

Brand Metrics: A Tool to Measure Performance

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Abstract

An increasing interest in the continuous evaluation of brand performance has been observed in both managers and academics over recent past using metrics approach. This paper discusses the essential components of a brand metrics strategy and application of brand scorecard as an integrated approach to measure the overall performance of brands. The discussion delineates the process as how different constituents of metrics can be linked to business performance. It has also been argued in the paper that brand management is not just a marketing issue; it also directly affects corporate profitability. Effective brand portfolio management starts by creating a fact base about the equity in each brand and the brand's economic contribution.

Consumers often anthropomorphize brands by endowing them with personality traits, and marketers often create or reinforce these perceptions by their brand positioning. Brand personality traits provide symbolic meaning or emotional value that can contribute to consumers' brand preferences and can be more enduring than functional attributes. Successfully positioning a brand's personality within a product category requires measurement models that are able to disentangle a brand's unique personality traits from those traits that are common to all brands in the product category. Consumers perceive the brand on dimensions that typically capture a person's personality, and extend that to the domain of brands. The dimensions of brand personality are defined by extending the dimensions of human personality to the domain of brands. Brand management efficiency delivers advantage of new loyalty marketing vehicles. It has been observed that, brand managers are supplementing their mass-media advertising with more direct communications, through direct and interactive methods to build and maintain consumer loyalty. Simultaneously, however, brand managers have to face more threats to their brands, especially parity responses from competitors. Brand loyalty can yield significant marketing advantages including reduced marketing costs, greater trade leverage, resistance among loyal consumers to competitors' propositions, and higher profits. Preference for convenience, novelty, chance encounters and repertoire buying behavior are but some reasons for this. Brands therefore need to be periodically measured in terms of the impact generated on consumers, stimulating market demand, sustaining seasonality effects and exploring opportunities for proliferation.

Conceptualizing Brand Metrics

Brand performance measurement tools are often specific to the firms integrated into the brand measurement system though new models are introduced on continuous basis prioritizing the factor of brand influence. The major advantage of a brand measurement system is that it links brand management and business performance of the firm which has emerged as a strategic management tool for continuous improvement rather than a static snapshot in time of the brand's performance. An effective brand measurement system helps businesses to understand how the brand is performing with the framework of customer values and against competing brands. Many firms engage variety of integrated marketing activities to monitor brand performance indicators by 5As explained as brand awareness, acquaintance, association, allegiance and appraisal spread over perceptual, performance and financial factors. Brand acquaintance may be described as familiarity of consumers with the brands of a firm and buying behavior of consumers towards the acquainted brands refers to brand association. Other brand performance indicators allegiance and appraisal may be described as loyalty and performance of brand against investments made by the firm. Of various methods, 'Brand Metrics' is considered to be an effective tool for measuring the qualitative parameters of brand performance in a given market and time, which allows the firm to measure the effectiveness of brand-building activity in reference to brand investment (financial inputs) and brand impact (growth outputs) in the business. Constituents of brand metrics are exhibited in Figure 1.

//Figure 1 about here//

Brand metrics built within the framework of major determining factors is exhibited in Figure 1. Perception metrics focuses on the range of functional, emotional and latent connections that combine to form an opinion of a brand, which include awareness, familiarity, relevance, consideration and preference; combined. These attributes of perceptual metrics helps to gauge the effectiveness of various brand-building activities across all the points of interaction with a customer. Performance metrics helps to assess how the various brand-building activities have combined to drive overall business results, and range from price premium to loyalty to lifetime value of a customer. Financial metrics represents the economic impact on the business, whether revenue growth or return on investment. Analysis of brand metrics will provide business growth and brand equity measures in reference to growth in stock values, and also sales, profits, price premiums and employee satisfaction.

The brand equity may be measured considering brand profiling and conversion factors in a given market. Brand profiling is a process wherein the brand of a firm and its competitors are profiled against a set of indicators and attributes. These indicators are usually fixed within the metrics, but attributes may be specific to a brand or its category. The conversion model assesses the degree of strength or vulnerability of a brand within the customer base of a firm towards competing brands in the market. Largely, credit card companies use this method to identify the segment of competitive customers that need to be targeted, to open up alternative offers, and regain loyalty of the customers.

Working with Brand Metrics

This is a simple and effective tool of measuring brand performance in the market woven around the principle of pooling quantitative variables in various combinations in the metrics. It is important for a firm to understand relationships between brand perception, brand performance and financial impact, to work within the brand metrics process. The relationship can be learned through key drivers of demand, analyzing customer interaction with the brand and evaluating the influence of the brand in choosing one product or service over competitive offerings. Brand metrics results in a quantitative assessment of customer perception linked to purchasing behavior. The brand metrics should be aimed at mapping yield-loss score in reference to brands gained versus brands lost considering important market drivers such as demand, consumer preferences, retail sales, brand promotion, price sensitivity, product attributes, trial effects and repeat purchase behavior of consumers. The study of performance metrics is an integrated analysis of all operational departments in a firm including finance, marketing, logistics, sales and customer relations activities to map the brand-market segment.

Brands are intangible which closely reflect true value of a firm and reveal the source of sustained competitive advantage. Brands provide added value, both to the firm and the consumer. This added value can be conceptualized in terms of brand equity. The marketing mix strategy plays an important role in establishing a brand identity. There are 11Ps comprising product, price, place, promotion, packaging, pace (dynamics), people, performance, psychodynamics, posture of the firm, and proliferation of brands that play

an important role in this process. The analysis of brand metrics helps in examining brand identity and brand image in the context of overall brands profile of the company and its consumers. Brand metrics reveals brand vision which embodies the core purpose for a brand's existence. It represents a set of values that, along with brand culture, provide direction and guidance. Brand personality traits provide symbolic meaning or emotional value that can contribute to consumers' brand preferences and can be more enduring than functional attributes. Successfully positioning a brand's personality within a product category requires measurement models that are able to disentangle a brand's unique personality traits from those traits that are common to all brands in the product category. Consumers perceive the brand on dimensions that typically capture a person's personality, and extend that to the domain of brands. The dimensions of brand personality are defined by extending the dimensions of human personality to the domain of brands.

The perceptual metrics delivers the consumer-brand personality relationship map which is significantly helpful in developing and maintaining flagship brands of a company. There is a relationship between the brand-as-person and the customer, which is analogous to the relationship between two people. The brand personality provides depth, feelings and liking to the relationship. Successful brands can call to mind strong emotions and command high levels of loyalty, which provides another reason for pursuing a brand approach. Few brands command the level of association of the Harley-Davidson riders who tattoo the company logo on their bodies, but everyone has their value preferences which stand above the brand value.

Brands are affected by the change in market demand, consumer preferences, technological advances and other external factors in the market which result in the phenomenon of 'time compression'. In a highly dynamic and time-compressed environment, brands have to make their mark very quickly. It is necessary for a company to review periodically the positioning of its brands seeking emphasis on the attributes that offers competitive advantage over other brands in the market. It seeks to convey to consumers the benefits that are being offered and derives personality on the emotional characteristics of the brand.

It is believed that the brand portfolio strategies will help in searching for the efficient frontier for the brand set - the boundary where brand managers can maximize their returns for any level of portfolio risk. However, the scope of brand portfolio does not restrict membership to the brands owned by the company. The brand portfolio on the contrary includes every brand which determines the buying decision of consumers. Brand metrics also helps in monitoring and evaluation of various touch points concerning brand and company. These touch points include advertising, price, packaging, logo, sales promotions, internet sites, point-of-purchase displays, interaction with salesperson, publicity, direct marketing campaigns, billboards and retail location. All the touch points mentioned above could be viewed within the context of brand metrics for analysis at corporate, marketing and brand management levels.

Brand Scorecard

The brand scorecard has been derived from the concept of balanced scorecard which is defined as a management system (not only a measurement system) that enables

organizations to clarify their vision and strategy and translate them into action. It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results. When fully deployed, the balanced scorecard transforms strategic planning from an academic exercise into the nerve center of an enterprise (Kalpan and Norton, 1996).

A firm may develop brand scorecard on the analysis of brand metrics. Development of a balanced, performance based scorecard would enable the firm to measure key behavioral dynamics associated with the brand and compare with other competing brands in the market. The benefit of brand scorecard is that it identifies the posture of the brand in reference to the strength of the brand in the given market. The scorecard would be helpful in improving, guiding the brand led investment, and marketing strategy. The brand scorecard, generally, is an increasingly utilized tool among businesses seeking to move strategy to the action stage. Broadly, the brand score card encompasses four areas:

- Understanding financial performance
- Operations and internal business processes related to production and supply
- Customer value measurement in terms of ranking levels of satisfaction
- Linking brand metrics to business strategy

Leveraging from the application of brand scorecard many organizations have augmented brand values to a wide range of brands of their company. This has led to the incorporation of brands into their scorecards, which first requires determining the brand strength in the scorecard. Structure of the brand scorecard varies according to the

product and brand life cycles, business maturity and the category in which the business operates, although some of the metrics incorporated will be common across business models and industries. Brand scorecard in reference to brand strength is exhibited in Table 1 with prototypical metrics applicable in consumer goods and services (business to consumers segment) in a firm.

//Table 1 about here//

Branding strategy is also developed in accordance with the life cycle of the products and services. Many large companies consider different branding strategies at different levels of the product life cycle - introduction, growth, maturity and decline. Companies develop the brand in the introductory stage with the objective of establishing the market position on the basis of quality, price, and application and consumer preference. It is necessary to invest more in promotion of the brand at this stage to build awareness and create the pull effect with the distribution channels and consumers. Effective brand building is necessary to introduce the product in the distribution network at the skimming price.

The scorecard is developed in conjunction with the client to ensure perceived values among consumers and premium values within the firm, and ideally incorporates some of the key market performance parameters. In the business-to-business space, the scorecard can often be completed with the minimum of effort since the customer information is likely to be known and customers may participate through a precisely designed survey. Brand scorecard provides scope for periodical brand audit which may be defined as a

bottoms-up audit of the individual brands that allows an assessment of each functions as part of the overall brand management of the firm. The key steps of this phase are:

- Collection of information that establishes how the brand has been used in each country where it is marketed
- Assessment of deviations from its established position in the structure and reasons, and
- Evaluation of the brand's performance.

Deviations are particularly diagnostic. They may suggest poor management of the brand globally or, more importantly, fundamental changes in the underlying market dynamics. If the underlying market dynamics or product market structure has changed, then the brand's position in the overall architecture needs to be modified accordingly. With these preliminaries conducted, the audit should culminate in a face-to-face meeting of key participants, including the brand custodian, to establish guidelines for the coming year. Strategic audit begins in the second phase as the top down audit conducted on multiple levels. First, logical groupings of strategic brands need to be assessed in terms of their compliance with established guidelines. Once this has been accomplished, senior management needs to evaluate the overall structure of international brand architecture to determine the fit at different levels across multiple countries. In addition to market dynamics and the product market structure, an important consideration is how the firm itself has evolved, particularly with respect to acquisitions or market expansion initiatives. If the end-result of the strategic audit is that the firm's brand architecture no

longer fits underlying drivers, steps should be taken to revise the firm's architecture so that it reflects the new realities of the marketplace (Rajagopal and Sanchez, 2004). Brands, in practice, exert their influence at every level of a brand focused company and the strength of the relationship with individual consumers serves as key towards competitive benefit mapping.

Brand Variability and Risk Factors

Jean-Noel Kapferer (2000) proposed the model of hierarchy of brands in 1992 with six levels of brands including product brands, line brands and umbrella brands. This model has been reviewed as a new development in the management of brands developed with an extraordinary insight. In pursuit of further improving the concept of brand architecture, the concept of brand portfolio strategies has been discussed. It is believed that the brand portfolio strategies will help in searching for the efficient frontier for the brand set, the boundary where brand managers can maximize their returns for any level of portfolio risk. Risk factors for a brand grow along the network of competing brands in the market. It has been observed that many companies introduce frequently new brands as they expand their product-line. In this process, some brands appear to be analogous (which look like existing brands) *e.g. Colgate 12 Whitening and Colgate Ultra Whitening* posing threat to overlapping products in the category. The risk factors associated with the analogous brands are brand identity, value perceptions and brand recall. Such brands also pushed by dominance of local brands which play in the market on the grounds of price or volume sensitivity. Probable cause and effect chain of analogous brands has been

discussed in Figure 2 which also suggests linking brand performance with optimizing product line.

//Figure 2 about here//

Frequent introduction on new brand also lead to instability in the brand management process as new brands are pushed piggybacked to temporary market demand and companies would commit high investment to sustain such brand against fluctuating market demand. These brands are categorized as ‘agitating brands’ which may also be recognized as boomer brands in a given time. To sustain with agitating brands it is necessary for a company to make differentiation and add value to the brand. Such distinction is necessary to make in the brand architecture approach for overcoming any conflicts in defining the role and level of the brands. The categories of brands play significant role in the process of brand architecture for a firm in the following ways:

- Creating coherence and effectiveness
- Allowing brands to stretch across the products and markets
- To stimulate the purchase decisions by brand drivers, and
- Targeting market niches and benefit positioning

Building tensile brands has become a marketing priority for many firms. The presumption is that building a tensile brand yields a number of marketing advantages. Strength of such brands drives loyalty in various ways and creates differential responses

by consumers to various marketing activities which would help in building brand equity in the long run.

Brand Equity and Customer Relationship

Strong brand equity allows the companies to retain customers better, service their needs more effectively, and increase profits. Brand equity can be increased by successfully implementing and managing an ongoing relationship marketing effort by offering value to the customer, and listening to their needs. Disregarding the edge that the brand-customer relationship offers in the market place and not utilizing the benefits and goodwill that the relationship creates, will surely lead to failure in the long run. The central brand idea may be static among the entire customer and prospect bases, but the total sum of the brand idea or perception is rooted in the customer's experiences with the brand itself, all its messages, interactions, and so on. In the market, a strong brand will be considered to have high brand equity. The brand equity will be higher if the brand loyalty, awareness, perceived quality, strong channel relationships and association of trademarks and patents are higher. High brand equity provides many competitive advantages to the company. Brand equity may be understood as the highest value paid for the brand names during buy-outs and mergers. This concept may be defined as the incremental value of a business above the value of its physical assets due to the market positioning achieved by its brand and the extension potential of the brand (Tauber, 1998).

Consumers have only one image of a brand, created by the deployment of the brand assets at their disposal: name, tradition, packaging, advertising, promotion posture, pricing, trade acceptance, sales force discipline, customer satisfaction, repurchases patterns, etc. Clearly, some brand assets are more important to product marketers than service marketers, and vice versa. Some competitive environments put more of a premium on certain assets as well. Quality and price do not exist as isolated concepts in consumers' minds and are interrelated. Research has shown that deep discounts do cause the consumer to believe that something is wrong. Frequent discounting serves to lower the value of the brand because of an almost subconscious reaction by the consumer who believes that quality also has been lowered (remember shirts with alligators on them?) or, in a "value rebound," consumers begin to perceive the everyday price as too high. The brand is then bought only on deal (Rajagopal, 2006).

Brand Experience

A brand represents an experience for consumers and, as such, becomes less associated with an individual product or service than the brand values. Under this scenario, a company's manufacturing competencies become less relevant than its ability to understand consumers and to manage a brand. Production can always be outsourced. In practice, it means that a brand can be extended across seemingly unrelated product and service categories if it maintains its core brand values. The most obvious example of this is the Virgin brand that started with retailing music and gradually moved into the associated areas like films and videos before the launch of Virgin Atlantic aviation

service. Since then, the brand has been extended into soft drinks, vodka, television and radio, financial services, rail travel, clothing and cosmetics. One of the pioneers in the development of the cross-category brand is Disney where the brand has been moved from films into theme parks, video, retail, television and, through partnerships and merchandising agreements, food and drink, toys, etc.

Singapore Airlines uses brand metrics and score card tools to periodically evaluate its brand and stay ahead in the competition. The airline company has decided on a fully branded product/service value to differentiate its brand drivers which include innovation, value of technology, and quality of customer service from its competitors. Innovation is considered as an important constituent of the brand, ergonomics combined in in-flight customer experience are key factors of their success. The company has priority to take delivery of new aircraft types and introduce sub-brands like 747-Megatop and 777-Jubilee to further distinguish its brand from competitors. Singapore Airlines brand strategy is, in principle, a relatively high-cost strategy. Each brand benefit requires significant investment, careful management and detailed implementation programs to live up to the brand promise. The airlines company has carefully built a financial and fixed cost infrastructure which allows them to continue investing to support the brand and command a price premium through consistent brand benefits.

There is development of a number of products and brands that are choosing to avoid traditional retail and promotional channels in favor of a new approach. This is due to the increasing difficulty of selling through traditional channels in the mass-market where

competition is intense and, in some markets, the retailers push certain low profile brands in the market to gain high profit. At the same time, marketers are looking for greater efficiency and accountability in their communications and so are moving towards communications channels where effectiveness can be more accurately demonstrated. Hence, the new generation of brands does not rely on channels of mass distribution or heavy weight advertising campaigns. More recently, Christian Dior promoted a perfume called Dune with a Web site which allows it to capture consumer data. There are a number of brands, for example Durex, where the Web represents the lead communication channel as a part of the global strategy of the company. Consumers' acceptance of home shopping offers the potential for many manufacturers to offer a direct service avoiding retail outlets altogether. This is witnessed by the pioneering brands First Direct and Direct Line Insurance. These two brands have provided a model for future customer relationships in the financial services sector. The Internet is a global communications and distribution medium and has the potential to have a substantial impact not just on communications but also on the distribution of many goods and services.

Brands need to be differentiated in view of different consumer segments. There will also be a trade-off between short-term competitive advantage and long-term differentiation. Service aspects will be the key to securing brand differentiation in the future. The commodity nature of the petrol retailing market, for example, clearly needs an initiative that makes one brand stand apart from the rest. This could be checking the oil, washing the car windows, or employing a customer representative to help drivers with directions, avoiding road works and other traffic problems that day. Branding is about providing a

means of differentiation. This will become increasingly vital as the market and, in particular, the competitive situation evolves. Sustained differentiation will also enable a strong defense against me-too products. Information about pricing will be more easily available, even automated through intelligent agents. A low price policy contradicts brand building. Companies that opt for a low price strategy will find that short term volume gains will be at the expense of longer term profitability. Furthermore, not only will there be fewer funds available for investment but the brand will be devalued in the longer term. For a market leader this is especially so. Negative marketing will have an adverse impact on the brand. However, this does not mean that pricing is not important. A company must continually review its pricing and evaluate the price/value equation. If a brand is charging a price premium over own label, the "value" of this must be justified. Sudden and deep changes are less advisable than continuous evaluation and adjustment. Nevertheless, pricing can be still used to differentiate. For example, there may be tiered pricing for different consumers or for different service levels. This may be a subscription TV channel where the cost of the subscription is dependent on the amount of advertising received.

Brands influence consumers' decisions to buy through combinations of consumer preferences, sometimes with tremendous persuasive appeal. The Marlboro brand personality is a good example of how a company understands and combines the physical and emotional elements that appeal to certain customers who live or would love to live a certain lifestyle. Products such as gold credit cards, watches or prestige items help people to express themselves to others by demonstrating that they are different and have

achieved something. They act as extensions of the personality, so it really is ‘all in the mind’, and the key to brand management and development is a clear understanding of what benefits the customer is looking for.

Managerial Implications

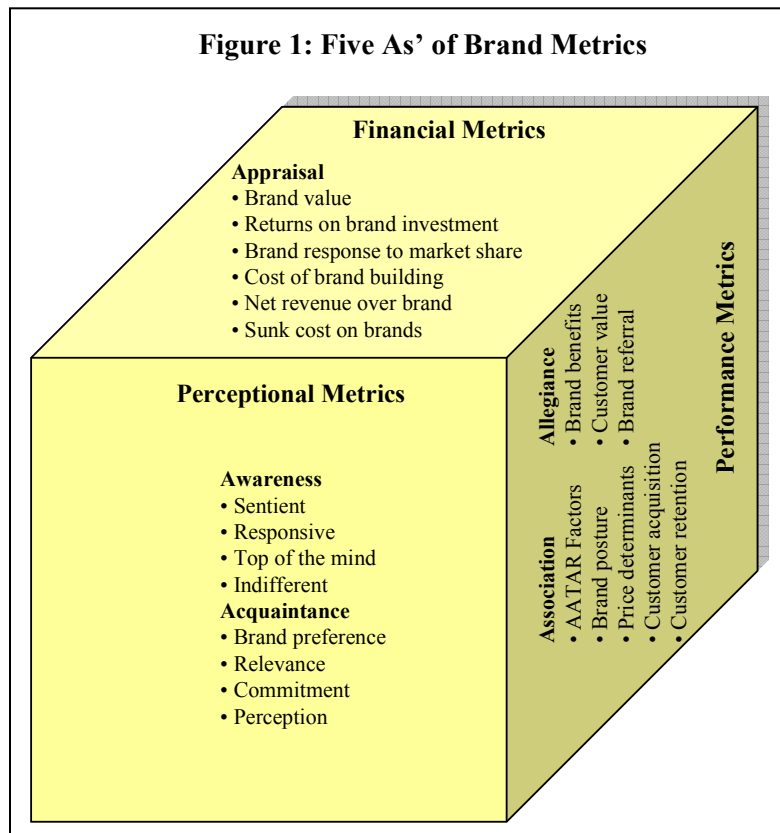
Effective brand management encompassing brand personality is of paramount importance in reaching the overall company goals towards satisfaction, loyalty, and profitability. Companies may choose to deliver advertising in a more appealing dimension for quick cognitive reflexes of customers. In mass-market, retail talent is generally viewed as a valuable source of brand building as quality of services offered by the retailers adds to the pride of the brand. Companies may position themselves for the mass market by providing outstanding customer interactions which may optimize profit and the core values of brand. Managers may conduct analysis of brand metrics for mapping yield-loss score in reference to brands gained versus brands lost considering important market drivers such as demand, consumer preferences, retail sales, brand promotion, price sensitivity, product attributes, trial effects and repeat purchase behavior of consumers.

Brand scorecard includes financial measures that reveal results of the actions already taken, as well as three sets of operational measures that show customer satisfaction, brand processes and learning market response to brand augmentation. Analyzing brand metrics and developing brand scorecard requires translating the strategy of the firm, specific goals and measures. Managers may then track those measures as they work toward their

goals. The brand metrics determines the symbiotic relationship between the brands with various organizational and market led indicators derived by the competitive dynamics.

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Table 1: Prototype Brand Scorecard for Firms in Business to Consumer Segment

Brand Category	Brand	Perceptual Metrics			Performance Metrics					Financial Metrics	
		Customer Preference*	Customer value	Loyalty	Market Share	Share Trend	Market Demand	Aggregate Demand	Demand Elasticity	Brand Revenue	Investment on Brand
Flagship Brand	1	10	7	10	9	8	10	10	5	10	9
	2	8	10	5	9	6	7	10	7	9	10
Premium Brand	1	4	9	8	6	9	10	10	4	9	7
	2	6	4	5	4	6	7	9	4	4	4
	3	1	3	1	2	3	3	9	10	3	10
Regular Brand	1	10	10	5	7	6	10	8	3	10	7
	2	9	7	4	5	7	7	9	5	7	5
	3	5	6	5	5	6	5	8	10	5	3
	4	2	3	3	3	3	3	7	5	3	5
	5	6	9	6	5	6	5	9	3	6	9
New Brand	1	3	3	3	4	5	8	9	9	7	9
	2	5	8	2	4	4	6	10	7	6	10

* The customer preferences in the scorecard may also include anthropomorphic variables describing personality traits of the customers. These variables significantly contribute to the perceptual metrics.

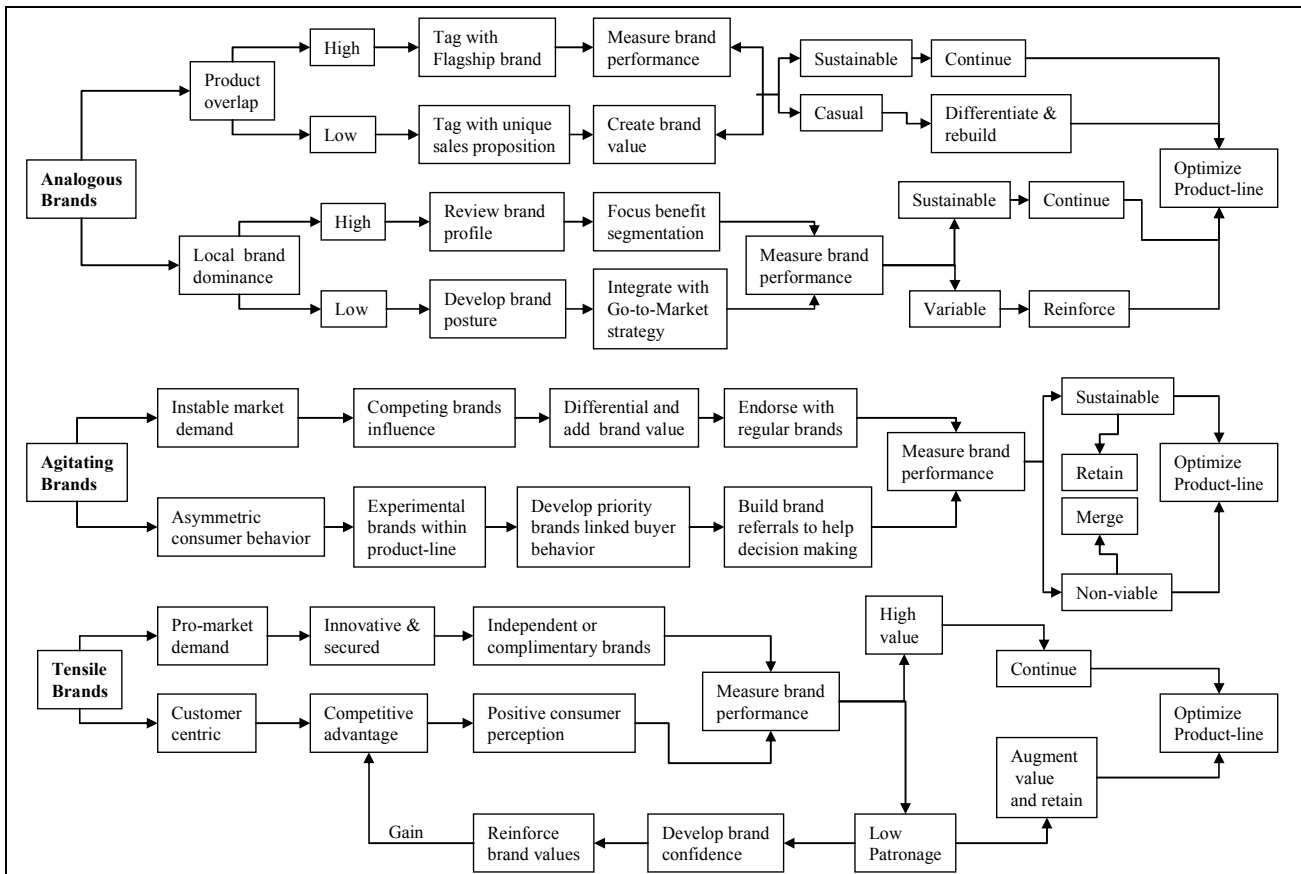


Figure 2: Dynamics of Brand Variability and Risk Management

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