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**NATIONAL STANDARD OF THE
PEOPLE'S REPUBLIC OF CHINA**

GB/T 31047-2023

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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Foreword

This document was issued on 17 March 2023 by the State Administration for Market Regulation; Standardization Administration of the PRC and takes effect on 17 March 2023.

It is a GB/T standard: recommended rather than compulsory, but it is the text a Chinese reviewer applies when assessing a submission.

1 Scope

GB/T 31047-2023 covers the valuation of a brand belonging to a food processing or food manufacturing business - the brand strength and the elements that forecast and calculate it, among them the tangible element, the quality element and the innovation element; the evaluation model that converts those elements into a value; and the evaluation process, meaning the sequence of steps an assessment has to follow and the evidence it rests on. Appendix A lists the brand strength indexes and explains what each one describes, and Appendix B sets out optional methods, beginning with the cost approach, for cases where the main model does not fit. In food, the brand is what a shopper substitutes for information they cannot verify at the shelf, so it carries real economic weight in a merger, a licensing deal, a franchise fee or an entry in the accounts; but a number produced by one adviser from unstated assumptions cannot be checked by the other side, and two valuations of the same brand can then differ by a multiple. A shared set of indexes and a stated process make the figure arguable. Written for food producers, valuers, auditors, investors and licensing negotiators.

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 (K1), quality element (K2), innovation element (K3), service element (K4) and intangible element (K5). 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