

REFeree'S REVIEW

Program:	CEMS Master in International Management
Student:	Lidia Sycheva
Title of thesis:	CHOICE OF BRAND VALUATION METHOD IN INTERNATIONAL JEWELLERY BUSINESS

Justification of the topic choice. Accuracy in defining the aim and objectives of the thesis. Justification of the topic choice; accuracy in defining the aim and tasks of the thesis; originality of the topic and the extent to which it was covered; alignment of the thesis' topic, aim and objectives.	<u>5</u>	4	3	2
Structure and logic of the text flow. Logic of research; full scope of the thesis; alignment of thesis' structural parts, i.e. theoretical and empirical parts.	<u>5</u>	4	3	2
Quality of analytical approach and quality of offered solution to the research objectives. Adequacy of objectives coverage; ability to formulate and convey the research problem; ability to offer options for its solution; application of the latest trends in relevant research are for the set objectives.	5	<u>4</u>	3	2
Quality of data gathering and description. Quality of selecting research tools and methods; data validity adequacy; adequacy of used data for chosen research tools and methods; completeness and relevance of the list of references.	<u>5</u>	4	3	2
Scientific aspect of the thesis. Independent scientific thinking in solving the set problem/objectives; the extent to which the student contributed to selecting and justifying the research model (conceptual and/or quantitative), developing methodology/approach to set objectives.	<u>5</u>	4	3	2
Practical/applied nature of research. Extent to which the theoretical background is related to the international or Russian managerial practice; development of applied recommendations; justification and interpretation of the empirical/applied results.	5	<u>4</u>	3	2
Quality of thesis layout. Layout fulfils the requirements of the Regulations for master thesis preparation and defense, correct layout of tables, figures, references.	<u>5</u>	4	3	2

Each item above is evaluated on the following scale, as applicable: 5 = the thesis meets all the requirements, 4 = the thesis meets almost all the requirements, 3 = a lot of the requirements are not met in the thesis, 2 = the thesis does not meet the requirements.

Additional comments:

Strength:

- This research addresses a very relevant issue for the jewellery industry. Since the brand value and the value of intangible assets play a critical role in development of the international jewellery brand, proper brand valuation method may be used as both a part of brand development strategy and as a part of regular operations as control activities following different product or marketing campaigns, not to mention the necessity of the brand valuation as a part of M&A decisions.
- The text of the thesis builds upon a thorough research of the brand analysis and valuation methods used globally. Also, the research uncovers many specific issues of the jewellery business, that formulate the requirements for the choice of brand valuation methods. This allows the author to filter many brand valuation method and choose only those methods that have the potential to provide the business practitioner with the fair brand value.
- The thesis has both the strong practical value (as it gives business practitioners a good decision-making platform for brand valuation issues) and scientific value (as there is a lack of industry relevant research of brand valuation issues specific to jewellery industry).
- The research is based on the relevant data from the leading international jewellery companies, and research results assumingly add up to the repertoire of the managerial tools of managers of international jewellery companies.
- The text of the thesis is comprehensive and well structured. Author smartly uses the chapter conclusions to maintain paper logic. The examples used in the text help illustrating the studied topic properly.

Weaknesses:

- The research could benefit from additional information regarding the managerial implications connected to research results tying general management process with the processes of brand value/equity creation and brand valuation. Even when manager knows the brand value it does not solve his practical question: “What to do with our current level of brand value”, or the question “How do we improve it?”. The addition of this managerial implication to the thesis text could be beneficial both in cases of mergers and acquisitions and of internal brand building.
- The applicability of results is somewhat unclear since the author used very specific and quite different jewellery companies: Tiffany & Co, Chow Tai Fook, Pandora. How can we be sure, that by using the results created on the basis of analysis of the chosen sample we would be able to extrapolate findings to other representatives of the jewellery market? Even within the chosen sample these companies represent quite a different approach to business and brand building in the international market. As we move further from the sample, will the assumptions of the author stand? What if the studied company is much smaller? What if the studied company is private? What if we took the companies operating in different market segments? These questions remain.
- Another issue that remains after reading the paper is the question of historical nature of data that is used in the estimation of the brand value. Since most studied methods work with historical financial data, it is unclear how the recommended methods will take into consideration tactical and strategic choices of companies’ management that have effect on the brand value and brand equity. For example, what if we know that the studied jewellery house plans to showcase a new exclusive jewellery set in cooperation with some famous international artist. The management expects that this planned event will have an overall strong marketing effect and eventually will have an impact on the brand equity and brand value. Reviewer doubts that none of the chosen estimation methods have the possibility to account for such future decisions.
- In her paper the author argues that the brand valuation method appropriate for the jewellery industry is needed also due to the increasing trend of mergers and acquisitions on the market. Yet the question remains whether the methods chosen can be applied in each and every case of M&A. None of the proposed methods has the possibility to account for the compatibilities or potential conflicts between the merged companies. As we know it from the actual market results, this is a very frequent case in many industries. Also, in the case of M&A an issue of the “fair” value will reappear, as the concept of fairness will be quite different for the two sides of the deal, which also needs to be dealt accordingly in the valuation method.
- According to the author, the excess earnings method and the transaction multiple method both provide a fair brand value for international jewellery brands. Sadly, the author does not make a comprehensive recommendation regarding which methods out of these two should be preferred, when and why. This creates a certain ambiguity for the reader, as even in the author’s calculations we can see that the two recommended methods vary much in results (10%-20%).

Master thesis of Lidia Sycheva meets the requirements of the CEMS Master in International Management program, and according to the reviewer’s opinion deserves a/an “excellent B” grade, thus the author can be given the desired degree.

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Grigory Sasonko, co-owner of the Mikhailov Gallery