

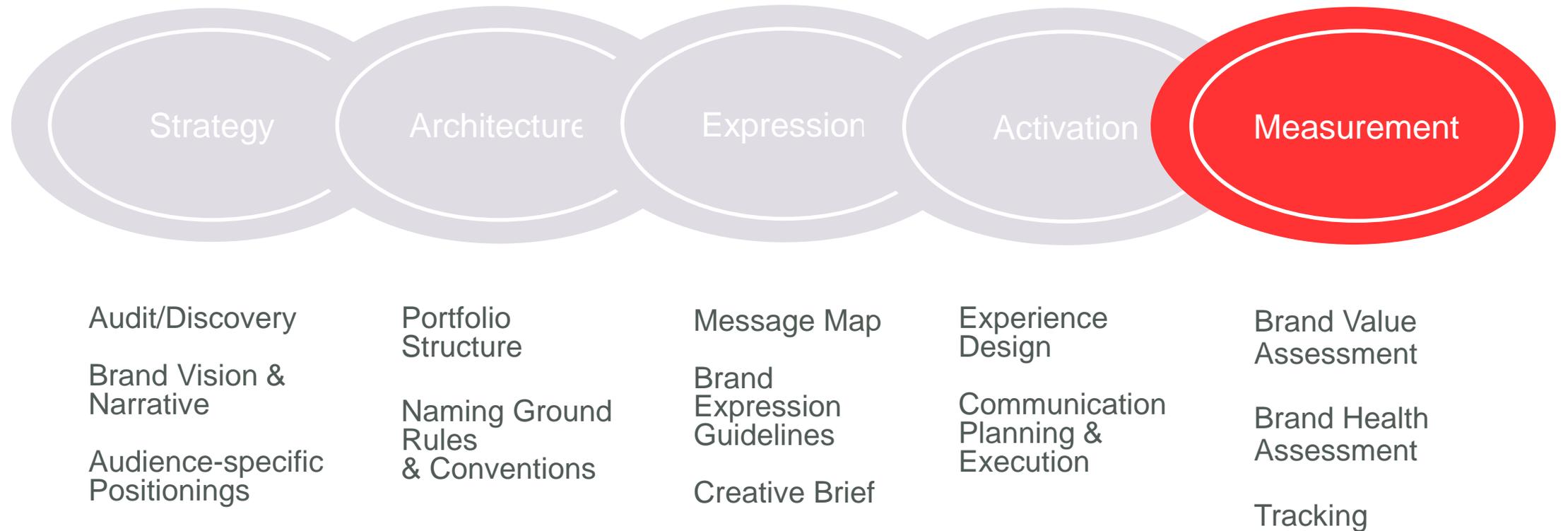


Brand Measurement: Establishing A Foundation for Brand Building

July 2017

What Is Brand Measurement?

Brand measurement provides a snapshot of the brand's position today relative to its competition. It highlights brand strengths and opportunities for improvement. When conducted consistently over time, brand measurement serves as a tool for evaluating changes in brand image and diagnosing category trends.



Why Measure?

“If you can’t measure it, you can’t improve it.”

– Peter Drucker

“In God we trust, all others must bring data.”

– Edward Deming

Brand Measurement Goal

The overall goal is to provide an ongoing view of the brand’s health and competitive strength to inform decisions for driving business and brand value and growth.



Brand Equity vs. Brand Value

Brand value and brand equity are not the same. Brand equity is an intangible asset whose value is seen through its impact on customers, suppliers and partners. Brand value is an estimate of what the brand would be worth if it were sold or licensed.

Brand Equity = Intangible Assets

“Brands are intangible assets, assets that produces added benefits for the business. This is the domain of strategic brand management: how to create value with proper brand management ”

Jean-Noël Kapferer, *The New Strategic Brand Management*

“If this business were split up, I would give you the land and bricks and mortar, and I would take the brands and trademarks, and I would fare better than you”

John Stuart, Chairman of Quaker



Brand Value = Financial Worth

Cost Based Brand Valuation: The sum of individual costs or values of brand assets and liabilities.

Market-Based Brand Valuation: What a brand can be sold for based on market transaction price, bid, or offer for identical or reasonably similar brands.

Income Approach Brand Valuation: Value of future net earnings that directly attribute to the brand to determine the value of the brand in its current use.

Trademark Licensing Valuation: Value of the name applied to other categories or merchandise.

Types of Brand Equity Measures

Brand equity is difficult to measure directly because brands are intangible assets. As a result, there is little consensus among experts about the best approach to measurement. Most recommend multiple types of measures.

Leading Brand Equity Measures & Sources

	Aaker	Keller	Y&R	Equitrend	Interbrand		Aaker	Keller	Y&R	Equitrend	Interbrand
Associations		x	x			Market trend					x
Awareness	x	x				Marketing support					x
Differentiation	x		x			Perceived quality	x	x		xx	
Distribution coverage	x					Perceived value	x				
Esteem			x			Personality	x		x		
International					x	Price premium	xx				
Knowledge			x			Relevance			x		
Leadership	x				xx	Salience				x	
Legal protection					x	User satisfaction/loyalty	x	x		xx	
Market share	x					Stability					x

Source: Journal of Advertising Research, June 2005

Key Performance Measures (KPI's)

Brand performance is usually measured through 'proxies' such as awareness and market share.

Most Commonly Used Marketing Metrics

Changes in brand awareness	81%
Changes in market share	79%
Changes in consumer attitude	73%
Changes in purchase intent	59%
Return on objective	36%
Lifetime customer value	23%
Changes in the financial value of brand equity	20%

Source: ANA, State of ROMI Measurement, 2007

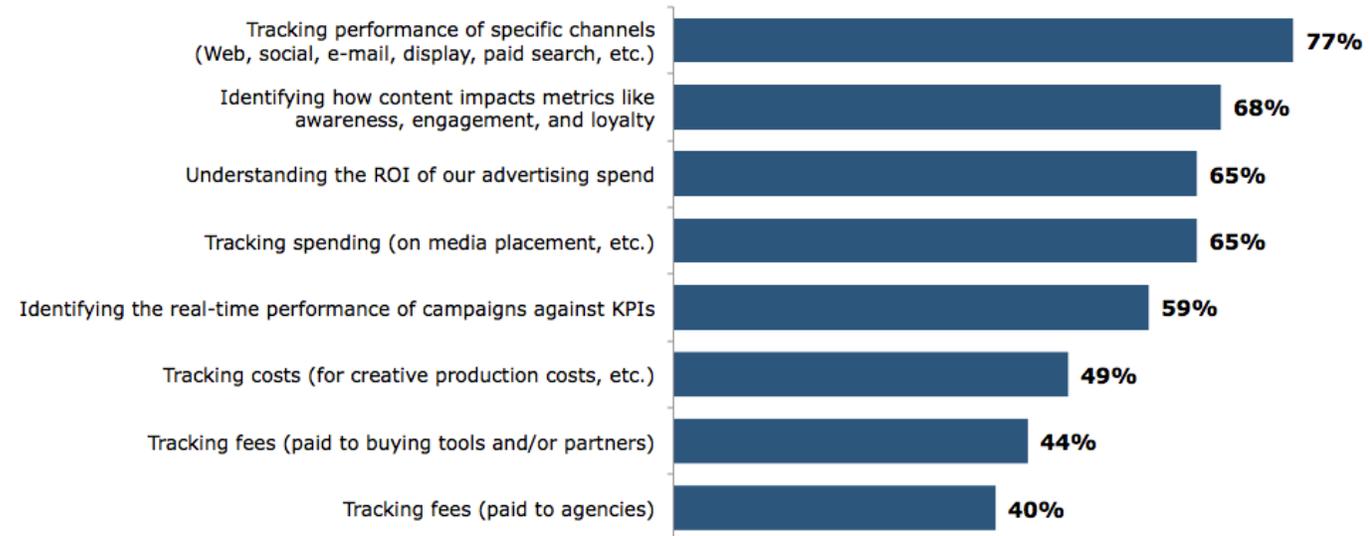
Key Performance Priorities



Marketing Performance Measurement Priorities

based on a survey of 252 digital marketers at Fortune 500 companies
% indicating Essential to High Priority (top-2 box on a 5-point scale)

May 2017



MarketingCharts.com | Data Source: Origami Logic / Brand Innovators

Our Recommended Brand Equity KPI's

We measure the *long-term impact* of brand building efforts and recommend creating a dashboard of KPI's with at least one metric from each of three types of measures, tailored by industry.

Brand Awareness & Consideration

- Unaided awareness (recall)
- Aided awareness (recognition)
- Penetration (ever used)
- Brand knowledge
- Brand perceptions
- Favorability (sentiment)

Brand Loyalty Behaviors

- Recent or regular use
- Purchase frequency (or use)
- Share of requirements
- Preference/Favorite brand
- Intent to use again
- Willingness to renew

Brand Advocacy Behaviors

- Participating in online communities
- Writing reviews
- Willingness to recommend
- Net promoter score

Illustrative Brand Equity KPI's

Category	Brand Awareness & Consideration	Brand Loyalty Behaviors	Brand Advocacy Behaviors
Soft Drinks	<ul style="list-style-type: none">• Top of mind awareness• Purchase intent• Brand expect to consume next	<ul style="list-style-type: none">• Brand consumed most often	<ul style="list-style-type: none">• Membership in community or social media site• Own logo wear
Wireless	<ul style="list-style-type: none">• Top of mind awareness• Brands would consider purchasing	<ul style="list-style-type: none">• Brand owned/used• Intention to switch in next 3, 6, 12 months	<ul style="list-style-type: none">• Brand would recommend to a friend
Packaged Food	<ul style="list-style-type: none">• Aided awareness• Price and quality perceptions• Intent to buy in future	<ul style="list-style-type: none">• Number of purchases of last 10 allocated to each brand	<ul style="list-style-type: none">• Ever recommend to a friend

Brand Relationship Funnel Construct

Brand health data measures how far potential customers have moved through the relationship funnel, from awareness to advocacy. Marketing's goal is to build awareness and maximize conversion to consideration, trial and ultimately advocacy.

Classic Customer Relationship Funnel



Heard of	
Brand B	88%
Brand A	95%

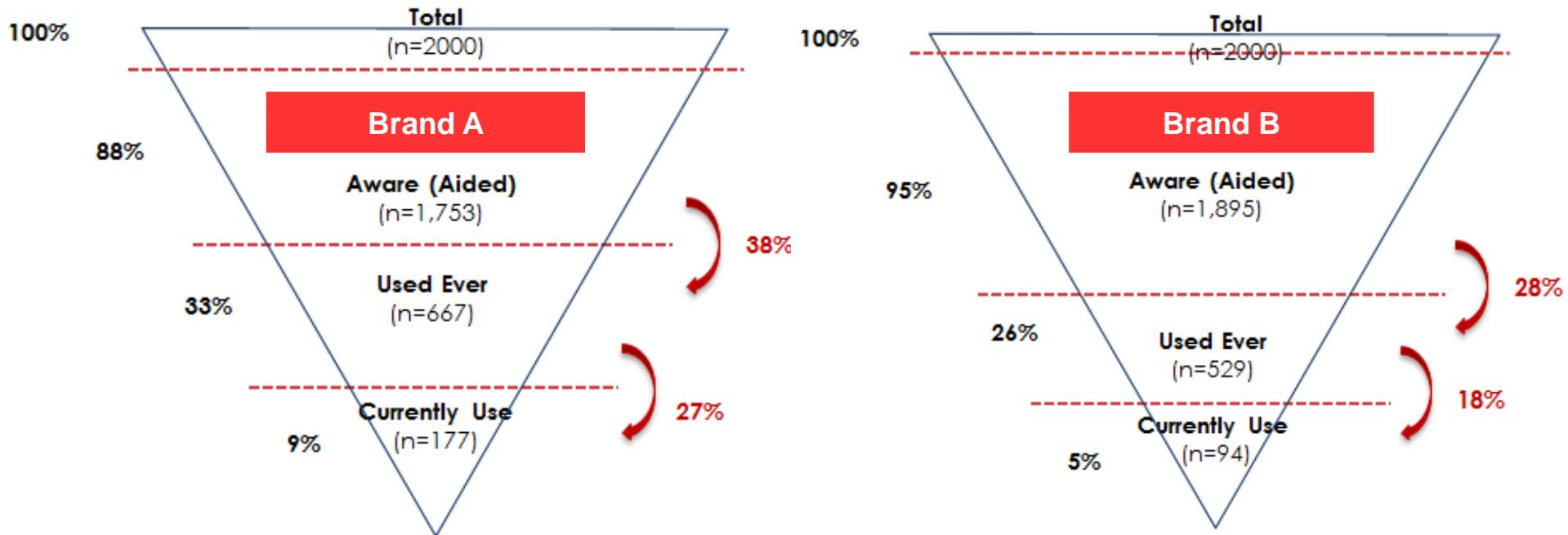
First Choice	
Brand B	36%
Brand A	2%

Would Recommend	
Brand B	52%
Brand A	35%

Brand Relationship Funnel Illustration

Displaying brand health data as a funnel highlights the brand's ability to convert awareness relative to competitive brands.

Funnel Illustration: Online Membership-Based Service



- Brand A has lower aided awareness than Brand B
- Brand A also converts more of its awareness to usage

Brand Health Tracking

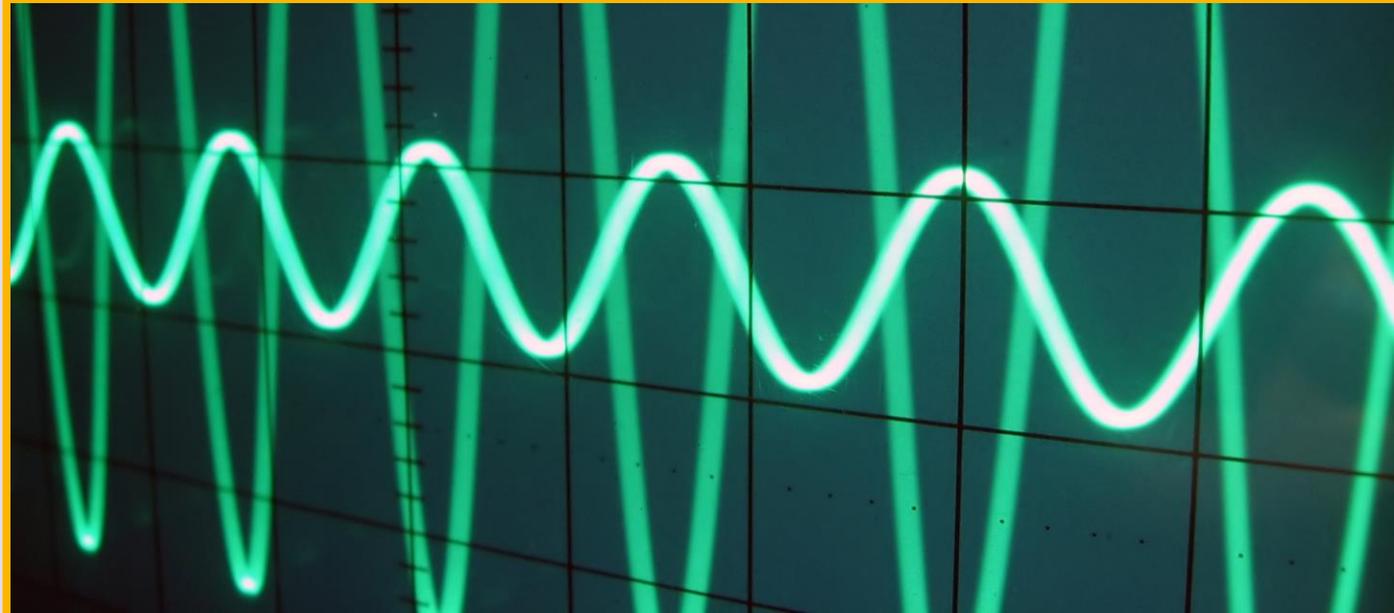
Tracking research reveals changes in brand health KPI's and conversion over time relative to competition. Its value lies in consistent, periodic measurement.

- Create baseline
 - Target definition
 - Competitive set
 - KPI's
- Measure consistently over time
 - Quarterly
 - Bi-Annually
 - Annually
- Adjust as needed
 - Test markets
 - Changes in competitive set



Why Track Brand Health?

- Look back for:
 - Feedback on marketing program performance
 - Basis for diagnostic insights to business performance
- Look forward for:
 - Insights on category trends and consumer/customer preferences
 - Early detection of potential trouble ahead



KPI Dashboard

Summarizing data from tracking research in a “KPI dashboard” makes it easy to see changes in brand performance over time. Detailed findings allow the brand team to diagnose opportunities to strengthen the brand.

- Tracking research over a 4-year period revealed declines in unaided and aided brand awareness.
- Past year use held steady and membership grew to an all time high suggesting members still see value in the brand.

**Illustrative KPI Dashboard:
Membership-Based Online Service**

	2014	2015		2016		2017	
	D	E	F	G	H	I	Sig Change
	July	Jan	July	Feb	Aug	Jan	
Sample Size	1,500	1,109	1,510	1,515	1,122	1,381	-
(Base = All Qualified Category Participants)							
Unaided Awareness	58%	55%	57%	57%	61%	45%	DEFGH
Aided Awareness	98%	96%	96%	97%	97%	95%	DGH
% Using in Past Year	17%	16%	16%	16%	21%	19%	-
% Member	13%	14%	14%	14%	17%	24%	DEFGH
Non-Member: Interest in Becoming a Member	34%	37%	37%	36%	40%	41%	D
Member: Likelihood of Renewing	61%	66%	67%	73%	69%	76%	DEF

Latest Measurement Thinking

There is increasing interest in creating a single metric to reflect a brand's financial to the company based on the company's efforts to build brand equity among customers.

Proposed Brand Equity Calculation

Marketing Surplus adjusted for Marketing Efficiency

Marketing Surplus = difference between what customer pays and unit marketing costs

Marketing Efficiency = 1- ratio of total marketing costs to total revenue

Illustration

	Brand A	Brand B
Price per Unit	\$10.00	\$20.00
Quantity Sold	10	10
Unit Marketing Costs	\$1.00	\$11.00
Total Marketing Costs	\$10.00	\$110.00
Total Revenue	\$100.00	\$200.00
Marketing Surplus (Revenue - Cost)	\$90.00	\$90.00
Marketing Efficiency (Ratio cost/revenue)	0.9	0.45
Brand Equity (BE) (Adjusted Surplus)	\$81.00	\$40.50

Brand Measurement: Key Takeaways

- Understand the difference between brand equity and brand value
- Use a mix of measures – there is no silver bullet
 - Awareness/consideration
 - Purchase behavior and intent (loyalty)
 - Advocacy
- Be consistent
 - Movies work better than ‘snapshots’
 - Pick a method and stay with it to build knowledge over time
- Prioritize measures
 - More companies suffer from too much data than from too little

About Us

- ✓ Partners in insights-based brand strategy consulting firm, Brand Amplitude
- ✓ Work with range of B2B and B2C clients to strengthen and develop their brand assets
- ✓ Teach MBA and undergraduate courses in Brand Strategy at leading Business Schools and develop and conduct marketing training curricula for leading US corporations



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