

Brand equity is one of the more popular concepts in marketing today. It is also one of the most overused and misused terms in marketing research, and the subject of much fuzzy thinking. In fact, there are several definitions of brand equity, all of which stem from the concept of 'brand.'

A useful definition is that a brand is the sum total of all that is known, thought, felt and perceived about your company, service or product. Branding, then, is the process of making products and companies into brands - the consistent and disciplined way a company communicates a brand's essence to the public. Consumers' response to the brand revolves around the brand's image. This makes the concept an essential input into marketing strategy since a positive, strong brand image will presumably lead to choosing a particular brand.

In this piece we are going to run through a few of the more useful brand measurement approaches we have encountered, or developed for our use.

### **Pertinent Methodologies**

Brand measurement is being practiced by a fairly broad range of users, and in a number of different ways. Many corporate clients are already doing some form of brand measurement themselves. Their agencies and consultants are also providing that expertise where needed. Basic awareness and brand tracking research is being done at the corporate and ad agency level. The more sophisticated methodologies are probably being used by the branding firms, other marketing service providers, and by the some clients themselves.

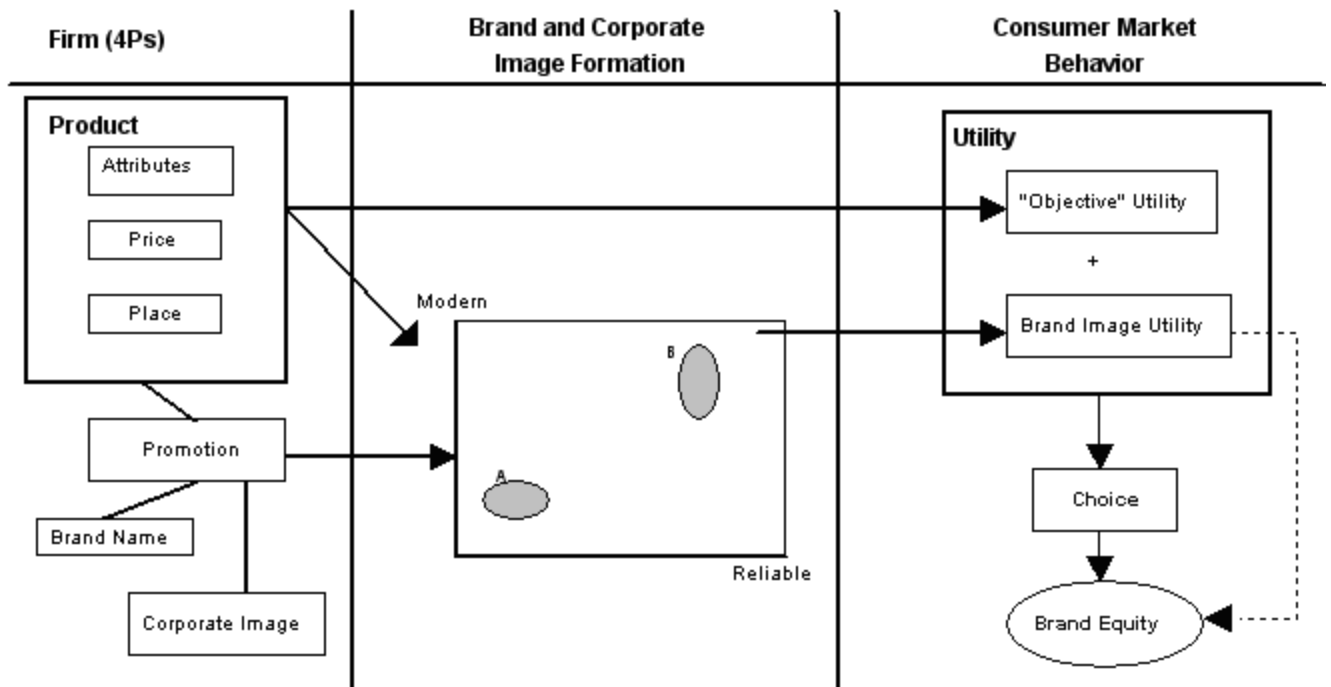
We have seen a number of very effective methodologies being offered to clients. There is no shortage of approaches. Frankly, we think they have more things in common than not. And that includes our own. The benchmarking techniques (the various 'scorecards')-like brand equity, reputation, retention, permission-serve to identify the key drivers to brand perceptions and behavior, and some also establish metrics which can be tracked over time. What permits this are any number of statistical techniques-such as multidimensional scaling, logit analysis, correspondence analysis, conjoint/choice modeling, etc., and even basic analyses like regression and analysis of variance (ANOVA).

*Choice Modeling of Brand Equity* Conceptually, we place brand measurement within a brand equity framework based on random utility theory:

- Achieving strong brand differentiation is absolutely fundamental to building a compelling brand relationship with customers.
- Brand equity can be thought of as the differential effect of brand knowledge on consumer response to the marketing of the brand.
- Brand knowledge comprises two components:

- Brand awareness (brand recognition and brand recall)- knowledge of the brand in memory and the ability to recall it; and
- Brand image - consumer perceptions about a brand held in consumers' minds (ideally, favorable, strong, and unique brand associations).
- Fundamentally, high levels of brand awareness and a positive brand image should increase the probability of brand choice. That is the fundamental goal of managing one's brand.
- The questionnaire design typically used includes questions that measure both of these brand knowledge components:
  - Awareness measures to evaluate brand recall and recognition;
  - Projective and multivariate statistical techniques to compare a brand's image to competitor brands. The principal analyses typically used are regression, correspondence analysis, and multidimensional scaling.
- Brand equity only exists as a function of consumer choice in the marketplace. And although marketing and communications efforts can create and change brand images, brand equity comes into being when a consumer chooses a product or service. Hence, *a brand or a corporation does not possess brand equity, but is attributed equity by the consumer. Brand equity occurs when the consumer is familiar with the brand and holds some favorable, strong, and unique brand associations in memory.*

### A Framework of Brand Equity Formation



*Basic Brand Tracking* is a scorecard that permits a brand equity assessment of a brand. Measuring brand equity provides clients with a basis for judging the effectiveness of brand building activities and helps them diagnose exactly how the brand, as an asset, is progressing over time (measuring, for example, growth in awareness, familiarity, commitment, etc.-compared to key competitors). The assessment helps identify the critical forces behind a brand's success, failure, and all points in between, to improve the effectiveness of brand building activities. By design, there is a benchmark measurement followed a subsequent follow-up wave(s). A benchmark study provides the framework for this comparison over time. In the case of SuperBrand, a current US survey could serve as a benchmark against subsequent European studies and other waves within the US market. These are used to measure SuperBrand brand equity movement after, say, a targeted advertising campaign.

When framing a brand assessment study, we seek to understand the specific factors that drive the brand within the client's marketplace, rather than assume that the importance of the components of equity for one brand in one market are the same as for other brands in other markets. Therefore, the measurements are configured to the client's market structure and competitive dynamics and are sensitive to changes specific to their environment over time (i.e., benchmark as compared to Wave 1 as compared to Wave 2, ...etc.).

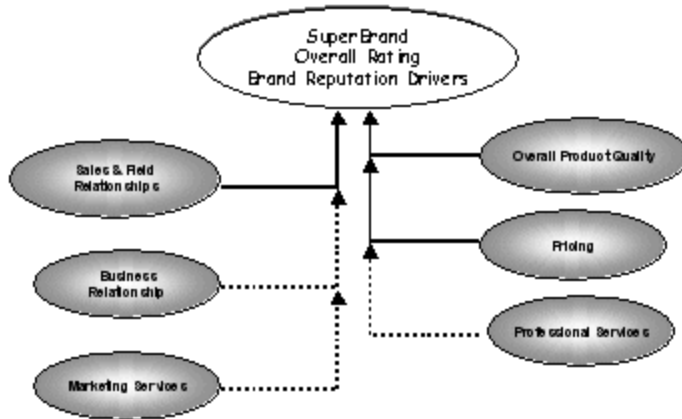
Analytically, the drivers of the brand and changes in marketplace dynamics, relative to the key constituencies, are modeled. Typical output is:

- An assessment of the brand vis-à-vis key current and potential competitors on each of the components, with a special focus on distinction and commitment components;
- Perceptual maps that graphically show the position of the brand on key component elements;
- Differences in the drivers of commitment by audience;
- Changes in the brand vis-a-vis its competitors versus the benchmark wave;
- Changes in marketplace dynamics versus the benchmark wave; and,
- Recommendations regarding brand strategy.

*Brand Reputation* The Corporate Social Responsibility field has contributed several approaches that are well suited for measuring brand equity. Our proprietary reputation measurement system is a useful framework for measuring brand equity among stakeholders (it groups stakeholders into customers, society, employees, and capital providers, all within the umbrella of targets of SuperBrand). The model uses brand association patterns to show the degree to which stakeholder groups contribute to brand reputation according to specific parameters like overall opinion, loyalty, satisfaction, and advocacy. Brand reputation measurement can be used in specific situations, and an argument can be made that reputation research is also an appropriate general-purpose brand measurement tool.

**Figure 1-SuperBrand Brand Reputation Drivers**

Figure 1



Brand Permission We recently developed a brand permission methodology that has been a great success. To date, a client has been using it for forecasting, but we believe it also has great potential as a branding tool. Brand Permission measures the extent to which customers accept a brand as a legitimate competitor for their business, in whatever business sector. The brand permission concept is quite simple. We recognize that in any given market, brand imagery will resonate-sometimes more strongly, sometimes less so-and that this will profoundly impact the potential success of a brand relative to its competition. We use the terms Mindshare and Brandshare to capture this phenomenon.

Mindshare is based on association (the extent to which customers associate a brand with the product or service), and is a measure of awareness. But awareness is in itself an incomplete measure because we don't know the probability that brand awareness will be converted to brand preference (usage). Brand Permission now layers an affinity measure (the degree of interest the customer has in doing business with the brand) atop mindshare. For example, a customer can 'associate' SuperBrand strongly with shopping, but have no 'affinity' for SuperBrand, preferring instead to do business with SuperBrand competitors.

**Table 1-SuperBrand Mindshare and Point Allocations**

**Brand Permission-US Market**

|                             | <b>First Mentions</b> | <b>First Mention Points</b> | <b>Other Unaided Mentions</b> | <b>Other Unaided Mention Points</b> | <b>Total Mentions</b> | <b>Total Points</b> | <b>Percentage Mentions</b> | <b>Percentage Points</b> |
|-----------------------------|-----------------------|-----------------------------|-------------------------------|-------------------------------------|-----------------------|---------------------|----------------------------|--------------------------|
| <b>SuperBrand</b>           | 48                    | 197                         | 83                            | 78                                  | 131                   | 275                 | 41                         | 29                       |
| <b>Armstrong</b>            | 22                    | 93                          | 31                            | 97                                  | 53                    | 190                 | 16                         | 20                       |
| <b>World-Mart</b>           | 15                    | 64                          | 36                            | 131                                 | 51                    | 195                 | 16                         | 21                       |
| <b>Brand Empire</b>         | 2                     | 20                          | 27                            | 82                                  | 29                    | 102                 | 9                          | 11                       |
| <b>Rob Allen &amp; Sons</b> | 4                     | 22                          | 17                            | 48                                  | 21                    | 70                  | 7                          | 7                        |
| <b>Patton</b>               | 0                     | 0                           | 23                            | 79                                  | 23                    | 79                  | 7                          | 8                        |
| <b>Others</b>               | 3                     | 6                           | 12                            | 23                                  | 15                    | 29                  | 5                          | 3                        |
| <b>Total</b>                | 94                    | 402                         | 229                           | 538                                 | 323                   | 940                 | 100                        |                          |

A powerful way of employing Brand Permission is as a 'market potential discounting system.' It can be applied as a multiplier in conjunction with a client's market-sizing estimates associated with a brand. The product of market size estimates and Brand Permission provides the client with brand potential estimates that are revenue-comparable across disparate opportunities.

Brand Permission analysis examines the point allocations (constant-sum task) that respondents assign to various mindshare categories-First Mention, All Unaided Mentions, and Total Mentions. The trend itself is very important. If the slope is downward, the brand is in an initially strong position but may forego share according to the actions of other existing brands or the entrance of any new brands into the space. Other brand profiles indicate who the predator competitors are (or will be). If the slope is upward, the brand's initial position is weak and share will have to be garnered over time. Obviously, the former is the more desirable profile for a brand to have.

In Table 1 (above) we see that SuperBrand has quite a strong top-of-mind showing, with a total of 41 percent of all mentions in the category. However, if we examine SuperBrand's share of points, it receives a total of 29 percent of the points allocated.

Examining Table 2, the Index (Points Share/Mentions Share) shows that, while many people are aware of SuperBrand, they prefer to do business with competitors such as Armstrong, World-Mart, or Brand Empire.

**Table 2-SuperBrand Mindshare and Point Allocations**

| <b>Brand Permission Index-US Market</b> |                             |                                     |                             |
|---|-----------------------------|-------------------------------------|-----------------------------|
|   | <b>First Mentions Index</b> | <b>Other Unaided Mentions Index</b> | <b>Total Mentions Index</b> |
| <b>SuperBrand</b>                       | 96                          | 67                                  | 72                          |
| <b>Armstrong</b>                        | 99                          | 133                                 | 123                         |
| <b>World-Mart</b>                       | 100                         | 155                                 | 131                         |
| <b>Brand Empire</b>                     | 234                         | 129                                 | 121                         |
| <b>Rob Allen &amp; Sons</b>             | 129                         | 120                                 | 115                         |
| <b>Patton</b>                           | NA                          | 146                                 | 118                         |
| <b>Others</b>                           | 47                          | 82                                  | 66                          |
| <b>Total</b>                            | 100                         | 100                                 |                             |

Verbal Identity/Package Design Evaluation We group name evaluation and package design evaluation together because we use essentially the same methodology for both, in that the evaluation task is essentially alternative testing. The goal is to help the client choose the best name with the least risk from the list of final name candidates (or the best package design). Our proprietary name/package design evaluation technique, Brandcom, has been used successfully for over ten years. This methodology was designed specifically for the purpose of mapping the performance of a set of designs (including names) in relation to:

- each other
- established brands in the category (treated as control);
- a well-specified positioning strategy.

The test permits clients to evaluate test names relative to the intended positioning strategy, as well as in terms of aesthetic appeal. Brandcom can also be used-with slight modifications-to measure concept fit as well if the name is attached to a new product. The inclusion of competitive brands is a major strength of Brandcom. We believe that for a new name to be successful, it must not only be "on target" insofar as its own strategy is concerned, but also succeed in giving the brand sufficient differentiation capabilities in the marketplace and in the minds of consumers, who are bombarded with advertising and communications in general.

The test also includes a section on aesthetic appeal to determine the name liked most and the images and associations aroused by the best-liked name. This sequence of questions deepens management's understanding of a name's dynamics beyond the specified strategy dimensions.

Table 3-Brandcom Output-SuperBrand Potential Name

| StrategicFit              | NameAppeal* | ConceptFit* | Memorability* |
|---------------------------|-------------|-------------|---------------|
| SuperBrand Season Perfect | Strong      | 4           | 7             |
| Addable Edibles           | Moderate    | 7           | 5             |
| Enticers                  | Moderate    | 5           | 4             |
| Cook's Medley             | Weak        | 6           | 6             |
| Flavor Flair              | Weak        | 3           | 3             |
| SuperBrand Chef's Choice  | Weak        | 2           | 2             |
| Flavor Garden             | Weak        | 1           | 1             |

The principal output of the Brandcom test is a series of perceptual maps-for the sample in total and for relevant sub-groups-providing direct, graphic representation of the performance of all the names on all the attributes simultaneously. The results of the other sections of the test, e.g., appeal, reasons for appeal, etc., are made available in tabular and in graphic form.

Figure 2

**Brandcom Output Perceptual Map**  
**Showing Associations From Brand to Additive Attributes**



We use a variation of our name testing technique for pharmaceutical name evaluation. Due to the significance of regulatory criteria for FDA and EMEA approval, performance on regulatory issues takes precedence. Final names are evaluated in terms of both regulatory and marketing criteria-regulatory criteria address brand confusion issues and other issues of concern to regulators, while marketing issues pertain to more traditional brand-building measures. Note that for evaluating finished package design alternatives,

essentially the same basic methodology can be employed. However, for package design optimization issues, we utilize an entirely different evaluation approach-choice modeling.

### **Closing Thoughts**

Clients increasingly demand business-building ideas that extend beyond advertising and communications. Ad agency brand planners, branding consultants, and other marketing services providers are being pushed to become wider and deeper thinkers than they were in the past. Quantitative brand measurement techniques such as those discussed here can be used effectively to help marketers manage brands, and can also drive insights that lead to the big ideas that clients seek.