Brand Finance®
Whitepaper

Rigour and Structure in Brand Evaluation – Best Practice and ISO 20671

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+ **A strong brand is a valuable asset for any business, driving higher customer acquisition, satisfaction, loyalty, and advocacy. Strong brands contribute to business growth and profitability**
+ **Brand owners are charged with ensuring that their brands are indeed strong and growing. An independent and objective system for evaluating brand performance is, therefore, essential**
+ **Brand evaluation can never be simply a matter of counting sales and profits – a more rounded assessment is necessary to ensure that brands' longer-term potential is realised**
+ **The launch of ISO 20671 – the new standard on brand evaluation which Brand Finance helped craft – is a milestone on the way to a growing professionalisation of the industry**

Why is brand evaluation an important management practice?

Brand Finance has consistently demonstrated the significant value and commercial contribution made by brands – to businesses of all types and sizes. Brands drive business growth, profitability and customer loyalty, and allow businesses to distinguish themselves from competitors.

The importance of managing brands and evaluating their progress and future prospects has been recognised since the early days of branding. Procter & Gamble, the originators of the brand management function, recognised the need for rigorous and continuous assessment of their brands' performance as far back as 1931, when the former president of Procter & Gamble, Neil McElroy, stated in his famous three-page memo: "Examine carefully the combination of effort that seems to be clicking and try apply this treatment to other territories that are comparable". Other big brand owners soon followed suit.

Brands and branding have such a crucial role in business success, so a process of brand evaluation is essential.

However, while most larger companies conduct some sort of brand evaluation, the scale and sophistication of the practice differs wildly between companies. Some companies under-track, some over-track, some track inappropriate things that have no relevance for improving business performance.

Fit-for-purpose brand assessments deliver:

+ Data relevant to improving business performance…
+ …delivered in a timely fashion…
+ …for an audience that can act on the information.

What is brand evaluation?

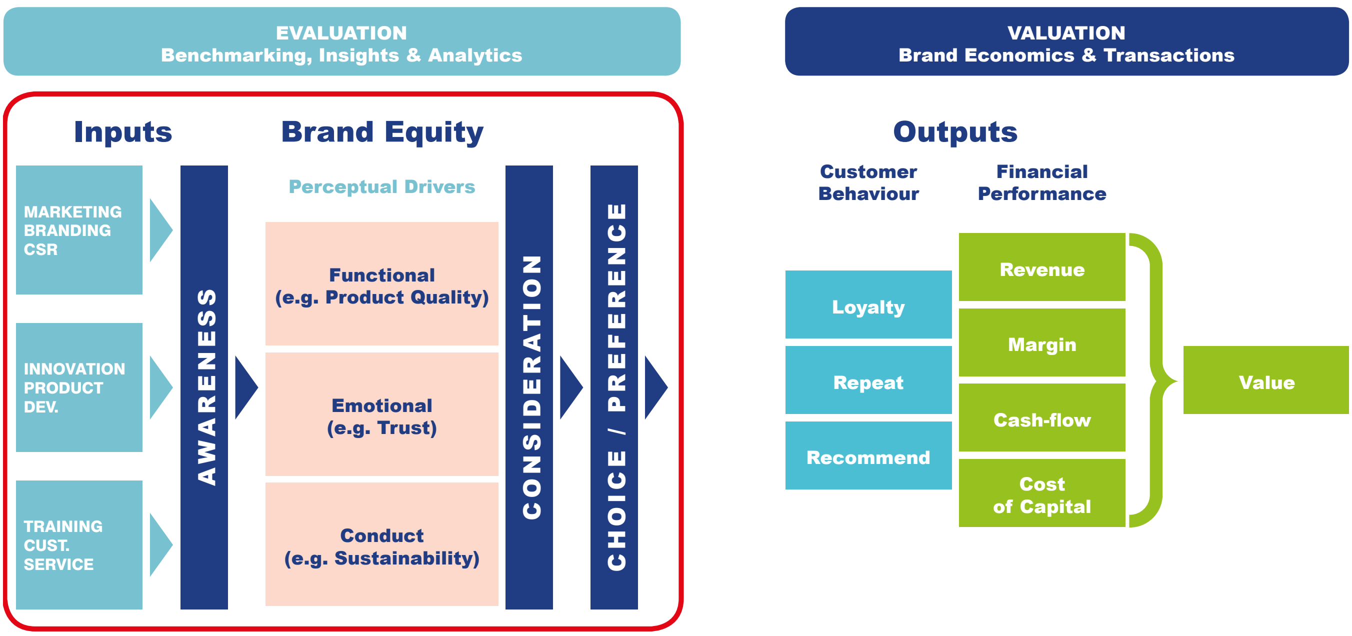
Brand evaluation is the measurement of the strength of a brand – in laymen's terms how 'good' the brand is, and the impact it has on stakeholders' actions: whether to buy the product, what price to pay, whether to work for an organisation, etc.

Brand evaluation is also an input into brand valuation, which focusses on the monetary value of a brand and its commercial worth to a company as a transferable and income-generating asset. Evaluation takes into account non-financial considerations as well as obvious factors such as sales, profit, and ROI.

However, the two concepts are inherently linked – some kind of evaluation is required as part of a brand valuation exercise. In turn, brand evaluation should track brand performance on dimensions which link directly or indirectly to commercial performance and are not 'vanity metrics'.

Our conceptual framework for brand evaluation is intended to identify the links between actions/investments and the awareness, perceptions, and stakeholder behaviour that they cause. While the levers as well as the drivers of brand preference differ by sector, the overarching idea is seen in this graph.

Brand Evaluation Framework



Evaluation programmes use a range of relevant indicators to assess:

+ The overall strength and reputation of the brand
+ Aspects of the brand which are stronger and weaker
+ Whether and how the brand is responding to measures designed to support it, e.g. advertising
+ The impact of the brand on the actions of customers and other stakeholders
+ Diagnostic measures to provide guidance on why the brand is evolving in the ways observed

Naturally, any evaluation will generally be in some sort of competitive context - many of the key measures are only insightful when compared with other brands. Even organisations with few or no direct competitors (e.g. a state-monopoly energy provider) will still wish to benchmark in some way, and in any case will be competing with others on some level (e.g. with other large organisations for talent/employees).

Brand evaluation is not a precise science. Some aspects of good practice are universal, and general principles of measurement can be applied in virtually all situations. But every brand and organisation is different, and brand owners should seek to adapt this broad evaluation framework to mees their specific needs. There is no one-size-fits-all solution, which can be a challenge for organisations which lack sufficient internal resource and expertise to design and manage evaluation programmes.

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Finally, evaluation can contain both qualitative and quantitative assessments, and best practice combines both. A purely qualitative assessment can be problematic – such programmes are always open to challenge by appearing to be more subjective – and more sophisticated ROI analysis is impossible without a degree of quantification. Hence to all intents and purposes, evaluation is largely a quantitative discipline.

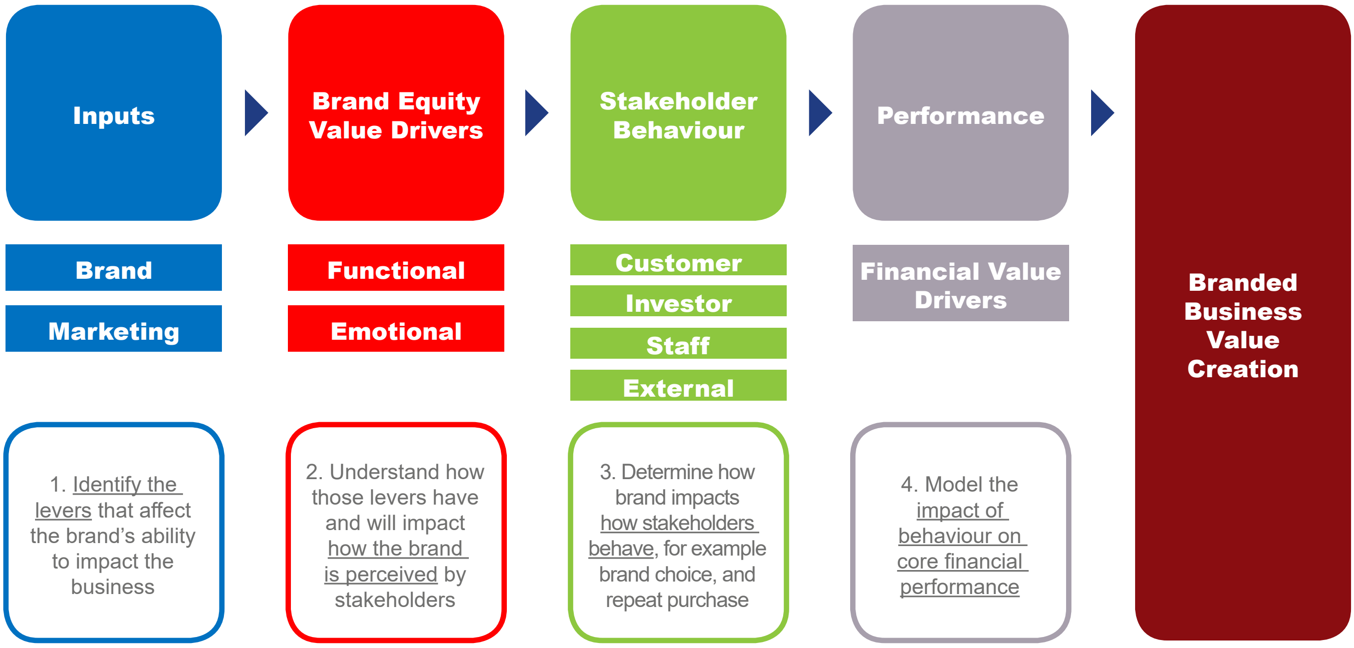
Setting up a brand evaluation framework

Brand evaluation programmes only deliver real value to an organisation if they provide a measurement framework which allows performance to be tracked with reasonable accuracy and confidence. Evaluation should never be ad-hoc or designed on a whim – brand owners must think carefully about what they are measuring, and why.

Best practice in brand evaluation begins with a clear sense of the different measures required. At this stage some brand owners focus on what might be termed equity measures – e.g. whether stakeholders know and like the brand. But input measures should also be considered – e.g. how well is this brand supported in the media or what is its innovation spend – as well as output measures which reveal how customers are behaving and what impact their behaviour has on the business.

Tracking these groups of data and establishing an understanding of how each element links and influences the others helps form the core of value-based brand management systems that can identify the return on investment of specific brand-related actions.

How Brand Performance Drives Business Value



Underpinning any evaluation framework should be a basic understanding of how brands drive commercial outcomes, and how brands themselves succeed. In particular, a knowledge of some of the fundamental principles of brand growth is helpful when designing an evaluation framework, and especially when choosing which measures to track.

Although many of the more commonly-used measures have been validated to have an impact on sales or market share, some brand owners struggle to quantify the precise relationships (and in turn to understand which measures have the biggest commercial impact and should be prioritised in ongoing evaluation).

Such linkages can be determined via sophisticated analysis conducted internally or via external modellers. However, to do so requires sufficient data covering all relevant inputs and outputs. This underlines the need for rigour and consistency.

Input and output metrics

When evaluating brands, one should look to use both input/investment and output/performance metrics.

Input measures reflect the degree to which a brand owner is investing in and supporting the brand. These are, therefore, forward-looking and less about how the brand may have performed to date.

Typically, one should consider:

+ Marketing investment: ad spend, social media presence and activity, search, events, etc.
+ Product investment: brand-related R&D and innovation, number of patents, etc.
+ Existence of systems and processes (e.g. quality management systems) which are intrinsic to a brand; service performance, where this can be objectively and independently measured, can also be incorporated – for example, airlines' punctuality performance.
+ Physical presence and resources (where relevant): number of branches, staff or other tangible resources.

Outcome measures such as sales, market share and profitability will be familiar to all brand owners, and obviously form part of any overall brand evaluation. Price elasticity or ability to sustain price premiums is an often-overlooked measure in this space, particularly in categories where price promotions and discounting is commonplace.

Many would consider these to be the result of a strong brand and investment behind it (i.e. the inputs and outputs above), and therefore on their own are not adequate measures of brand strength. Moreover, sales may be up or down for a variety of other factors (market/economic conditions, regulatory issues, etc.), and hence do not necessarily reflect the underlying health and strength of a brand.

Measuring brand equity

A comprehensive measure of brand equity sits at the heart of brand evaluation. This is the degree to which stakeholders are aware of the brand, and their perceptions of it.

A robust measure of brand equity is strategically crucial for any branded business. It may sometimes be difficult to quantify and there is no 100% consensus on how to measure it, but every business needs to develop a system for assessing whether their brands are healthy, enjoy a strong and resilient reputation, and most importantly, are poised to deliver future growth and commercial return.

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Most (but by no means all) brand owners measure brand equity or brand image in some way. In many cases, the core of such measurement is some form of market research to survey the opinions of customers/consumers, and perhaps other stakeholders. However, other data sources and signals may also have a role:

+ Comments and reviews in online social media and other online media
+ Customer complaints and other direct feedback
+ Transactional or behavioural data – e.g. number of website visits, retail footfall, search volumes, etc.
+ Feedback from sales teams and other on-the-ground staff

The voice of the customer is essential, and while signals from social/digital media are valuable (and meaningful), they are not sufficiently comprehensive and reliable as measures of brand equity. Therefore, robust surveys of relevant stakeholders are still fundamental to brand equity measurement.

In recent years, some marketers have challenged the reliance on survey data at the core of brand evaluation:

+ Seen by some as a 'rear-view mirror'
+ Perceptions reflect sales and usage experience but do not drive or predict sales
+ Are 'overrational' ("consumers always lie in surveys")
+ Do not take into account the ability of brand owners to 'nudge' consumers to purchase their brand regardless of underlying feelings.
+ Not fast enough for some, in a world where other signals/data are available in real time
+ Can be expensive/impractical for some segments or audiences

Such views understate the degree to which survey measures are predictive of future behaviour/outcomes. There is convincing empirical evidence that improvements in survey scores do lead to higher sales and other commercial gains (though there is certainly dual causality evident, too). Noted academic and marketing scientist Koen Pauwels concluded "attitude survey metrics excel in sales prediction"

In summary, customer/market surveys are rarely 'perfect', but they are validated solutions for evaluating brands.

Which stakeholders to survey?

Most brand owners start by wishing to understand how their brand is perceived by buyers of their products – the customer is king. This would be our recommendation, though we should consider:

+ 'Customer' coverage: it is not good practice to survey only your customers (or people in your CRM database). It is essential to get a 'market view' – perceptions of your brand from both customers and non-customers.

+ The relevance and impact of opinions of intermediate parties in any sales channel/process: brokers, retailers, etc. For example, an over-the-counter healthcare brand may need to gauge the views of pharmacists and doctors as well as consumers/patients.

+ The need to cover specific customer/market segments (demographic, geographic, product-line, etc.)

+ In complex (typically B2B) purchase decisions, the need to cover internal users/influencers and recommenders of brands, as well as those making the final purchase decision.

In addition, depending on the brand and budgets available, it may be relevant to ascertain opinions about the brand among:

+ Employees (and possibly potential employees)

+ Regulators and other public officials

+ The general public – to track your broader corporate/brand reputation

+ Media figures and/or other 'influencers'

Typically, some trade-off will need to be made with regard to stakeholder coverage and budget/frequency. For a multinational brand, is it more important to cover end-customers in every country in the world, or to survey the views of retailers in 5 key global markets?

What to survey?

Much has been written on this subject, and many major market research agencies have standard brand equity tracking frameworks incorporating standard evaluation measures. Though there are some differences, there is broad consistency in the main dimensions to cover. But the exact mix should only be chosen after gaining a full understanding of the branded business, its market dynamics and strategic goals.

Equity tracking typically features brand KPIs which summarise people's overall opinions and feelings towards a brand, and the extent to which they are familiar with it. These should generally include:

+ Awareness and familiarity
+ Consideration &/or future purchase intent
+ Preference

Together these form the 'brand funnel' – measures which sum up the market presence and position of a brand. Much evidence suggests that consideration is the most powerful measure of these

+ Overall evaluation: overall opinion/reputation/relevance – this might be ratings of the brand on straightforward questions, or a more ambitious attempt to capture emotional responses/feelings via less direct questioning or even biometric responses

+ Recommendation/advocacy –most commonly the Net Promoter System (NPS) which is a widely-used measure of customer satisfaction/recommendation. However, there is a good case for measuring actual levels of recommendation (or word-of-mouth) in addition to recommendation intentions via NPS

+ Key measures such as quality, trust, value for money, etc. – here there is less consensus or standardisation.

+ In some cases, a composite metric which combines all relevant measures into a single index score; this can be helpful in summarising overall performance/progress.

Most brand evaluations will include a combination of these measures. Key principles:

+ Brand KPIs should be commercially-validated, not 'vanity measures'. Most of the above have been validated in some way – i.e. an increase on a given measure can be expected to translate into an improvement in sales, market share, willingness to pay a price premium, customer loyalty, etc. Brand owners should ascertain the relationship between brand KPIs and their own commercial outcomes – generally via complex analytical modelling, but if not at least a conceptual model of why such a measure is commercially impactful.

- Likewise, KPIs should relate to brand inputs in a meaningful way – e.g. to measure marketing ROI and campaign effectiveness, it is important that KPIs are sufficiently sensitive and responsive. Marketers need to know which actions will impact the brand.

- KPIs should be aligned to brand/business strategy – for new/emerging brands this might place greater emphasis on word-of-mouth or opinions among 'influencers', for example. But the core metrics above are relevant to most brands.

- Avoid data overload – don't just measure everything because it can be measured.

PepsiCo admitted it had too many KPIs, leaving the business with a "flood of information" but insufficient insight.

"Three years ago we were in a situation where we had as many KPIs and tracking metrics as there were combinations of brands and countries, which is a lot," said Nathan Linkon, director of strategic insights for EMEA, speaking at the IPA's Effectiveness Works conference (October 2018) – quoted in Marketing Week.

That realisation led PepsiCo to reorganise, and base decisions on the metrics that mattered, looking at everything from strategic priorities to tactical output.

Sky had a similar issue. It used to have huge econometrics, analytics and insight functions comprising more than 900 people and 2,000 KPIs. They felt that many of these KPIs simply weren't working and were just in the business because "someone liked them".

https://www.marketingweek.com/2018/10/09/pepsi-sky-marketing-effectiveness/

- Consider the number of KPIs that provide genuine insight, or can be communicated to internal stakeholders, especially senior management. Some of the 'overall evaluation' measures can be highly correlated with each other, and resource is wasted measuring virtually the same thing in 2-3 different ways. Current trends are for big brand owners to highlight a smaller number of KPIs which best predict future outcomes, and reduce duplication.

- KPIs must have credibility and comprehension beyond marketing/comms teams.

- Consistency is important – KPIs need to be tracked over time.

- Budgetary constraints clearly play a part – there is little point spending $1m/year evaluating a brand whose revenues are at a similar level. Where brands or budgets are small, it may be difficult to conduct evaluation as thoroughly or frequently as desired – but it is possible to obtain very basic measurements for just a few thousand dollars per year.

Alongside the brand KPIs will be a range of diagnostic and analytic variables, where time and budgets permit – for example detailed brand image ratings, profiling variables (demographics, brand purchase history, etc.)

Non-survey measures

Survey measures should be integrated with other data signals of brand performance. These might include:

+ Social media analysis – generally of volume and sentiment of posts/mentions about a brand; such analysis should cover as many social channels as possible (i.e. not just a brand's own social channels, but a full range of social media, blogs, news sites, etc.). This should never replace survey measurement, however – all evidence indicates that to evaluate a brand rigorously, social media data alone is insufficient, even for brands targeting young people or heavy tech users.

+ Search volumes/trends – particularly organic search.

+ Review scores – which are obviously relevant in categories such as travel

Measurement and reporting frequency

Brand evaluation should be focused on assessing the underlying health of the brand, which for many mature brands evolves relatively slowly (unless there is corporate scandal or genuinely breakthrough innovation). Hence measurement is generally geared towards relatively stable metrics which change slowly over time – consideration, overall reputation, trust, etc.

But marketers always want the most up-to-date measures, and in addition there may be a need for frequent or continuous evaluation – e.g. to assess the impact of short-term or tactical marketing activity on brand measures.

The need for relatively expensive, 'continuous' tracking (with monthly reporting of KPIs which hardly differ) must be assessed carefully. For even fast-moving categories, quarterly tracking may be more than enough, and for many sectors annual tracking will suffice.

There is no need to design a one-size-fits-all system. Smaller brands or markets can make do for lower frequency, and some evaluation systems focus on frequent KPI measurement coupled with less frequent 'deep dives' into brand image. And as with survey content, measurement frequency should be determined once the needs and culture of the business, and its strategic goals, are established.

Lastly, the use of non-survey measures such as review or social listening data can often fill the gaps between survey measurement periods, as these data streams are often real-time.

Reporting and dissemination

The value of Brand Evaluation is only maximised if the results and strategic implications are widely shared to people that can act on the findings. The degree of detail and frequency must be tailored to the audience, and it is helpful to have a strategy following principles such as these below:

Summarised

Depth of focus

More detailed

Top-Level: Corporate

+ Determining overall brand strategy
+ Often tracking performance across brands, markets
+ KPIs generally sufficient except for strategic reviews or major releases
+ Educate to rely on latest available data to limit unnecessary monthly for ExCos

Mid-Level: Senior marketing/comms teams

+ Tracking and comparing performance across brands and market segments
+ More detail KPI & diagnostic dashboard required
+ Altered to brand decline or improved competitor performance

Micro-Level: Core brand team

+ Ongoing monitoring of brand health equity and market performance against targets
+ Tasked with detecting brand decline or improved competitor performance
+ All detailed signals available - this team must review & sift
+ Deep-dives & strategic analysis as needed - annual review generally appropriate

The reporting plan will reflect the organisational structure and culture of the brand owner – there is no set formula. But typically, senior management need (and should be encouraged to focus on) a relatively small set of KPIs, and reporting frequency that is both insightful and actionable. The goal should be to avoid the trap of monthly reporting which concludes “it might be a blip, let’s see what next month looks like…”

Importance weights and driver analysis

A key requirement of any model is to ascribe a weight (or measure of importance) to each element, which may not be easy. Ideally, weights are derived via statistical analysis of input and output data, and within input data such as customer surveys. The latter involves conducting ‘driver analysis’, determining the likely impact on customer choice/consideration which might accrue should performance improve on an individual element (e.g. ‘innovative products’).

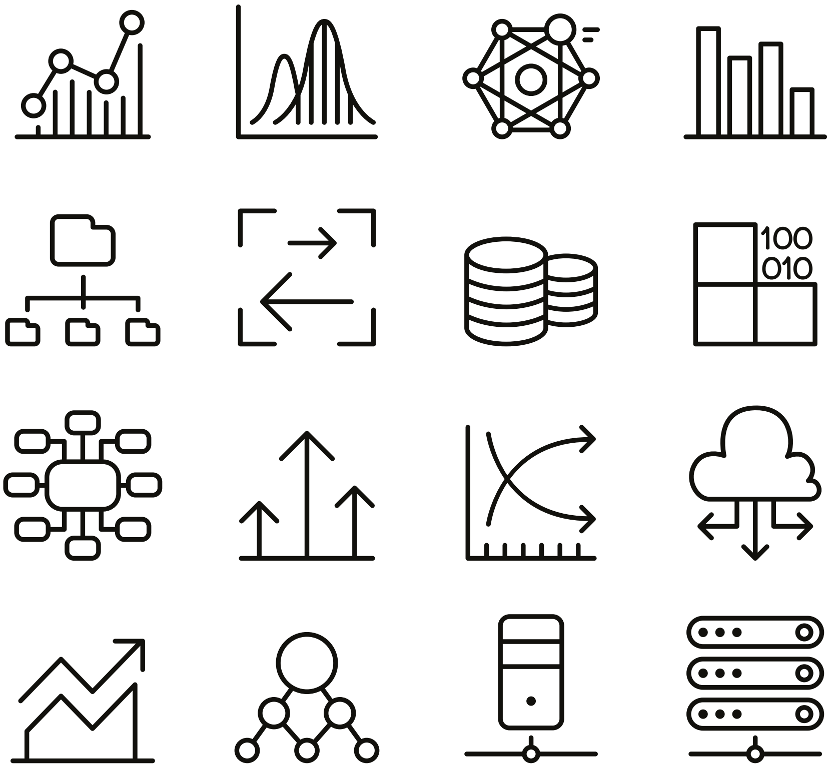
Of course, survey can get people to say directly what is important to them in making their brand choices (‘stated importance’), but this approach is generally regarded as delivering over-rationalised results. Ideally stated importance should be assessed alongside statistically-derived importance before weights in the Evaluation model are calculated.

Brand Finance uses a combination of stated and derived importance analysis in its BSI Evaluation framework, and wherever possible sets weights based on their observed impact on brand revenues and value.

Data sourcing

Identifying suitable data sources, and assessing its quality are important parts of the evaluation process.

Not everything that can be measured should be, and perfect measures on every dimension cannot necessarily be obtained. Even the very largest organisations have to make trade-offs in respect of data coverage (markets, stakeholders), precision, timeliness, etc.



Factors to consider:

+ What data is already available internally or externally – do we really need to commission further research?
+ Are there good proxy measures available for a specific dimension?
+ How quickly are measures likely to change? Is data from a year or two ago suitable?
+ If detailed data is not available, are the views of industry experts/analysts a good substitute?

Brand Finance evaluations (see example below) use a variety of data sources, some internal or proprietary to Brand Finance, others sourced externally or in the public domain.

A structured brand evaluation process example – Brand Finance's Brand Strength Index

Brand Finance conducts brand evaluations on thousands of brands annually. The vast majority of these feed in directly to our brand valuations and strategy guidance.

Our brand evaluation framework – the Brand Strength Index – is based on the principles outlined above. The framework has core consistency but is tailored where necessary to reflect specific brand or category dynamics.

Each brand is assigned a Brand Strength Index (BSI) score out of 100, which is determined based on performance on a broad range of input and output metrics. A typical example is shown here:

Pillars	Stakeholders	Attributes	Elements	Sources	Weights
Brand Investment	Customer	Products	Average R & D Expenditure	Bloomberg/Annual Reports	%
Brand Investment	Customer	Products	Average Capital Expenditure	Bloomberg/Annual Reports	%
Brand Investment	Customer	Products	Innovation	BF Market Research	%
Brand Investment	Customer	Products	Quality	BF Market Research	%
Brand Investment	Customer	Place	Website Bounce Rate	External	%
Brand Investment	Customer	Place	Distribution Range	External	%
Brand Investment	Customer	Promotion	Marketing Investment	Bloomberg/Annual Reports	%
Brand Investment	Customer	Promotion	Social Media Score	External	%
Brand Investment	Customer	Promotion	Share of Voice	External	%
Brand Investment	Customer	Price	Value for Money	BF Market Research	%
Brand Equity	Customer	Familiarity	Familiarity	BF Market Research	%
Brand Equity	Customer	Consideration	Consideration	BF Market Research	%
Brand Equity	Customer	Preference	Preference	BF Market Research	%
Brand Equity	Customer	Recommendation	Recommendation	BF Market Research	%
Brand Equity	Customer	Employee Score	Employee Score	External	%
Brand Equity	Finance	Credit Rating	Credit Rating	S&P/Moody's	%
Brand Equity	Finance	Analyst Recommendation	Buy/Sell/Hold	Bloomberg/IBES	%
Brand Equity	External	Reputation	Reputation	BF Market Research	%
Brand Equity	External	Environment Score	Environment Score	External	%
Brand Equity	External	Community Score	Community Score	External	%
Brand Equity	External	Governance Score	Governance Score	External	%
Brand Performance	Customer	Loyalty	Loyalty	BF Source	%
Brand Performance	Customer	Volume	Market Share	External	%
Brand Performance	Customer	Current Margin	Current Operating Margin	Bloomberg/Annual Reports	%
Brand Performance	Customer	Forecast Revenue Growth	Forecast Revenue Growth	IBES	%
Brand Performance	Customer	Forecast Margin	Forecast Operating Margin	IBES	%

This example is purely illustrative – the actual model must be carefully constructed to reflect all elements which are likely to affect brand success. But the starting point is a strong measurement framework, backed by compelling empirical evidence outlining the links between brand investment and performance, and ultimately commercial success.

Having a broad framework and set of principles in place brings a number of benefits

+ Confidence that the measures are meaningful, commercially relevant and actionable

+ Efficiency: management time is focussed only on necessary category or organisation-specific customisation

+ Data sources are identified in advance, and consistent

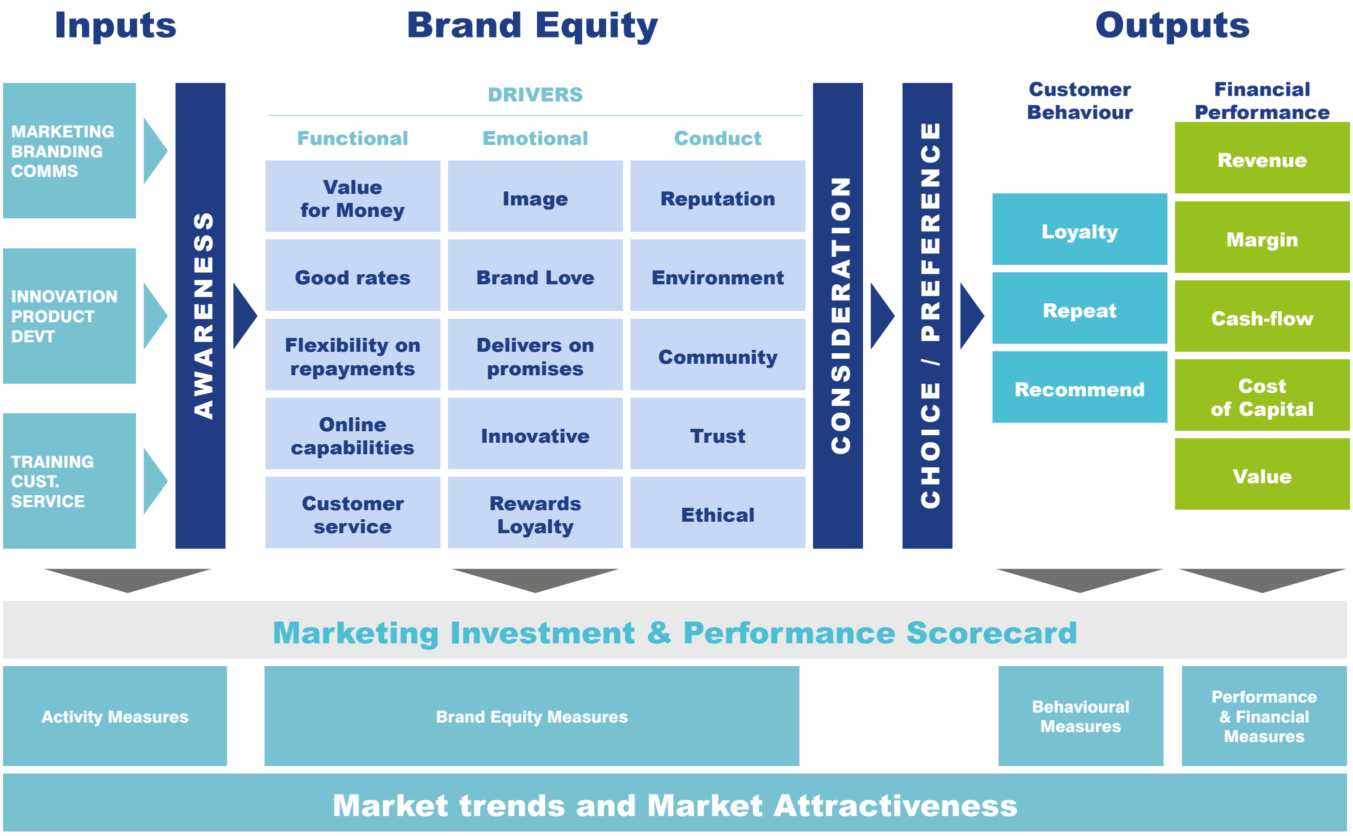
+ Stronger benchmarking and insight: Consistency of KPIs provides robust benchmarking, and better insight because the speed and magnitude of trends is interpreted more clearly

+ Clearer communication of results

+ Where required, hard evidence to use in licencing/sponsorship negotiations, and in addressing internal brand architecture debates.

This type of evaluation framework obviously meets the fundamental objective of providing marketing and senior management with a comprehensive dashboard of brand performance and progress against strategic goals – but it goes much further. Analysing brands using this framework allows us to track the links between activity, brand equity, behaviour and financial performance:

Brand Evaluation Framework



Outputs are fed into strategic plans and help develop the commercial case for brand investment. Further applications include:

+ Corporate, team and personal target-setting, including incentivisation and reward

+ Ammunition for retailer/dealer support and other external discussion

+ Scenario planning

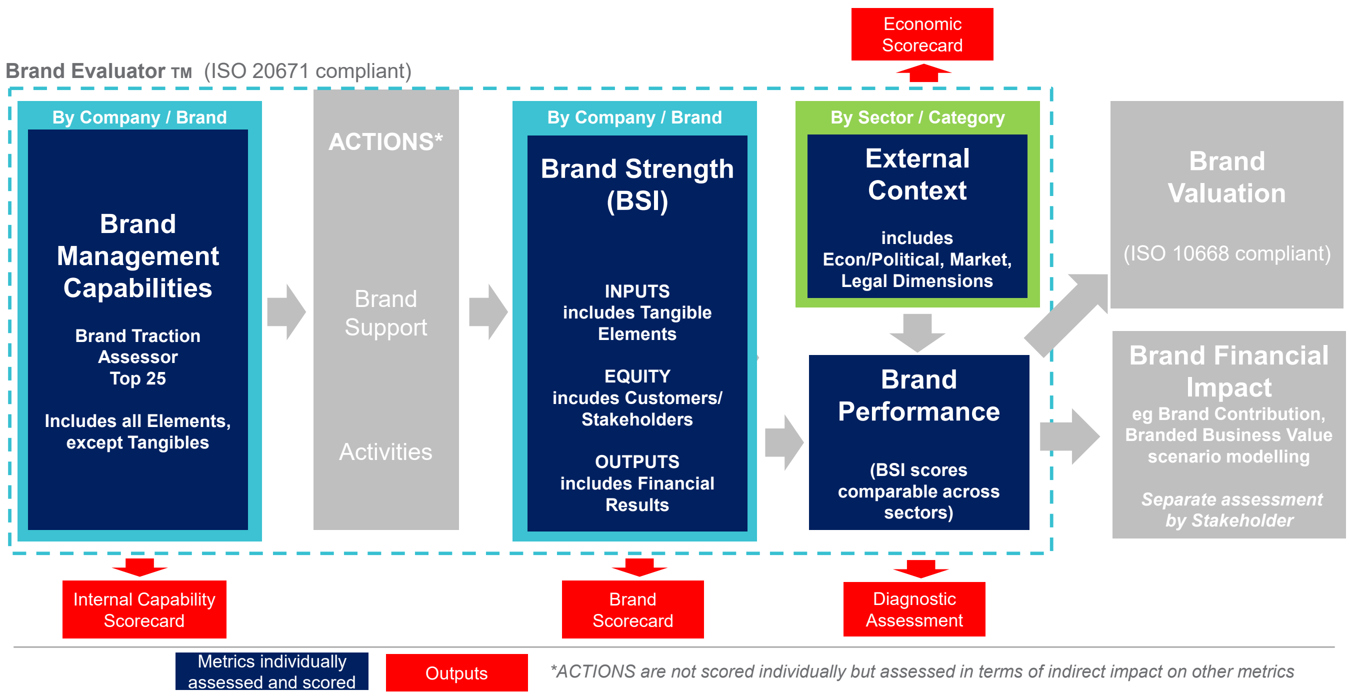
Role of ISO and development of ISO 20671

As mentioned above, ISO has developed (with Brand Finance input) the first ever global standard on brand evaluation – ISO 20671. https://www.iso.org/standard/68786.html

This standard sets out a rigorous framework and set of principles for conducting brand evaluation from an input/output point of view. As such it is intended to serve as the standard for the development and implementation of other standards for brand evaluation - and in addition aligning to international standard of brand valuation – i.e. ISO 10668.

The standard contains several elements. It sets out a brand evaluation framework, conceptually similar to those used by Brand Finance and some other organisations, incorporating both brand inputs and outputs.

BRAND EVALUATION



The framework outlines the concept of brand strength, which, as Brand Finance advocates, is a broader assessment than pure brand equity measurement. (Hence, the Brand Finance BSI approach is compliant with ISO 20671)

ISO 20671 also outlines the fundamental principles of brand evaluation, including the need to take into account:

+ A range of input measures, including marketing investment, innovation/R&D, distribution, etc.
+ External factors such as economic and political conditions
+ Brand strength – qualitative/subjective assessments from customers and other stakeholders

+ Performance measures, including sales, market share, margins, etc.

In this respect, a comprehensive check-list of possible elements and dimensions is outlined, although ISO stresses (as do we) that measures and dimensions have to be customised somewhat depending on the brand and category: “Applicable indicators should be determined e.g. according to company size, particular type of brand, purpose of the brand evaluation, different external regulating environment.”

ISO goes further than many best-practice discussions through its consideration of the brand evaluation process, and not just the content/ data and analytic approach. Specific principles outlined are:

+ The need for a suitably experienced ‘brand evaluator’ (whether internal or external), at least to design and set-up an evaluation system (if not actively manage it)

+ Obligations of the brand evaluator, including the need for transparency, consistency and objectivity. More specifically, the standard outlines the importance of justifying the inclusion (or exclusion) and weight given to specific measures – measurements must not be based around vague or personal choice or the views of a ‘committee’.

+ A clear understanding of the role and impact of different stakeholders on brand strength and outcomes, and the need for evaluation measures to take this into account.

+ An audit process to confirm “the integrity of the brand evaluation system, its compliance with this international standard and/or reviews whether the brand evaluation practices of the entity are effectively implemented and maintained”.

+ The need to ensure that required data inputs are available and of sufficient quality.

Overall, ISO 20671 provides a welcome set of standards and best-practice checklists which all organisations would benefit from following. It is imperative that brand owners assess the extent to which their evaluation system follows the best-practice principles of the ISO standard. While many larger organisations are likely to be compliant with most aspects of the standard – even within some of the biggest branding operations globally it is not unusual to find evidence of corner-cutting and inconsistency (for smaller/niche brands, segments and markets, for example).

Marketing Accountability Standards Board MASB (www.themasb.org) is an industry body established to establish standards and processes necessary for evaluating marketing measurement in a manner that “insures credibility, validity, transparency and understanding”.

MASB is a participant in the development of the ISO but had in addition outlined brand evaluation standards and processes which are valuable contributions to the marketing discipline. Of particular relevance is the Marketing Metric Audit Protocol (MMAP) - a formal process for assessing the robustness of brand metrics, and the extent to which these are indicative of the impact of marketing activities to the financial performance of the brand owner.

It includes the conceptual linking of marketing activities to intermediate marketing outcome metrics and in turn to commercial outcomes, as well as an audit as to how the metrics meet the validation & causality characteristics of an ideal metric.

As part of this programme, MASB has carefully audited the conceptual framework and rigour of a number of leading research/evaluation agency systems (including Brand Finance), and in 2016 published “Accountable Marketing”, considered to be one of the definitive texts on marketing and brand evaluation.

A brand-owner’s checklist

Does your organisation have a brand evaluation system that provides a comprehensive measure of brand health and progress? Some key steps every brand-owner should take:

1. Identifying roles and responsibilities – who is responsible for brand evaluation, and ensuring the overall system is fit for purpose?

2. Ensure that the overall conceptual framework is comprehensive and predictive of brand growth and commercial success

3. Developing & reviewing the measurement framework – are all relevant brand inputs, equity dimensions and outputs covered?

4. Identifying/reviewing data sources. For existing programmes, this includes cutting irrelevant data and scoping out additional research or data needs

5. Determining the links between marketing activities and brand strength, and between brand strength and commercial value (sales, profits, brand value)

6. Establishing appropriate measurement and reporting frequencies, and ensuring that measures are updated appropriately

7. Determining a reporting hierarchy and system

8. Ensuring the system is correctly used as a benchmark for performance and an input into brand strategy

In conclusion

Brand owners must develop effective programmes and processes to evaluate the strength and performance of their brands. There are good checklists of good practice available, including ISO 20671 – but these can only ever be a guide. Professional expertise and an understanding of business goals and purchasing patterns/dynamics will always be required; there is no such book as ‘Brand Evaluation for Dummies’.

Hence even the most sophisticated branded enterprises will acknowledge challenges of brand evaluation – and the need for constant review and improvement (of the evaluation process) without tinkering for its own sake.

But the rewards are considerable – the entire organisation benefits from clear measures of performance and the impact of business actions upon the brand. Hence, as brands account on average for 20% business value, an effective evaluation programme pays for itself, by outlining a roadmap towards stronger, more resilient and ultimately more profitable brands. As Warren Buffet points out, a strong brand ensures that strong commercial performance is enduring and resilient to competitive attack:

…all the time, if you’ve got a wonderful castle, there are people out there who are going to try and attack it and take it away from you. And I want a castle that I can understand, but I want a castle with a moat around it.

Warren Buffett
CEO, Berkshire Hathaway

Consulting Services.

1. Valuation: What are my intangible assets worth?

Valuations may be conducted for technical purposes and to set a baseline against which potential strategic brand scenarios can be evaluated.

+ Branded Business Valuation
+ Trademark Valuation
+ Intangible Asset Valuation
+ Brand Contribution

2. Analytics: How can I improve marketing effectiveness?

Analytical services help to uncover drivers of demand and insights. Identifying the factors which drive consumer behaviour allows an understanding of how brands create bottom-line impact.

+ Market Research Analytics
+ Return on Marketing Investment
+ Brand Audits
+ Brand Scorecard Tracking

4. Transactions: Is it a good deal? Can I leverage my intangible assets?

Transaction services help buyers, sellers, and owners of branded
businesses get a better deal by leveraging the value of their intangibles.

+ M&A Due Diligence
+ Franchising & Licensing
+ Tax & Transfer Pricing
+ Expert Witnessw

3. Strategy: How can I increase the value of my branded business?

Strategic marketing services enable brands to be leveraged to grow businesses. Scenario modelling will identify the best opportunities, ensuring resources are allocated to those activities which have the most impact on brand and business value.

+ Brand Governance
+ Brand Architecture & Portfolio Management
+ Brand Transition
+ Brand Positioning & Extension

MARKETING

We help marketers to connect their brands to business performance by evaluating the return on investment (ROI) of brand-based decisions and strategies.

FINANCE

We provide financiers and auditors with an independent assessment on all forms of brand and intangible asset valuations.

TAX

We help brand owners and fiscal authorities to understand the implications of different tax, transfer pricing, and brand ownership arrangements.

LEGAL

We help clients to enforce and exploit their intellectual property rights by providing independent expert advice in- and outside of the courtroom.

Brand Evaluation Services.

How are brands perceived in my category?

Brand Finance tracks brand fame and perceptions across over 30 markets in 10 consumer categories. Clear, insightful signals of brand performance, with data mining options for those who want to dig deeper – all at an accessible price.

What if I need more depth or coverage of a more specialised sector?

Our bespoke brand scorecards help with market planning and can be designed to track multiple brands over time, against competitors, between market segments and against budgets. Our 30-country database of brand KPIs enables us to benchmark performance appropriately.

Do I have the right brand architecture or strategy in place?

Research is conducted in addition to strategic analysis to provide a robust understanding of the current positioning. The effectiveness of alternative architectures is tested through drivers analysis, to determine which option(s) will stimulate the most favourable customer behaviour and financial results.

How can I improve return on marketing investment?

Using sophisticated analytics, we have a proven track record of developing comprehensive brand scorecard and brand investment frameworks to improve return on marketing investment.

What about the social dimension? Does my brand get talked about?

Social interactions have a proven commercial impact on brands. We measure actual brand conversation and advocacy, both real-world word of mouth and online buzz and sentiment, by combining traditional survey measures with best-in-class social listening.

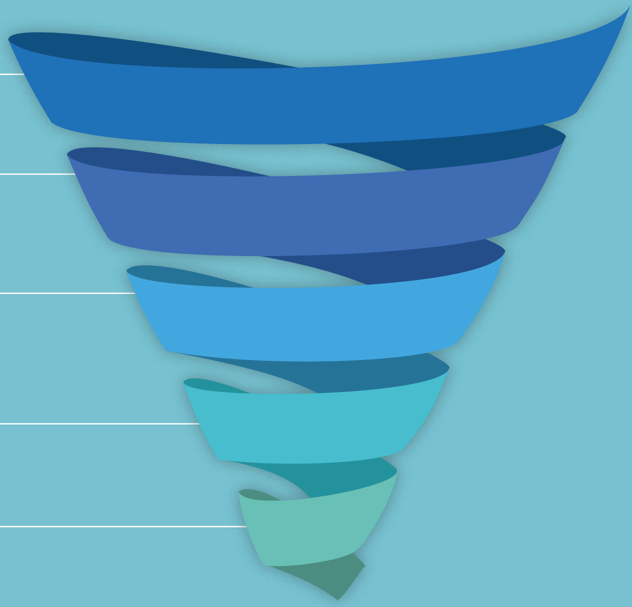
Stakeholder Equity Measures.

Key Metrics

+ Reputation
+ Innovation
+ Trust
+ Emotional Fit
+ Recommendation
+ Quality etc.

Brand conversion funnel

The brand conversion funnel is a way of summarising the likely strength of a brand to convert to purchase.



Awareness Knowledge that your brand exists

Familiarity Depth of knowledge of the brand

Consideration Narrowing down market to candidate brand set

Preference Category users' brand preference

Loyalty Intention to repeat purchase

Market Research Methodology.

Brand Finance conducted original market research in 10 sectors across 31 markets with a sample size of over 50,000 adults, representative of each country's internet population aged 18+. Surveys were conducted online during Autumn 2018.

- Banking
- Telecoms
- Insurance
- Utilities
- Airlines
- Tech
- Auto
- Hotels
- Beers
- Oil & Gas

About Brand Finance.

Brand Finance is the world's leading independent brand valuation and strategy consultancy.

Brand Finance was set up in 1996 with the aim of 'bridging the gap between marketing and finance'. For more than 20 years, we have helped companies and organisations of all types to connect their brands to the bottom line.

We pride ourselves on four key strengths:

- **Independence**
- **Technical Credibility**
- **Transparency**
- **Expertise**

We put thousands of the world's biggest brands to the test every year, evaluating which are the strongest and most valuable.

Brand Finance helped craft the internationally recognised standard on Brand Valuation – ISO 10668, and the recently approved standard on Brand Evaluation – ISO 20671.

Contact Details.

For further information on Brand Finance®'s services and valuation experience, please contact your local representative:

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