and useful conclusions:

First the return (based on net income) on brand value can be calculated as: $16\% = \frac{\$0.16}{\$1}$ that is quite impressive. Also, the return of the amounts that invested in marketing (as marketing expenditure) can be calculated as follows:

Marketing expenses return = L * 16%

where $L = \frac{Brand\ Value}{Marketing\ Expenses}$ is the efficiency of marketing expenses regarding the increase of market value.

It is important to note that the increase in market value resulting

Table 6: Regression analysis

Model	b_0	+	b_1	Adj R^2
Turnover$_{i,t}$=b0+b1 (brand value)$_{i,t}$	5.89E+10***		1.761315***	0.886645
	31.93649628		*27.0305664*	
Gross profit margin$_{i,t}$=b0+b1 (brand value)$_{i,t}$	0.299589***		1.40E-13	0.960637
	87.17056131		*1.16825*	
Operating income$_{i,t}$=b0+b1 (brand value)$_{i,t}$	7.31E+09***		0.209302***	0.738498
	19.04281248		*15.44388647*	
Net income$_{i,t}$=b0+b1 (brand value)$_{i,t}$	4.57E+09***		0.1625***	0.679289
	14.41513108		*14.51997676*	
EBITDA$_{it}$=b0+b1 (brand value)$_{i,t}$	1.10E+10***		0.362591***	0.806105
	22.03546258		*20.57682847*	
Market capitalization$_{i,t}$=b0+b1 (brand value)$_{i,t}$	8.22E+10***		2.326862***	0.818784
	23.24203891		*18.54117786*	
P/E$_{i,t}$=b0+b1 (brand value)$_{i,t}$	20.31263***		−3.48E-11	0.45341
	27.14967		*−1.374191*	
Leverage$_{i,t}$=b0+b1 (brand value)$_{i,t}$	0.646042***		1.29E-12***	0.850485
	110.9886204		*6.29591393*	

*Statistically significant at 10% level - **Statistically significant at 5% level - ***Statistically significant at 1% level. t-statistics are reported below coefficient values in Italic font

Table 7: Regression analysis (variables in natural logarithms)

Model	b_0	+	b_1	Adj R^2
LN (turnover$_{i,t}$)=b0+b1* LN (brand value)$_{i,t}$	13.31***		0.4956***	0.9041
	29.5194		26.1654	
LN (gross profit margin$_{i,t}$)=b0+b1*LN (brand value)$_{i,t}$	−1.2812***		0.0062	0.9025
	−3.3212		0.3871	
LN (operating income$_{i,t}$)=b0+b1*LN (brand value)$_{i,t}$	8.0949***		0.6163***	0.5438
	4.5357		8.2253	
LN (net income$_{i,t}$)=b0+b1*LN (brand value)$_{i,t}$	11.9550***		0.4520***	0.6440
	11.9218		10.7401	
LN (EBITDA$_{it}$)=b0+b1*LN (brand value)$_{i,t}$	11.6024***		0.4929***	0.7238
	9.9302		10.0476	
LN (market capitalization$_{i,t}$)=b0+b1*LN (brand value)$_{i,t}$	14.5562***		0.4536***	0.8414
	22.0099		16.3333	
LN (P/E$_{i,t}$)=b0+b1*LN (brand value)$_{i,t}$	4.5947***		−0.0764**	0.5101
	5.7265		−2.2735	
LN (Leverage$_{i,t}$)=b0+b1*LN (brand value)$_{i,t}$	−2.1646***		0.0726***	0.8480
	−9.2444		7.3930	

*Statistically significant at 10% level - **Statistically significant at 5% level. ***Statistically significant at 1% level. t-statistics are reported below coefficient values in Italic font

from marketing investments generally persists for a period exceeding one or 2 years. As a result, the associated improvement in net income extends over multiple fiscal periods. Consequently, the cumulative effect on net income is expected to surpass L × 16%, reflecting the enduring impact of marketing expenditures on firm performance.

We also estimate the above models by changing our variables to natural logarithms. This is because it is useful (maybe even more useful) to show the percentage change that a 1% change in brand value has on each variable In order to avoid missing negative values, we shift the entire series by subtracting the minimum value (adding the absolute value of minimum negative value) so that all observations become strictly positive before applying the natural logarithm. Table 7 presents the results regression results

Based on the above table we see that 1% increase in Brand value can lead about to 0.45-0.49% increase in Net Income, EBITDA and Market Capitalization. Taking in mind Marketing Expenses Return we conclude that 1% increase in Brand value can lead about to L*0.45%-L*0.49% increase in Net Income, EBITDA and market capitalization.

5. CONCLUSION

This research contributes to marketing theory empirically, as empirical brand value will underpin the significance of branding competitiveness and illustrates how brand equity represents an asset with financial accountability. We confirm and extend the resource-based view (RBV), revealing that brand value, once leveraged, becomes a source of sustainable competitive advantage. Finally, the statistically significant connections between brand value and turnover, EBITDA and market capitalization validated that brands govern not only performance but valuation too, both on the inside and outside. This has been done within the framework of Fischer and Himme (2017)'s brand value chain model, but here it provides the additional insight of measuring the specific financial return of brand equity. Another key aspect of this study is its ability to bridge a gap between marketing and finance by operationalizing brand value as an explanatory variable in regression models rather than remaining an abstract theoretical assumption. As a contribution for this journal, which has an emphasis on the combination of marketing insight with quantitative rigor, we offer a replicable framework that measures the financial effects of intangible marketing assets. And the implications extend beyond academia, equipping C-level executives and brand managers with sound rationale for continued investment in branding efforts, even in environments of financial constraint.

The study examined the impact of Brand Strength on Companies' Financial Position. We utilized Brand Value and Brand Rating as Brand Strength indicators according to Brand Finance metrics. Both variables appear to correspond with companies' financial and market positions; nonetheless, brand value serves as a superior variable for elucidating financial and market performance.

Our study confirms that brand value has a strong impact on financial performance and market value.

A strong brand enhances income and profit margins.

The Apple brand shows positive correlations with gross profit margin, operating income, net income and EBITDA.

According to our evaluation, brand value has a big impact on non-operating income. Also, its strong connection with market cap stock prices shows that it has a lot of influence. Also, brand value creates to investors' expectations for future financial performance and are willing to overpay now for the stocks as the P/E ratio increase indicates.

The results prove the strong correlation of brand value with financial performance. The model's good explanatory power, especially for turnover prediction, suggests that brand strength is important in driving sales growth. An increase in brand value of $1 demonstrates a revenue increase of $1.76 and $0.16 of net profit or in percentage term 1% increase in brand value leads to 0.49% increase to revenue and 0.45% increase in net profit.

We see clearly the financial benefits of brands. Furthermore, the ability to measure marketing effectiveness through brand value adds to its strategic importance. These insights provide a solid basis to assess the financial consequence of branding and optimize marketing spending.

The present research was limited due to its small sample as each year only contains those companies which brands appeared on the annual top 100 brand value list for that year. The study's attention was given largely to established global brands only. Hence, the findings may not apply to smaller or developing brands. Future studies may investigate if smaller and medium-sized companies and brands operating in various regional markets follow suit.

An area for research could be the relationship between marketing spending and brand value, as this outcome may help to illuminate how marketing spending and financial position variables are related to the outcome of this study. Also, it would be worth checking various sectors like consumer goods and financial services, which possibly have different influences of brand on finances. These findings will help businesses make well-informed strategic decisions about branding investment and financial planning.

Future investigations could work on incorporating other variables like customer loyalty, brand sentiment, digital brand engagement metrics, and the like. This might help in understanding the workings of branding in driving financials better.

6. ACKNOWLEDGMENTS

This work has been supported by the University of Piraeus Research Center.

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