Branding From the Inside Out:
How to Approach Brand Strategy, Brand Measurement and the Management of Brands as Assets

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Introduction

Every organization has a brand, whether they have consciously developed it or not. A brand is simply an expectation or a promise of an experience. Whether that expectation is trusting, authoritative, innovative, or fun, brands are short-hand for describing the way a business, organization, product, service, celebrity or other entity relates to its stakeholders (e.g., customers, donors, employees, investors, volunteers, suppliers, etc.). A strong brand impacts everything from the ability to recruit top talent and to opportunity to grow the bottom line. Little wonder that more and more attention is being paid to measuring and managing brands as assets.

The way to build a strong brand is to put customers and their needs at the center of every decision the organization makes. Over time, "customer-centric" actions create differentiation in the marketplace and build emotional connections with customers. This differentiated bond, called "brand equity", is a real and valuable asset with tangible returns in terms of customer loyalty, profitability, and insulation from negative publicity or competitive action.

The process of managing brands as assets begins with understanding the brand from a perspective of customers, prospective customers and other stakeholders such as employees or marketing intermediaries (distribution sales force, etc.). What image, reputation and perceptions does each stakeholder audience maintain that can be either capitalized on -- or corrected -- to enhance the value of the brand?

- How familiar are customers and prospects with the organization and competitors?
- How favorable or unfavorable are their perceptions?
- How deeply are these views held? What emotional response do these perceptions evoke?
- What barriers or opportunities exist for strengthening the brand?

Managing brands as assets also requires a considerable effort to measure and quantify the impact of the brand on customers, their decisions, and the company's financial performance.

The brand discovery process is called a “Brand Audit”; the framework that guides the strategy process is called the “Brand Equity Pyramid”; and the measurement process is known as “Return on brand investment” or “ROBI”. Together they form the fundamental building blocks of a “Brand Strategy” and our approach to building brand strategies for our clients. This paper will briefly describe each of these elements, and the process we use to create brand strategies for our clients.

Brand Audit

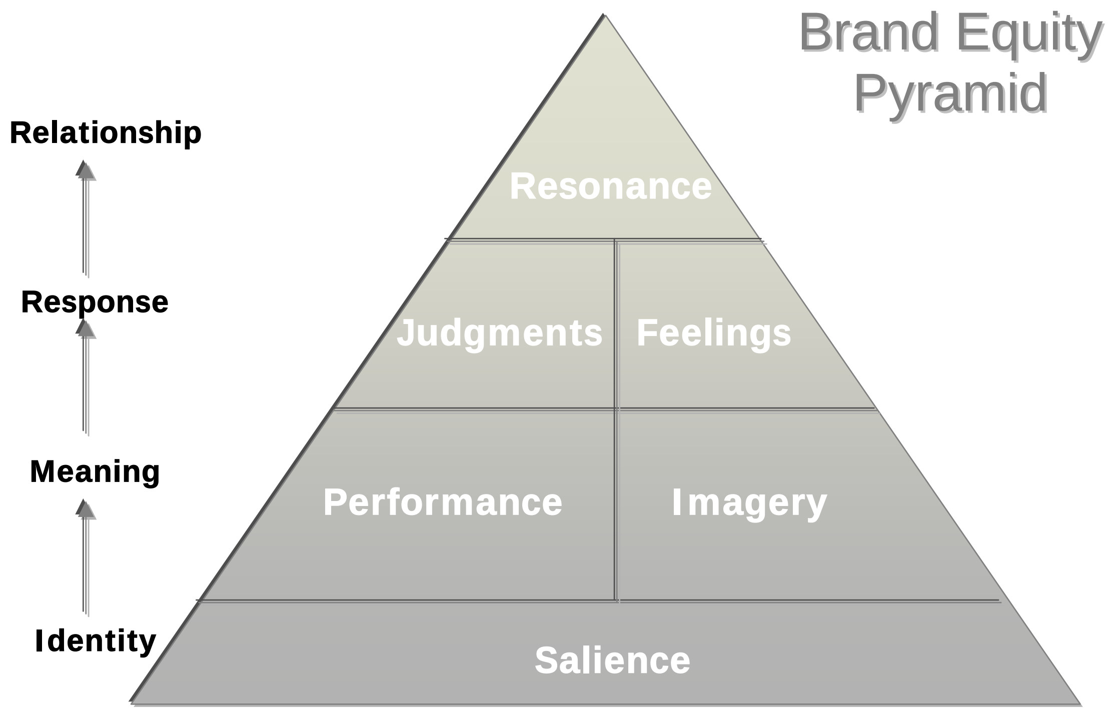
Unlike a financial audit which is primarily internal, a brand audit is primarily a customer-focused exercise. It is designed to assess the “health” of the brand, uncover sources of equity for the brand (or potential sources for a new brand) and suggest ways to improve and leverage equity. A brand audit involves examining current information and often involves primary research. It serves as a foundation for determining a brand strategy, which is simply a plan for improving stakeholder relationships.

- *Existing Research Review:* Review of primary and secondary research on the industry and consumer.
- *Competitive Review:* Who are the key competitors? What is the market position of this firm?
- *Management and Employee Interviews*: On-site interviews with key managers or sales force.
- *Influencer Research*: Perceptions of the media, analysts and other constituencies.
- *Primary Customer Research:* Qualitative and/or quantitative research with designated market segments to uncover customer perceptions, build the brand pyramid and identify any obstacles for strengthening the brand’s relationship with stakeholders
- *Sales and Customer Analysis*: Analysis of past revenue and sales information. What factors drive revenue? Which sources are growing and where are the sources of decline? Analysis of customer demographic and usage information.
- *SWOT Analysis based on marketing profile of primary Products and Services:* Brand elements and marketing strategies (4P’s) associated with each product or service. These should be reviewed, catalogued and evaluated for consistency and impact:
  - Product strengths and weaknesses
  - Pricing strategy and competitive position
  - Distribution strategy
  - Promotion strategy and spending relative to competitors

- Brand Elements such as names, logos, symbols, URL's or trademarks, Characters, "packages", slogans, or other design elements (colors, sounds, etc.)
- Brand personality, characteristics and attributes

The Brand Equity Pyramid

The standard tool for understanding a brand's associations and customers' response to it is the brand equity pyramid (see below). The strongest brands exhibit both "duality" (emotional and functional associations) and richness (a variety of brand associations or "equity" at every level, from salience to resonance). The more brand elements, generally the stronger the brand. Understanding a brand's equity elements and those of its competitors is the first step toward in developing effective brand building and measurement programs.



Source: Kevin Lane Keller, Strategic Brand Management, Irwin McGraw-Hill, 2003

Brand Strategy

Brand strategy is a plan for how the company will create value for the customers by building upon its brand strengths and addressing its weaknesses. Brand strategies manifest themselves in product innovations, graphic design, store layout, customer service policies, and many other components of the "brand experience". The strategy provides a foundation for development of brand building programs and typically includes brand objectives, consistent brand name and identity systems, target audiences, positioning(s), key communications messages and prioritization of brand touch points.

By aligning customer facing activity around a strategic idea or plan, a company can prioritize its efforts and make more effective decisions across all of its business functions, including but not limited to marketing. Every interaction with stakeholders constitutes a brand "touch point" and represents an opportunity to enhance brand equity. Once a brand strategy is in place, programs that contribute to building relationships can be developed, prioritized and implemented across every aspect of the brand experience.

- *Brand Vision:* This work will include defining a brand vision that relates the company's mission to its desired perceptions. The vision provides a basis for completing the brand equity pyramid (see above) and articulation of a specific, relevant and memorable brand positioning.

- *Brand Target(s) and Positioning.* Positioning is the aspect of the vision to be communicated to each target audience in order to create the desired perception. A differentiating and compelling positioning is fundamental to any effective communications effort. This work will follow directly from the stakeholder research and be designed to address the strengths, weaknesses and opportunities which are discovered through the audit.

- *Brand Elements and Identity System*: **(NOTE: BEYOND The scope of THIS assignment)** Careful selection of brand elements is fundamental to effective brand building programs. They include (but are not limited to) brandmarks and logos, color and design systems, sounds, characters, URL's, slogans, and web designs. Once a brand vision and positioning are articulated, a creative team can evaluate which elements identified in the brand inventory are appropriate to the new strategy, which need to replaced and what new elements can be employed to further bring the brand to life. The final recommendation would include (although not be limited to)

    - Overall look and feel (color palette, design concept, etc.)
    - Brand mark and brand architecture (naming scheme)
    - Web Home and secondary page concepts
    - Collateral material/brochure concept
    - Concepts for signage
    - Presentation of new identity for use with internal and external audiences
    - Complete "style" guide to use in guiding application of the brand identity system and its elements

<u>Brand Communications Plan</u>

The company has literally thousands of interactions each day with customers, end users and other stakeholders. Each interaction is an opportunity to communicate the brand's key messages. As a first step toward building a comprehensive communications strategy, we will identify and prioritize opportunities these "touch points" in terms of their ability to improve brand relationships and brand equity. Then we will recommend which messages are critical to convey at each touch point and the most important initiatives to accomplishing this communications. Integrated Marketing Communications (IMC) is the way that companies coordinate the *communications* aspects of a brand strategy for greater efficiency. IMC is also a *strategy*, an idea around which decisions can be prioritized and aligned. A plan for an IMC program outlines the specific methods by which this idea or strategy will be implemented.

- *Identification of key touch points and message:*:
  - Pre-purchase
  - During purchase
  - Post-purchase

Measuring ROBI (Return on Brand Investment)

Marketing is the single largest expense for most companies. Developing a practical, useful approach to quantifying the impact of marketing on financial performance and brand equity is essential to more efficient and effective marketing, just as adding more marketing cost without showing how it translates into bottom line improvements is unrealistic. There are many factors that influence sales revenue and profitability, many of which have little to do with marketing. Even when it is clear that marketing is that variable that has made the difference, that knowledge alone is nearly useless without an understanding of what worked and what to do differently. Measuring and managing ROBI is a three step process:

1. Identify relevant measures/data and sort them into three tiers – activities, impacts and value.
2. Use analytics such as modeling and in-market experimentation to understand the causal relationships among the measures and their overall relationship to financial performance/profitability.
3. Incorporate measures into ongoing management decision-making through use of balanced scorecard or other "metrics dashboard" techniques.

This is not a process that occurs overnight; it requires a commitment to measurement and data-based decision-making. However, without such a program in place, marketers will continue to struggle to know what aspects of their programs are contributing the most to company performance and to justify the expenses associated with marketing relative to other areas of the company.

Summary

A brand is not a by-product, an ad campaign, a logo, a spokesperson or a slogan. It is a differentiating identity and the most important reason for employees, investors and customers to want to do business with you. In a real sense, it is a firm's most important asset, the trust that will the business and make it increasingly profitable over time.

Increasing the appeal and value of a brand is the manager's most important job. It requires a plan or strategy and a commitment to managing, and measuring, brand equity. While it can be a "messy" process relative to other corporate efforts such as 'improving quality', managing cash flow or optimizing supply chains, it can provide similar or greater pay-offs in terms of spending efficiency, sales and profitability.

Getting started can be as simple as a brand audit and development of a brand strategy. We hope this takes some of the mystery out of this process.