

Analyzing Brand Related Information Disclosure and Brand Value: Further Empirical Evidence

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Abstract : An extensive review of literature in relation to brands has shown that little research has focused on the nature and determinants of the information disclosed by companies with respect to the brands they own and use. The objective of this paper is to address this issue. More specifically, the aim is to characterize the nature of the information disclosed by companies in terms of estimating the value of brands and to identify the determinants of that information according to the company's characteristics most frequently tested by previous studies on the disclosure of information on intangible capital, by studying the practices of a sample of 37 French companies. Our findings suggest that companies prefer to communicate accounting, economic and strategic information in relation to their brands instead of providing financial information. The analysis of the determinants of the information disclosed on brands leads to the conclusion that the groups which operate internationally and have chosen a category 1 auditing firm to communicate more information to investors in their annual report. Our study points out that the sector is not an explanatory variable for voluntary brand disclosure, unlike previous studies on intangible capital. Our study is distinguished by the study of an element that has been little studied in the financial literature, namely the determinants of brand-related information. With regard to the effect of size on brand-related information disclosure, our research does not confirm this link. Many authors point out that large companies tend to publish more voluntary information in order to respond to stakeholder pressure. Our study also establishes that the relationship between brand information supply and performance is insignificant. This relationship is already controversial by previous research, and it shows that higher profitability motivates managers to provide more information, as this strengthens investor confidence and may increase managers' compensation. Our main contribution focuses on the nature of the inherent characteristics of the companies that disclose the most information about brands. Our results show the absence of a link between size and industry on the one hand and the supply of brand information on the other, contrary to previous research. Our analysis highlights three types of information disclosed about brands: accounting, economics and strategy. We, therefore, question the reasons that may lead companies to voluntarily communicate mainly accounting, economic and strategic information in relation to our study from one year to the next and not to communicate detailed information that would allow them to reconstitute the financial value of their brands. Our results can be useful for companies and investors. Our results highlight, to our surprise, the lack of financial information that would allow investors to understand a better valuation of brands. We believe that additional information is needed to improve the quality of accounting and financial information related to brands. The additional information provided in the special report that we recommend could be called a "report on intangible assets".

Keywords : brand related information, brand value, information disclosure, determinants

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