



BRAND MANAGEMENT

MODULE 3

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MEASURING AND
INTERPRETING BRAND
PERFORMANCE

Every marketer's crucial goal is to develop a strong brand position and building resonance. Brand value is what everyone wants to achieve it, some achieve it some don't while few brands attain it.

So what's brand value?

Seth Godin explain brand value as "A brand's value is merely the sum total of how much extra people will pay, or how often they choose, the expectations, memories, stories and relationships of one brand over the alternatives."

Here are a few examples:

- What made the iPhone so valuable in the eyes of consumers? What makes a Porsche or a Tesla so revered with avid fans?
- What makes Disney Theme Parks timelessly enduring?
- What made the iPad a must-have?
- What makes certain food items insatiably desirable?
- Why certain restaurants?
- Or certain shopping destinations?
- Or certain hotels, venues and cities?
- Or certain actors of artists.

The answer is that: That hot restaurant? It's because they seem to offer flavors, tastes and preparations different than everybody else. Or that highly sought out actor. He or She is able to bring something unique to every role. Or that smartphone? It can do things others can't. The key is providing something valuable that is truly distinct and uncommon, and then to really position it as something that is unique, uncommon, rare and worthwhile. A brand value is not just how much extra a customer will pay for a brand over an unbranded one, but also how often they will choose the particular brand and for what reason. It is the association that consumers have with a brand-thoughts and feelings which is top of their mind when thinking of a brand or purchasing Branding is all about distinguishing from one product or services from others. How can a company get this differentiation? The answer is to create brand value. Brand value in the case of consumer product brands can be measured through customer loyalty, staff retention/recruitment. Therefore, Brand value can be influenced positively and negatively; with a number of famous examples where Brands have made the right (Intel Inside marketing activity) or wrong decision (New Coke v/s the American public).

THE BRAND VALUE & THE BRAND VALUE CHAIN

Branding is all about distinguishing from one product or services from others. Brand value in the case of consumer product brands can be measured through customer loyalty, staff retention/ recruitment. Brand Value Chain is a structured approach to assessing the sources and outcomes of brand equity and the manner by which marketing activities create brand value. The Brand value chain has several basic premises. Consistent with the brand resonance model, it assumes that the value of a brand ultimately resides with the customers. The model also assumes that a number of linking factors determine the extent to which value created at one stage transfers or “multiplies’ to the next stage. Three sets of multipliers moderate the transfer between the marketing program and the three value stages: the program quality multiplier, the marketplace conditions multiplier, and the investment sentiment multiplier. The brand value chain is a means to trace the value creation process for brands, to better understand the financial impact of brand marketing expenditures and investments. Developing a strong positioning and building brand resonance are crucial marketing goals. It provides insights to support the various decision makers in the company and stresses that every member of the company contribute to this branding effort. It believes that the value of brand ultimately resides with customers. The Brand Value Chain is a model constructed in 2003 by Keller and Lehmann. The Brand Value Chain helps marketers track brand value from the first stage of a marketing investment to the final stage of shareholder value. The brand value chain thus provides insights to support brand managers, chief marketing officers, managing directors, and chief executive officers, all of whom may need different type of information. It is based on several premises.

- First, brand value creation begins when the firm targets actual or potential customers by investing in marketing programme to develop the brand, including product research development, and design; trade or intermediary support; and marketing communications
- Second, assume customers' mind-sets, buying behaviour, and response to price will change as a result of the marketing programme; the question is how.
- Finally, the investment community will consider market performance, replacement cost and purchase price in acquisitions (among other factors) to assess shareholder value in general and the value of a brand in particular.

The model also assumes that three multipliers moderate the transfer between the marketing program and the subsequent three value stages. The programme multiplier determines the marketing programmes ability to affect the customer mind-set and is a function of the quality of the program investment. The customer multiplier determines the extent to which value created in the minds of customers affects market performance. This result depends on competitive superiority (how effective the quantity and quality of the marketing investment of other competing brands are), channel and other intermediary support (how much brand reinforcement and selling effort various marketing partners are putting forth), and customer size and profile (how many and what types of customers, profitable or not are attracted to the brand). The market multiplier determines the extent to which the value shown by the market performance of a brand is manifested in shareholder value. It depends in part on the actions of financial analysts and investors.

VALUE STAGES:

Brand value creation begins with marketing activity by the firm.

1) Marketing Program Investment - Any marketing program investment that can contribute to brand value development, internationally or not, falls into the first value stage. A big investment of course does not guarantee success. The ability of a marketing program investment to transfer or multiply farther down the chain depends on qualitative aspects of the marketing program and the program quality multiplier. Marketing activities such as product research, design and development; trade; marketing communication including advertising, promotion, public relations, sponsorship, personal publicity, selling, employee training etc. For example product research conducted by Unilever is an investment for marketing programme.

2) Program Quality Multiplier - The ability of the marketing program to affect the customer mind-set will depend on its quality. Throughout the book, we review a number of different means to judge the quality of a marketing program. One handy way to remember some key considerations is through the acronym DRIVE, as follows:

1. Distinctiveness: How unique is the marketing program? How creative or differentiating is it?
2. Relevance: How meaningful is the marketing program to customers? Do consumers feel the brand is one they should seriously consider?

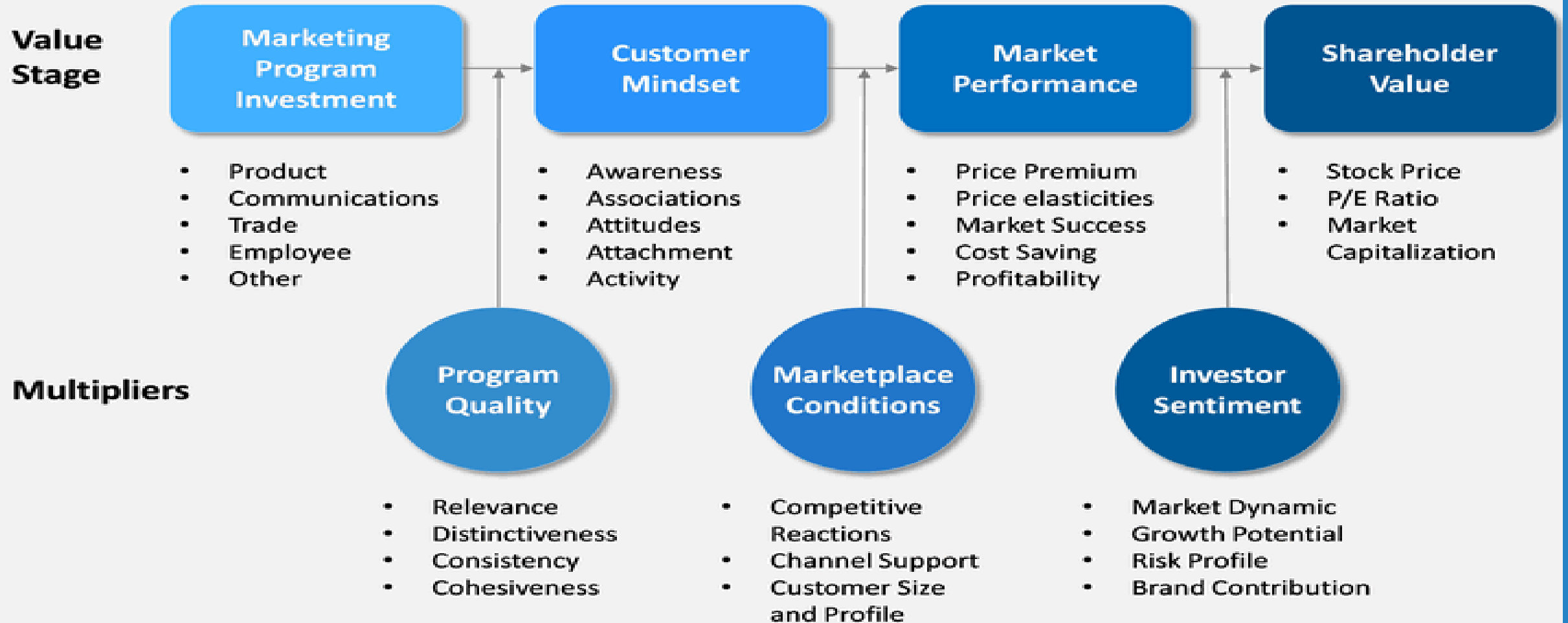
3. **Integrated:** How well integrated is the marketing program at one point in time and over time? Do all aspects combine to create the biggest impact with customers as possible? Does the marketing program relate effectively to past marketing programs and properly balance continuity and change evolving the brand in the right direction?
4. **Value:** How much short-run and long-run value does the marketing program create? Will it profitably drive sales in the short-run? Will it build brand equity in the long-run?
5. **Excellence:** Is the individual marketing activity designed to highest standards? Does it reflect state of the art thinking and corporate wisdom as success factors for that particular type of marketing activity? For example- TATA tea Jago re- Chothi pathi Badi pathi ads were clear and conveyed relevant message to the Indian audience.

3) **Customer Mindset:** Customer mindset is the second stage and includes everything that happens in the minds of the consumers in respect to the brand: thoughts, feelings, experiences, beliefs and attitudes. Customer mindset is the only stage in the value chain that fully focuses on the consumer. There are 5A's that measure the consumer mindset. They are:

- (a) **Brand Awareness:** The extent and ease with which customers recall and recognise the brand and can identify the products and services with which it is associated for e.g. Chocolates- Cadbury
- (b) **Brand Associations :** The strength, favourability and uniqueness of perceived attributes and benefits for the brand. Brand associations often represent key sources of brand value , because they are the means by which consumers feel the brand satisfy their needs. For example: McDonald's could be linked to a character such as Ronald McDonald, a consumer segment such as kids, a feeling such as having fun, a product characteristic such as service, a symbol such as the Golden Arches.

BRAND VALUE CHAIN

Enter your sub headline here



(c) Brand Attitudes: Overall evaluations of the brand in terms of its quality and the satisfaction it generates.

(d) Brand Attachment: The degree of loyalty the customer feels toward the brand.

(e) Brand Activity: The extent to which customers use the brand, talk to others about the brand, seek out brand information, promotions, and events, and so on. For example P&G shiksha, Tata tea Jago re etc.

4) Marketplace conditions multiplier: The extent to which value created in the minds, customers affects market performance depends on factors beyond the individual of customer. Three such factors are:

1. Competitive superiority
2. Channel and other intermediary support
3. Customer size and profile

The value created in the minds of customers will translate to favourable market performance when competitors fail to provide a significant threat, when channel members and other intermediaries provide strong support, and when a sizable number of profitable customers are attracted to the brand. For Example: When its mineral water is Bisleri.

5) Market performance: The customer marketplace in six main ways.

1. Price premiums
2. Price elasticity
- Market Share
3. Brand Extension
4. Cost structure
5. Brand profitability

For example: A college student will prefer to watch movie during week days instead of week end as the price of the movie ticket are expensive.

6) Investor sentiment multiplier: Financial analysts and investors consider a host of factors in arriving at their brand valuations and investment decisions. Among them are the following:

1. Market dynamics
2. Growth potential
3. Risk profile
4. Brand contribution

For example: adding more products in the product line or choosing a celebrity endorsement the analysts analyse the investment and outcome.

7. Shareholder value: Based on all available current and forecasted information about a brand, as well as many other considerations, the financial marketplace formulates opinions and assessments that have very direct financial implications for the brand value. Three particularly important indicators are the stock price, the price/earnings multiple, and overall market capitalisation for the firm. Research has shown that not only can strong brands deliver greater returns to stockholders, they can do so with less risk.

CASE STUDY: The concept store "Colour with Asian Paints"- Building Brand Value Chain

Asian Paints is the India's largest paint company and today one of the world's top six decorative coating companies. The company is a strong contender in the B2B spaces as well. The company worked aggressively in building the brand value chain from packaging to painting/décor options to distribution. Though the brand building strategies helped the brand gain salience with painters/contractors and consumers, there always remained the issues of active involvement of consumer with the category and the need of making the purchase process simple at the consumer's end. The company invested in understanding the consumer's mindset with respect to home making. Asian Paints sets up its Home Solutions Initiative in the year 2000 as experiment in Hyderabad. It was a one-stop solution for home-painting needs, through a professional service offering. All that customers had to do was to call the Home solutions helpline, the rest was done by Asian Paints. They would visit the premises, study, understand the budget constraints and offer ngs multiple painting options, estimated time and cost. Within the stipulated time and cost they delivered an excellent well-painted home. With the launch of its texture range, various hi-end décor offerings that were communicated through mass media, Asian Paints managed to make boring topic paint into a topic of party conversation. Asian Paints opened this 7500-sq-ft. signature store "Colour with Asian Paints" at Bandra Mumbai. The store was one of a kind that helped customers not only choose the right shade but also educated them as to how a home can be done. Visitors to the store could interact with contractors and interior designers. The store stands as an epitome of modern and trendy architecture with unique lighting designs. The store attracted hundreds of customers with various offerings such as Colour Orientation Zone, Large Room sets, A Specification Zone, Interactive Large LED Screen (5'x7'), Expert Colour Assistance, Experiencing the joy of painting and Workshops.

"Colour with Asian Paints" store gives Asian Paints different insights on consumer behavior. Asian Paints endeavour is to further build on brand value chain and get the involvement of customers with an erstwhile uninteresting product called paint.



For any marketers, it is of supreme importance to understand a consumer mind and also current level of brand knowledge among consumers because this understanding lays foundation for formulation of marketing communication strategies. The solution is to develop techniques, which can convert emotional data into qualitative and quantitative data for analysis. A particular attention is required to design measurement system for source of brand equity.

I. Qualitative Research Techniques: Qualitative research techniques often identify possible brand associations and sources of brand equity. Qualitative research techniques for identifying sources of brand equity such as brand awareness, brand attitudes, and brand attachment. These techniques also can identify outcomes of brand equity such as price elasticity's and brand choice and preference.

In other words, qualitative research technique looks to capture consumer behavior in understanding the purchase decision. Here question are asked, to understand how the consumer came to purchase decision, what factors they consider, is there a particular time of the year de they make this purchase, why do they buy a particular brand? Where do they go to buy the product or service. What social factors might influence the purchase decision? etc.

(a) Projective Techniques: Projective Techniques are indirect and unstructured methods of investigation which have been developed by the psychologists and use projection of respondents for inferring about underline motives, urges or intentions which cannot be secure through direct questioning as the respondent either resists to reveal them or is unable to figure out himself. These techniques are useful in giving respondents opportunities to express their attitudes without personal embarrassment. These techniques help the respondents to project his own attitude and feelings unconsciously on the subject under study.

Characteristics of qualitative research methods

They collect data at a glance and in real time, where participants are experiencing problems.



Researchers collect data in different forms such as interviews, observations and documents.



Works towards solving complex issues by breaking down into meaningful inferences that are easy to read and understand for everyone.



Allows people to build trust on the researcher, so the information obtained is raw and unadulterated



Projective techniques are diagnostic tools to uncover the true opinions and feelings of consumers when they are unwilling or otherwise unable to express themselves on these matters. Marketers present consumers with an incomplete stimulus and ask them to complete it, or they give consumers an ambiguous stimulus and ask them to make sense of it. The idea is that in the process consumers will reveal some of their true beliefs and feelings. Thus, projective techniques can be especially useful when deeply rooted personal motivations or personally or socially sensitive subjects are at issue. Projective techniques have a long history in marketing, beginning with the motivation research of the late 1940's and 1950'. A classic example is an experiment exploring hidden feelings toward instant coffee conducted by Mason Haire in the late 1940s, summarized in Branding Brief 9-2. Although projective techniques don't always yield results as powerful as in that example, they often provide useful insights that help to assemble us a more complete picture of consumers and their relationships with brands.

Many kinds of projective techniques are possible. Some of them are:

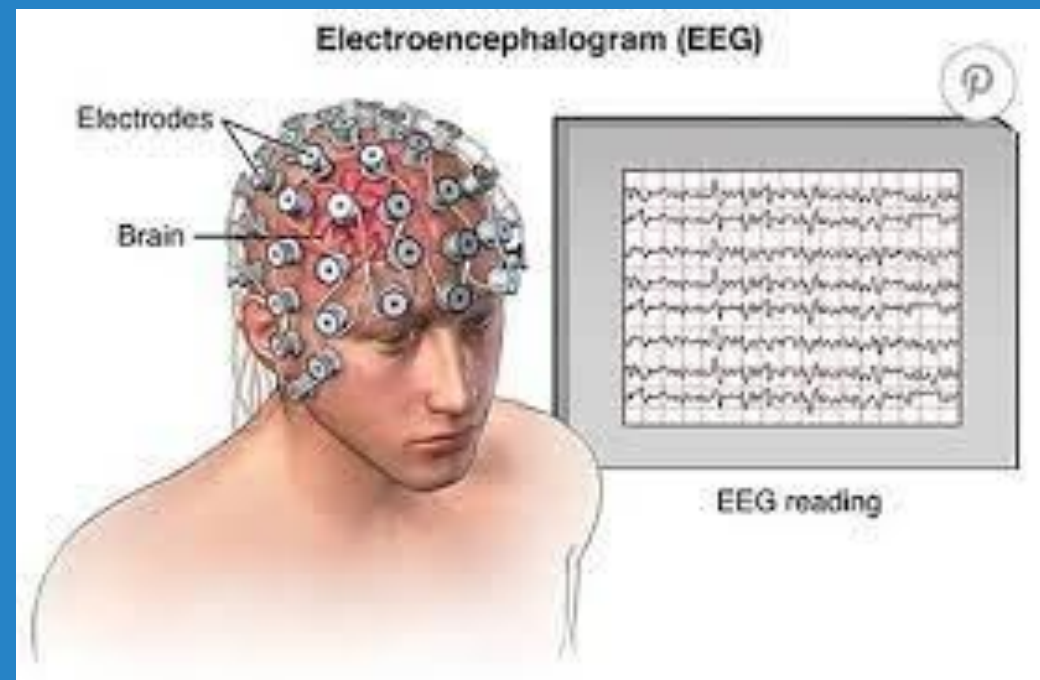
(i) Completion and interpretation tasks: Classic projective techniques use incomplete or vague stimuli to bring out consumer thoughts and feelings. The respondent are given incomplete sentence, story, argument or conversation and asked to complete it. One approach is “ bubble exercises” which depict different people buying or using certain products or services. Empty bubbles, as in cartoons, are placed in the scenes to represent the thoughts, words, or actions of one or more of the participants. Marketers then ask consumers to “fill in the bubble” by indicating what they believe is happening or being said in the scene. The stories and conversations told this way can be especially useful for assessing user and usage imagery for a brand.

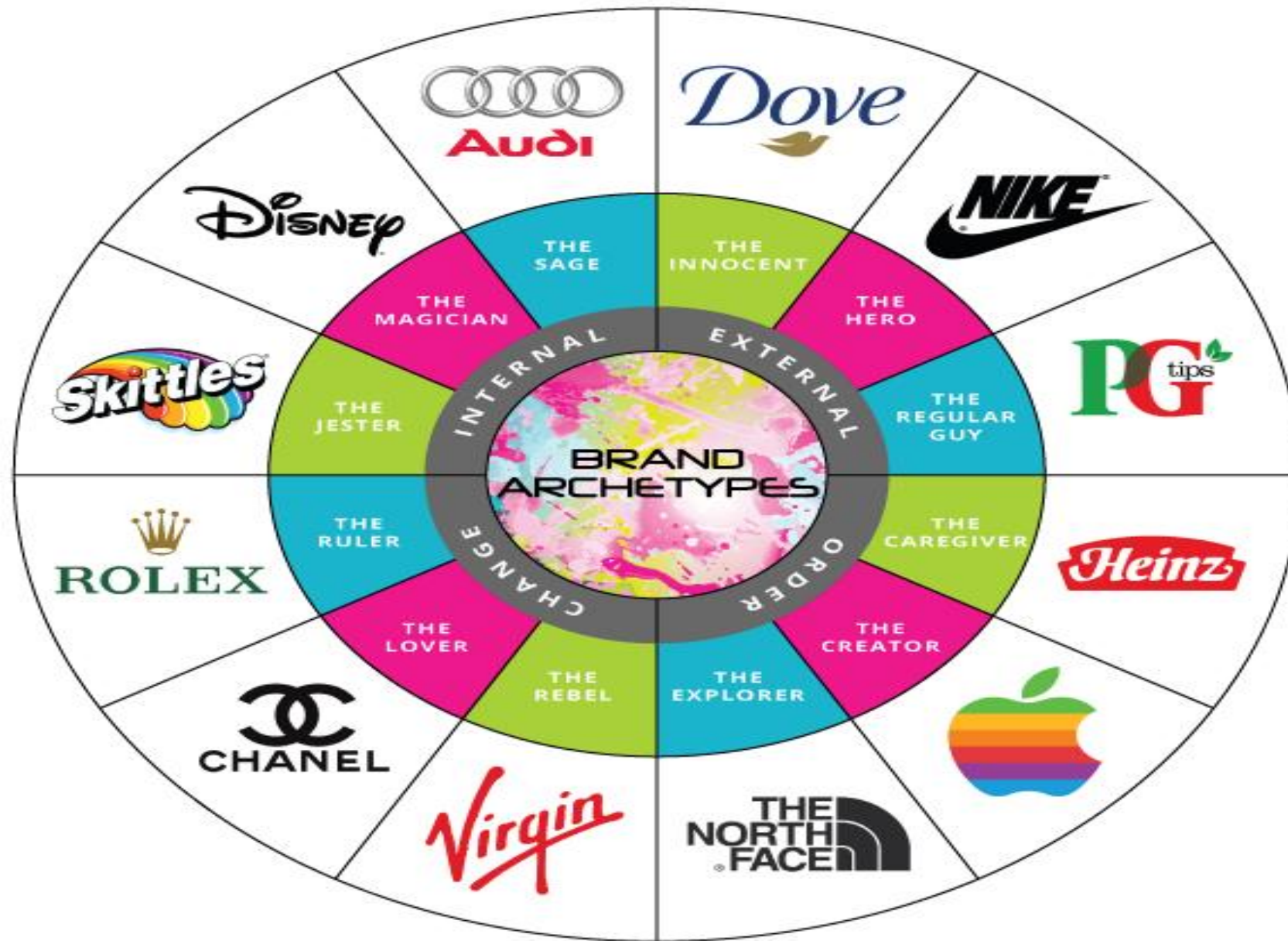
(ii) Comparison Tasks: Another useful technique is comparison tasks, in which consumers are asked to convey their impressions by comparing brands to people, countries, animals, activities, fabrics, occupations, cars, magazines, vegetables, nationalities, or even other brands. For example "If AMUL dahi were a car, which one would it be? If it were an animal, which one might it be? Looking at the people depicted in these pictures, which ones do you think would be most likely to eat AMUL dahi". By examining the answers to probes, researchers may be better able to assemble a rich image for the brand, for example, identifying key brand personality associations.

-Archetypes: Archetype research is one technique for eliciting deeply held consumer attitudes and feelings. According to cultural anthropologist G. C. Rapaille, consumers often make purchase decisions based on factors of which they are only subconsciously aware. Rapaille uses relaxation exercises and visualisation with consumers to find the imprinting moments appropriate to the product he is researching. For example, at a focus group, he will dim the lights, play soothing music, and coax the subjects into a meditative state . He will then elicit stories about the product from the subjects and analyse these stories to illuminate the archetype.

- Zaltman Metaphor Elicitation Technique (ZMET): ZMET is based on a that consumers often have subconscious motives for their purchasing behavior. "A lot goes on in our minds that we're not aware of," said former Harvard Business School professor Gerald Zaltman. The technique is based on the idea that "most social communication is nonverbal" and, as a result, approximately two-thirds of all stimuli received by the brain are visual. As described in it's U.S. patent, ZMET is " a technique for eliciting interconnected constructs that influence thought and behavior". The word construct refers to " an abstraction created by the researcher to capture common ideas, concepts, or themes expressed by customers." For example, the construct "ease of use" might capture the statements "simple to operate" , "works without hassle" and "you don't really have to do anything." ZMET draws knowledge and research findings from a whole plethora of fields such as cognitives neuroscience, neurobiology, art critique, literary criticism , visual anthropology, visual sociology, semiotics....art therapy and psycholinguistics. This technique is based on the idea that most social communication is based on non-verbal constructs. The ZMET technique uses metaphor as a method for understanding hidden thoughts of consumers.

- Neural research methods: Neuro marketing is the study of how the brain responds to marketing stimuli, including brands. Neurological research has been applied many ways in marketing. It has been used to measure the type of emotional response consumer's exhibit when presented with marketing stimuli. Firms as varied as Intel, PayPal, Google, HP, Citi, and Microsoft have employed neurological marketing research studies. Neuromarketing is the study of how the brain responds to marketing stimuli, including brands. For example, some firms are applying sophisticated techniques such as EEG (electroencephalograph) technology to monitor brain activity and better gauge consumer responses to marketing. By adding neurological techniques to their research arsenal, marketers are trying to move toward a more complete picture of what goes on inside consumers heads. Although it maybe able to offer different insights from conventional techniques, neurological research at this point is very costly, running as much as \$100.000 or even more per project. Given the complexity of the human brain, however, many researchers caution that neurological research should not form the sole basis, for marketing decision. These research activities have not been universally accepted. The measurement devices to capture brain activity can be highly obtrusive, such as with skull caps studded with electrodes, creating artificial exposure conditions.





Step 1. The Use of Storytelling



Photo by [aron](#) on Unsplash

Step 2. Missing images

No image-
interviewee's thoughts

Step 3. The Triad Test



Step 4. The Metaphor Probe



Photo by [Kristy Ashton](#) on Unsplash

Step 5. Expanding the Frame



FreeImages.com/Gafoir Perlegrin

Step 6. Sensory Metaphor



Photo by [Felix Torga](#) on Unsplash

Step 7. The Vignette

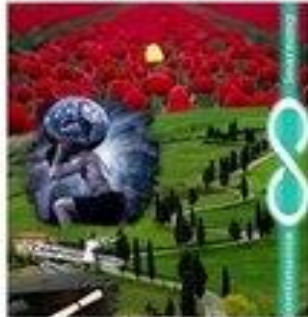
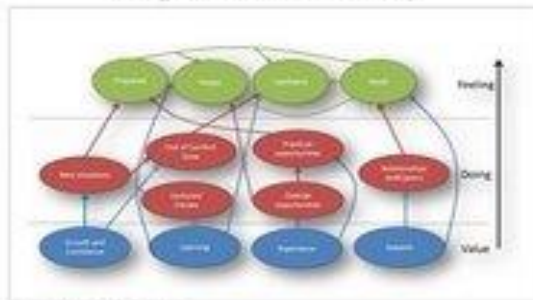


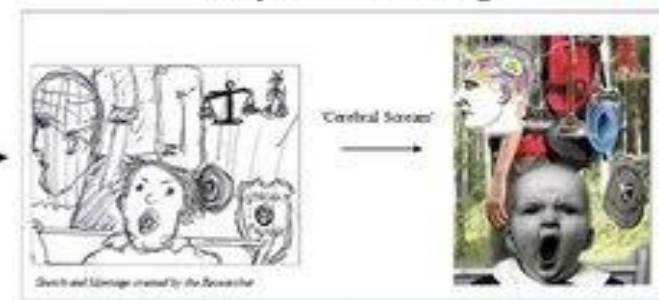
Image created by the Researcher

Step 8. The EVM Map



Map Step 8(16) Created by the Researcher

Step 9. The Montage



Brain Development Simulation

From microscopic neural model to macroscopic one

From microscopic neural system model to emergence model of behavioral (de)synchronization

Prediction of experimental conditions & results

Data for simulation

Data for simulation

(de)synchronization

Brain Functional Imaging



Behavior observation Psychological experiment

Data of adult's brain

Data of infant's behaviors

Method for analyzing kinematics of rhythmic movement

Platforms for experiment under controlled conditions

Platforms for experiment under controlled conditions

Robot Platform

(b) Brand Personality and Values: Brand Personality can be defined as a set of human characteristics associated with a brand. It is how the brand behaves gender, age, socio- economic class, psychographic, emotional characteristics. Marlboro is 'masculine' while Virginia Slims is 'feminine' IBM is 'older' while Apple is 'younger' Thumps Up "Ruggedness, Outdoor, Masculine. Dove" Sophistication, feminine, caring, Tata Sincerity. The easiest way to ask is opened responses to a query. Also marketers can give consumers various pictures or stack of magazines and ask them to collect profile of brands.

(1) BIG Five. The Brand personality scale: The Brand Personality dimensions of Jennifer Aaker is a framework to describe and measure the 'personality' of a brand in five core dimensions, each divided into a set of facets. It is an easy to understand model to describe the profile of a brand using an analogy with a human being. The dimensions of brand personality are defined by extending the dimensions of human personality to the domain of brands.

The five core dimensions and their facets are;

(a) Sincerity (down-to-earth, honest, wholesome, cheerful)

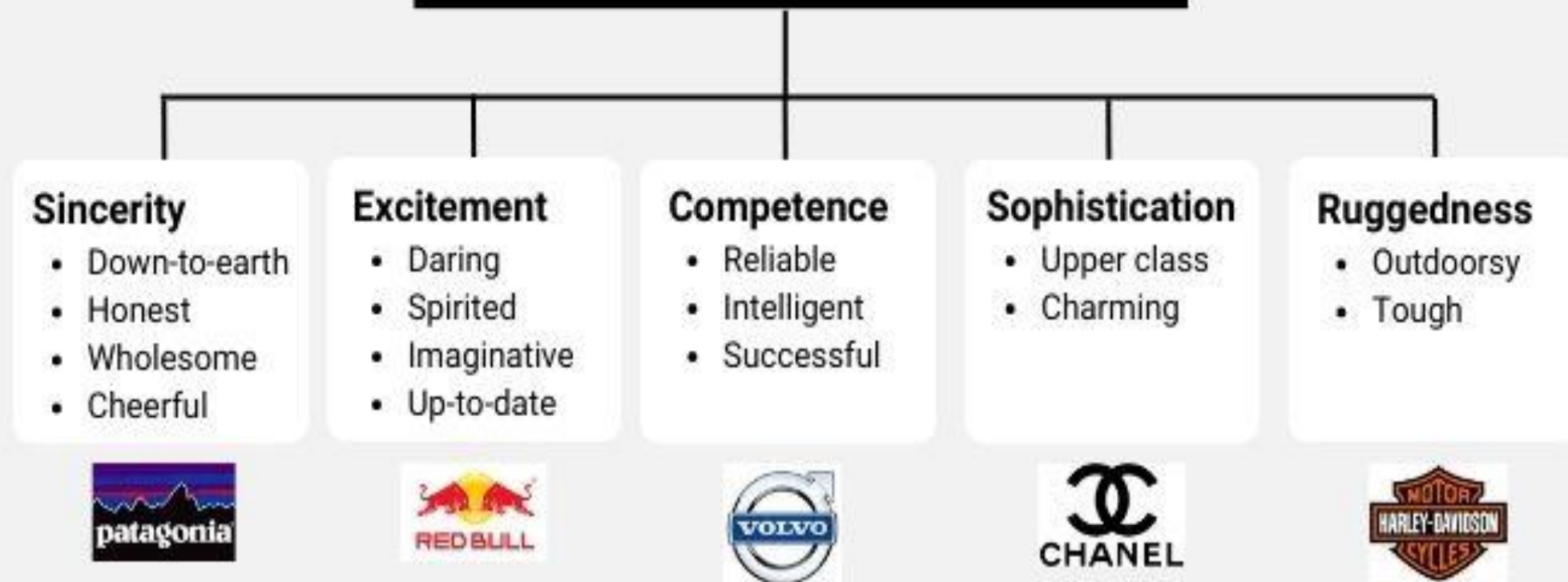
(b) Excitement (daring, spirited, imaginative, up-to-date)

(c) Competence (reliable, intelligent, successful)

(d) Sophistication (upper class, charming)

(e) Ruggedness (outdoorsy, tough)

5 Brand Personality Dimensions



J. Aaker's Brand Personality Framework (adaptation)

The traits used for each of the facets are

- Down-to-earth (down-to-earth, family-oriented, small-town)
- Honest (honest, sincere, real)
- Wholesome (wholesome, original)
- Cheerful (cheerful, sentimental, friendly)
- Daring (daring, trendy, exciting)
- Spirited (spirited, cool, young)
- Imaginative (imaginative, unique) -Up-to-date (up-to-date, independent, contemporary)
- Reliable (reliable, hardworking, secure) - Intelligent (intelligent, technical, corporate)
- Successful (successful, leader, confident)
- Upper class (upper class, glamorous, good looking)
- Charming (charming, feminine, smooth)
- Outdoorsy (outdoorsy, masculine, Western)
- Tough (tough, rugged)

Sophistication and Ruggedness tap dimensions that individual's desire but do not necessarily have. Whereas Sincerity, Excitement, and Competence represent an innate part of human personality. According to Jennifer Aaker (1997), the pattern suggests these brand personality dimensions might operate in different ways or influence consumer preference for different reasons. (ii) Free Association: The simplest and often the most powerful way to profile brand associations is free association tasks, in which subjects are asked what comes to mind when they think of the brand, without any more specific probe of cue than perhaps the associated product category. ("What does the TITAN name mean to you?" or "Tell me what comes to mind when you think of TITAN watches?"). Marketers use free association tasks mainly to identify the range of possible brand associations in consumers' minds, but free association may also provide some rough indication of the relative strength, favourability, and uniqueness of brand associations. The two main issues to consider in conducting free association tasks are what types of probes to give to subjects, and how to code and interpret the resulting data.

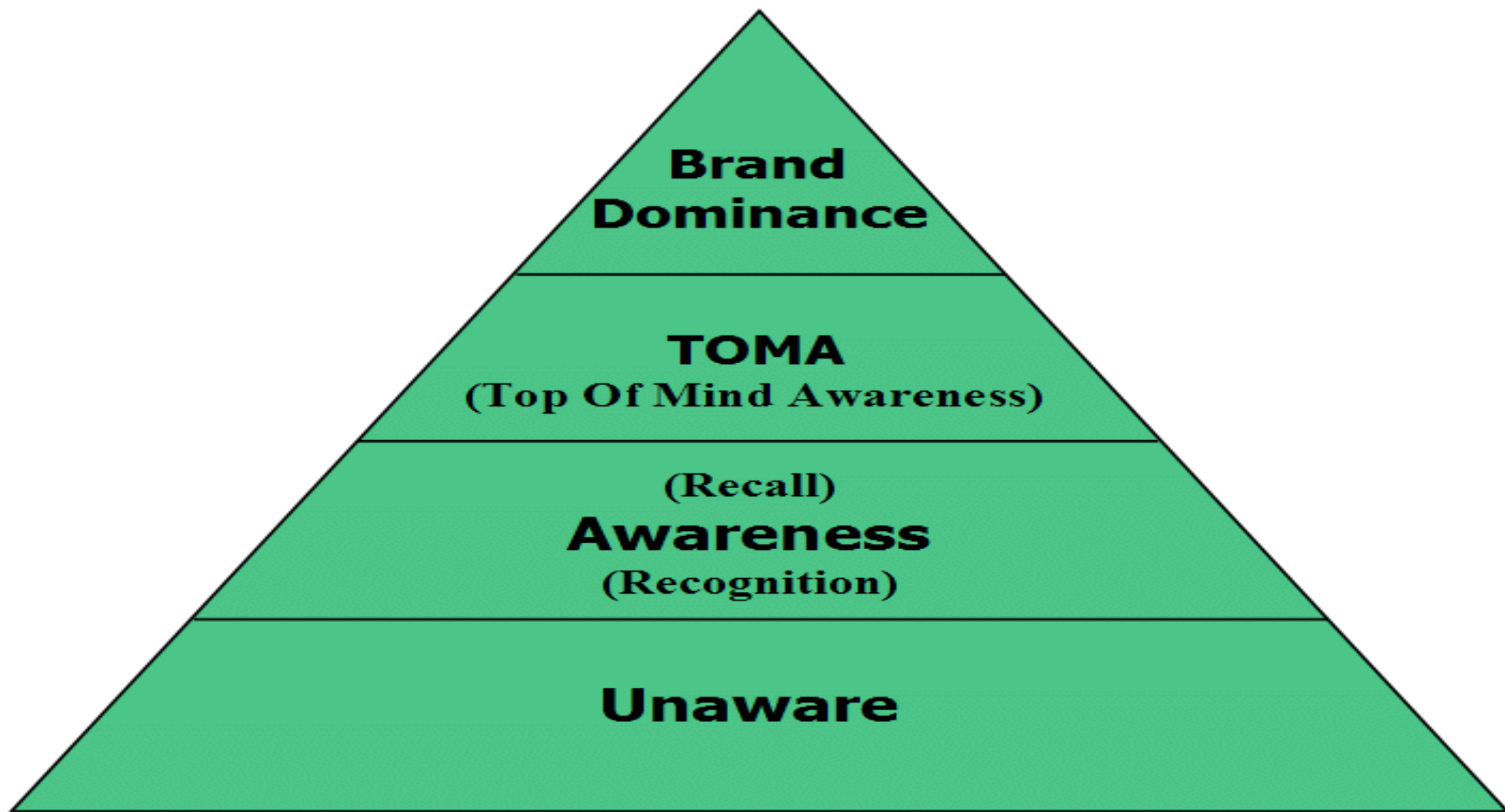
II. Quantitative Research Techniques: Quantitative research typically employs various types of scale questions from which researchers can draw numerical representations and summaries. Quantitative measures of brand knowledge can help to more definitively assess the depth and breadth of brand awareness; the strength, favourability, and uniqueness of brand associations; the positivity of brand judgments and feelings; and the extent and nature of brand relationships. Quantitative measures are often the primary ingredient in tracking studies that monitor brand knowledge structures of consumers over time.

(a) Brand Awareness- People will often buy a familiar brand because they are comfortable with the familiar or there may be an assumption that the brand that is familiar is probably reliable, in business to stay, and of reasonable quality. A recognised brand will often be selected over an unknown brand. Brand awareness is the ability of a buyer to recognise or recall that a brand is a member of a certain product category refers to the strength of a brand's presence in the consumer's mind. A link between product class and brand is involved.

For example, the use of a large balloon with the word Levi's on it may make the Levi name more salient, but it will not necessarily help improve name awareness. However, if the balloon is shaped to resemble a pair of Levi's 301 jeans, the link to the product is provided, and the balloon's effectiveness at creating awareness is enhanced. Brand Awareness may exist in three levels

- Brand Recognition
- Brand Recall
- Top of the mind

(a)(i) Brand Recognition: Brand recognition is at the bottom level of the awareness pyramid. When a person is able to confirm the past experience, the brand is said to have been recognised. Brand recognition is particularly important under low involvement buying situations especially when the decision is taken in stores or at the time of purchasing. In Brand recognition test the ability of the consumers is to identify the brand element like- brand name, packaging, brand symbol.



(a)(ii) Brand Recall: A more rigorous test of brand awareness is brand recall. Recall related to the ability of the customer or prospect to retrieve the brand from memory. In case of recognition the respondent is exposed to brand elements (Symbol, Name, LOGO) whether disguised or undisguised. This makes recognition easier. Brand Recall may be tested into two forms:

- Aided Recall
- Unaided Recall



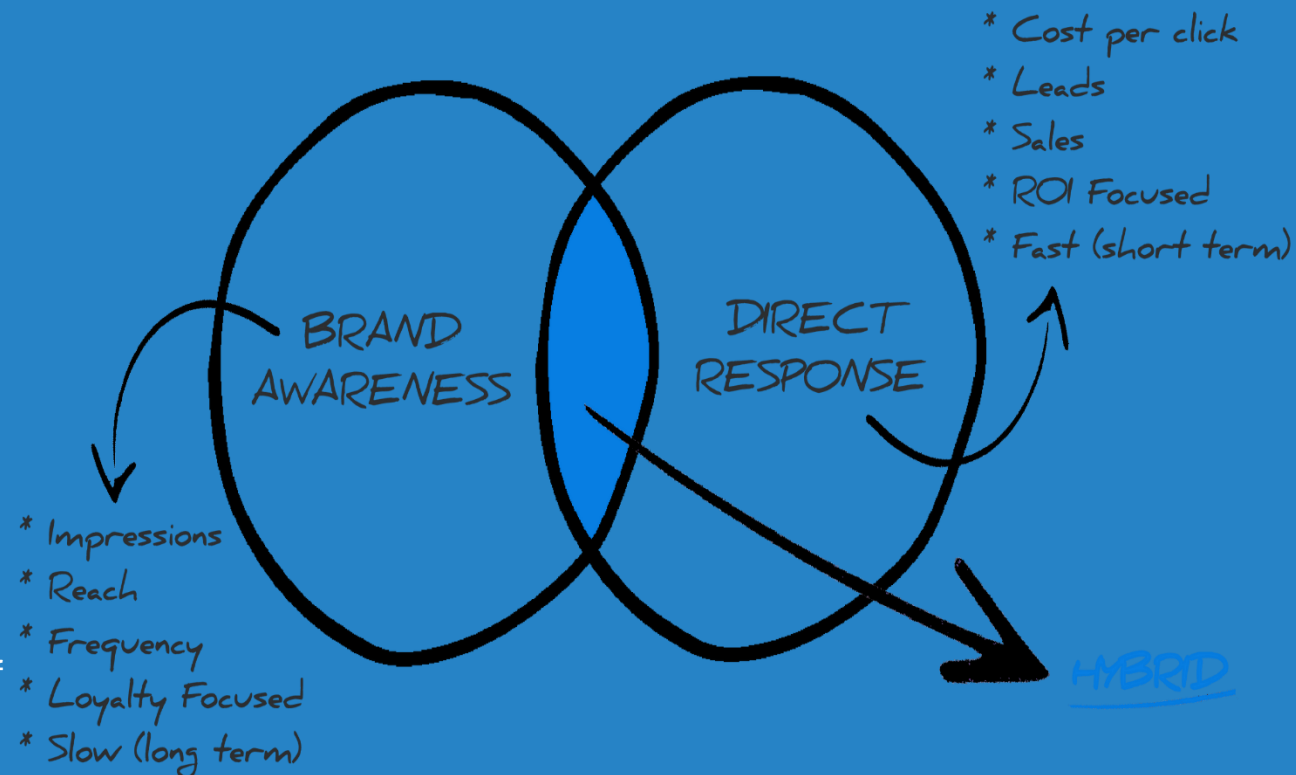
Aided recall could be gauged by asking the respondent to mention the brands in a particular product category (e.g. Name a few brands in detergent). The respondent may name some like Surf, Ariel, Tide, Nirma. These brands indicate a strong position in the mind. The first recalled brand indicated the strongest position of the brand those recalled. It is Top of the mind awareness. Some brands may lie in the memory, yet may not be recalled. This suggests a weak position. Investigation often use aided recalls tests to get a complete picture. For instance the product attribute (Recall all brands of detergent with blue colour). A brand which could be recalled on a variety of hints implies greater brand strength. For example, the brand Surf is recalled in most of the said situations as given below.

Unaided recall: What all brands names come to your mind when you think of detergents? Surf, Ariel, Nirma. Mention the detergent brand which in blue colour (Product attributes) Surf, Rin, Henko, Fena. Mention the brands which are the soak and rinse type. (Usage form) Surf Excel, Ariel. Mention the detergent brands which are usually bought in larger quantity (Quantity of Purchase) Surf, Nirma, Fena, Wheel. Mention the brands which are given to servants/maids for washing purposes (usage situation) Nirma, Fena, Wheel. Mention the brands which are used for special garments such as silk, woollen, special cotton (application) EZEE, Genteel, Surf Excel liquid wash.

(a) (iii) Brand Image: Brand image is the current view of the customers about a brand. It can be defined as a unique bundle of associations within the minds of target customers. It signifies what the brand presently stands for. It is a set of beliefs held about a specific brand. In short, it is nothing but the consumers' perception about the product. It is the manner in which a specific brand is positioned in the market. Brand image conveys emotional value and not just a mental image.

The main elements of positive brand image are unique logo reflecting organization's image, slogan describing organisation's business in brief and brand identifier supporting the key values For Example LIC - zindagi ke sath bhi zindagi ke badh bhi etc. Brand image is the overall impression in consumers' mind that is formed from all sources. Consumers develop various associations with the brand. Based on these associations, they form brand image. An image is formed about the brand on the basis of subjective perceptions of association's bundle that the consumers have about the brand. Volvo is associated with safety. Toyota is associated with reliability.

(a)(iv) Brand response: Brand Response can be defined simply as a strategic and executional campaign approach where brand building drives response and this response in turn builds the brand in a virtuous circle of effectiveness. But with brand response, it does not have to be either or the purpose of measuring more general, higher-level considerations is to find out how consumers combine all the more specific, lower-level considerations about the brand in their minds to form different types of brand responses and evaluations. Another set of measures closely related to brand attitudes and consideration looks at purchase intentions and focus on the likelihood of buying the brand or of switching to another brand.



BRAND ASSET VALUATOR (BAV) MODEL

Young & Rubicam (Y&R) a major global advertising agency, who measured brand equity for 450 global brands and more than 8,000 local brands in twenty-four countries. Each brand was examined using a thirty-two-item questionnaire that included, in addition to a set of brand personality scales, four sets of measures.

(a) Differentiation: Measures how distinctive the brand is in the marketplace.

(b) Relevance: Measures whether a brand has personal relevance for the respondent. Is it meaningful to him or her? Is it personally appropriate?

(c) Esteem: Measures whether a brand is held in high regard and considered the best in its class. Closely related to perceived quality and the extent to which the brand is growing in popularity.

(d) Knowledge: A measure of understanding as to what a brand stands for.

Let us understand the above points in brief

(a) Differentiation comes first in the Y&R model. Brand that stands apart from their competitors, and that provides one basis for brand strength. If there is no point of difference, a brand's value will be low. A loss in differentiation is usually the first sign that a strong brand is fading differentiation leads.

(b) Relevance comes next. Unless a brand is relevant to a significant segment, it will not attract a large customer base. Ferrari and Jaguar are very high in differentiation but extremely low in relevance; few individuals seriously consider buying one because these cars are impractical for daily use or are too expensive. There is a strong association between relevance and household penetration (the percentage of households that buy the brand).

Brand Strength = Differentiation × Relevance

Brand strength represents differentiation multiplied by relevance. The logic is that a brand must have both characteristics in order to be strong.

(c) Esteem and knowledge complete the hierarchy and combine to form the brand stature construct. Esteem combines perceived quality with perception of a growth or decline in popularity. Esteem is largely based on perceived quality. But there are brands for which a decline or growth in popularity affects esteem.

(d) Knowledge indicates that the customer not only is aware of the brand but also understands what the brand stands for. The true understanding of the brand is the culmination of the brand building effort. Some brands rank higher in esteem than in knowledge.

Brand Stature = Esteem x Knowledge

Conversely a brand may have high knowledge but low esteem. This means that more people know what the brand stands for, but relatively few hold it in high regard.

Star news, news channel and MTV are rated higher in knowledge than in esteem and the same is true with alcohol and cigarette brands. Brands with this profile are usually losing penetration, or they are serving a market that has a polarised opinion about the brand.

Brand Strength

- Brand must possess both differentiation and relevance to be strong e.g. Disney, Britannia, Hallmark

Brand Stature

This strategic indicator is a combination of esteem and knowledge and reflects current Brand performance (Vodafone, Pepsi)

Esteem increases before knowledge for Chocolates, Soft drinks and other impulse purchase products.

The Power Grid: Sets the strength process by identifying the strength or weakness of a brand. On the vertical axis we plot the brand strength its relevance and differentiation, while on the horizontal axis the brand stature-esteem and knowledge.

Quadrant I: Weak brand that could not leverage their strengths.

Quadrant II: Here the brand managers have not been able to realise their true potential of the brand; the strategy should be to build the stature of the brand.

Quadrant III: The challenge for the brand here would be to continue to be a leader.

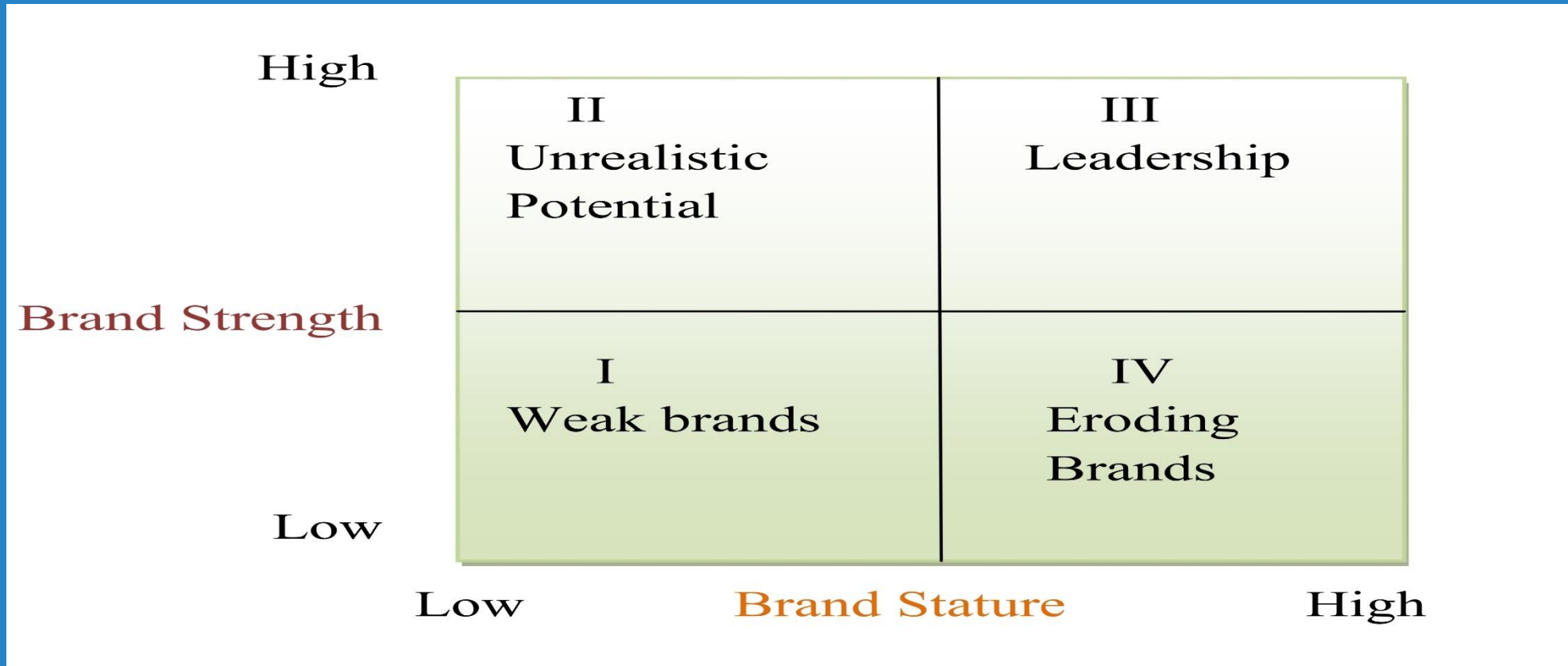
Quadrant IV: The last quadrant spells "Danger for the brand as an indicator of eroding potential. These brands have failed to maintain relevant differentiation (their core strength), If unattended, their stature will also begin to fall. Unless taken to stimulate the differentiation and relevance, this brand will lose esteem and could eventually fade out. The value of a brand depreciates if there is no continuous value addition. This is critical for the brand to be a source of competitive advantage. The task of a marketer is to go beyond measuring and leveraging the value of the brand and add perceptible value continuously.

Advantages of Brand Asset Valuator (BAV)

1. Brand Asset Valuator is an important tool to review a brand's current achievements and stature.
2. A powerful tool as it offers an opportunity to measure the future potential of a brand.
3. With a proven model of brand-building and a combination of exhaustive data, Brand Asset Valuator foresee future operating earnings and operating margins which can enhance the marketing-decision process in a variety of substantive ways.
4. It provides a brand landscape in which marketers can see where their brands stand relative to other prominent brands in many different markets.
5. It not only help managers understand marketplace opportunities consumer behavior but also types of risk that go with them.
6. It is predictive, and exhaustive in every way, size and scope. Most importantly, it evaluates a brand in the entire world of brands, noting its "category".
7. It also helps to determine a brand's elasticity and helps to explore beneficiary brand alliances.
8. Lastly, Brand Asset Valuator is not only just useful for creating brands It is useful for managing brands in the long term-through ups and downs.

Disadvantages

1. The major disadvantage associated with Young & Rubicam's Brand asset Valuator is that it is proprietary in nature and can be used only by Young and Rubicam.
2. Another disadvantage associated with BAV is that the measures underlying the four factors may not be relevant across a wide range of product categories and thus these factors tend to be abstract in nature and might not be related directly to product attributes or benefits and more specific marketing concerns.
3. However, the BAV model represents a landmark study in terms of its ability to enhance marketers' understanding of what drives top brands and where their brands fit in a vast brand scape.



Differentiation

The brand's point of difference

Relevance

How appropriate the brand is to you

Esteem

How well regarded the brand is

Knowledge

An intimate understanding of the brand

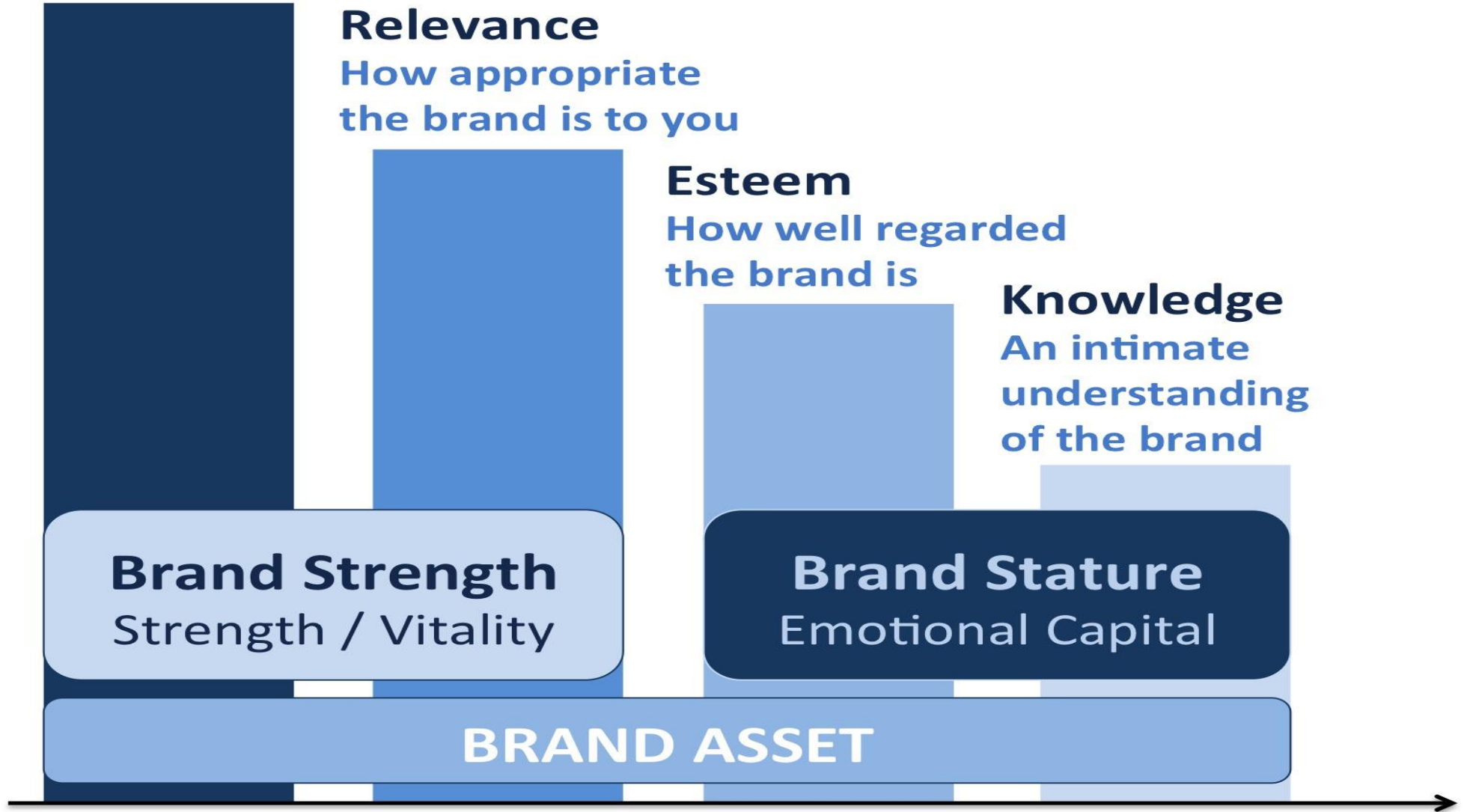
Brand Strength

Strength / Vitality

Brand Stature

Emotional Capital

BRAND ASSET



MEASURING OUTCOMES OF BRAND EQUITY

There are two types of method employed to measure brand equity at source. These two methods are qualitative research methods and quantitative research methods. Both above mention methods are only able to capture and measure one dimension of brand equity at a time. But brand equity is multi-dimensional and, therefore, it is important to measure each as it will help in taking tactical as well as strategically important decision.

1. Comparative Methods: Comparative methods are research studies or experiments that examine consumer attitudes and behaviour toward a brand to directly estimate specific benefits arising from having a high level of awareness and strong, favourable, and unique brand associations.

There are three types of comparative methods:

(a) Brand-based comparative approaches: Brand based comparative approaches use experiments in which one group of consumers responds to an element of the marketing programme or some marketing activity when it is attributed to the target brand, and another group responds to that same element or activity when it is attributed to a competitive or fictitiously named brand.

The classic example of the brand-based comparative approach is "blind testing" research studies where consumers examine or use a product with or without brand identification. These studies often reveal how dramatically consumer perceptions differ depending on the presence or absence of brand identification. Brand-based comparative approaches are also especially useful to determine brand equity benefits related to price margins and premiums.

(b) Marketing-based comparative approaches: Marketing based comparative approaches use experiments in which consumers respond to changes in elements of the marketing programme or marketing activity for the target brand or competitive brands. Marketing based method would also be effective in understanding consumer response to similar marketing programme across various geographical locations.

The main advantage of marketing based method is that it can be applicable to any marketing programme. However, drawback of this method is that it is difficult to separate whether consumer preference is towards the brand or product category in general, meaning the price premium discovered may applicable to other brand in similar product category also.

(c) **Conjoint Analysis:** Conjoint analysis is a survey-based multivariate technique that enables marketers to profile the consumer decision process with respect to products and brands. Specifically, by asking consumers to express preferences or choose among a number of carefully designed product profiles, researchers can determine the trade-offs consumers are making between various brand attributes, and thus the importance they are attaching to them.

II. Holistic Methods: Holistic methods place an overall value on the brand in either abstract utility terms or concrete financial terms. Thus, holistic methods attempt to "net out" various considerations to determine the unique contribution of the brand. It is broadly classified into the following:

(a) **The residual approach:** Examines the value of the brand by subtracting consumers' preferences for the brand-based on physical product attributes alone- from their overall brand preferences.

(b) **The valuation approach:** It places a financial value on brand equity for accounting purposes, mergers and acquisitions, or other such reasons.

Recognising that fact, many firms are interested in exactly what that brand value is.

The ability to put a specific price tag on a brand's value may be useful for a number reasons:

Mergers and acquisitions: Both to evaluate possible purchases as well facilitate disposal

Brand licensing: Internally for tax reasons and to third parties

Fund raising: As collateral on loans or for sale or leaseback arrangements

Brand portfolio decisions: To allocate resources, develop brand strategy, or prepare financial reports.

Accounting Background. The assets of a firm can be either tangible or intangible. Tangible assets include property, plant, and equipment; current assets (inventories, marketable securities, and cash); and investments in stocks and bonds. Intangible assets, on the other hand, are any factors of production or specialised resources that permit the company to earn cash flows in excess of the return on tangible assets. In other words, intangible assets augment the earning power of a firm's physical asset.

(c) Historical Perspective: Brand valuation's more recent past started with Rupert Murdoch's News Corporation, which included a valuation of some of its magazines on its balance sheets in 1984, as permitted by Australian accounting standards. British firms used brand values primarily to boost their balance sheets. By recording their brand assets, the firms maintained, they were attempting to bring their shareholder funds nearer to the market capitalisation of the firm.

Accounting firms in favor of valuing brands argue that it is a way to strengthen the presentation of a company's accounts, to record hidden assets so they are disclosed to company's shareholders, to enhance a company's shareholders' funds to improve its earnings ratios, to provide a realistic basis for management and investors to measure a company's performance, and to reveal detailed information on brand strengths so that management can formulate appropriate brand strategies. In practical terms, however, recording brand value as an intangible asset from the firm's perspective is a means to increase the asset value of the firm. Actual practices have varied from country to country.

(d) Interbrand's Brand Valuation methodology: Interbrand is probably the premier brand valuation firm. Interbrand approached the problem by assuming that the value of a brand, like the value of any other economic asset, was the present worth of the benefits of future ownership. In other words, according to Interbrand, brand valuation is based on an assessment of what the value is today of the earnings or cash flow the brand can be expected to generate in the future. Because Interbrand's approach looks at the ongoing investment and management of the brand as an economic asset, it takes into account all the different ways in which a brand benefits. One advantage of the Interbrand valuation approach is that it is very general and can be applied to practically any type of brand or product.

Three key components contribute to the brand value assessment:

(1) The financial performance of the branded products or services

(2) The role of brand in the purchase decision process, and

(3) The strength of the brand.

1. **Brand Financial Performance:** Financial performance for the brand reflects an organisation's raw financial return to the investors and is analysed as economic profit, a concept similar to economic value added (EVA). To determine economic profit, subtract taxes from net operating profit to arrive at net operating profit after tax. The terminal value represents the brand's expected performance beyond the forecast period. The economic profit that is calculated is then multiplied by the role of brand to determine the branded earnings that contribute to the valuation total.

2. **Role of Brand:** It measures the portion of the customer decision to purchase that is attributable to brand excluding of other purchase drivers such as price or product features. It reflects the portion of demand for a branded product or service that exceeds what the demand would be for the same product or service if it were unbranded. The role of brand can be determined in various ways including primary research, a review of historical roles of brand for companies in that industry, and expert panel assessment.

3. **Brand strength:** Brand strength measures the ability of the brand to secure the delivery of expected future earnings. Brand strength is reported on a scale of 0- 100 based on an evaluation across 10 dimensions of brand activation. Performance in these dimensions is generally judged relative to other brands in the industry. The brand strength inversely determines the discount rate.

THANK YOU