Smart Metrics for Smart Decisions

How do you manage what you can’t measure? What value are investments that are not linked to returns? These are two of the most critical challenges currently facing brand management. In some business sectors brand value accounts for over half a firm’s intangible value. A brand is too valuable an asset to manage without the help of smart metrics to help make the smartest decisions. By adopting a clear definition of a brand and precisely measuring it in a way that is linked to financial performance, marketers can gain an edge in making more intelligent brand decisions.

Young & Rubicam’s BrandAsset Valuator® (BAV®) model begins with a definition…

“A brand is a set of differentiating promises that link a product to its customers.”

Brand Valuation Has Not Been Scientific

The 20th century is replete with many brand success stories. Brand analysis, however, cannot make the same claim. Its tendency to focus on lagging indicators often means that corporations detect brand problems after they have already taken root in consumers’ minds. That’s often too late. After all, driving is tough when you only look at the rearview mirror. Brand problems are all meaningful and marketers are constantly facing new questions. These can be small, “What kind of food brands should an airline be serving on board its planes?”; or big, “Which country should we expand this brand to next?”; or positively critical, “What strategic partnerships will add to our brand’s value, rather than dilute it?”

Y&R’s Approach Has Been Revolutionary

It is important to assess a brand’s current achievements and stature. It is even more powerful when the future potential of a brand can be measured as well. Y&R’s BrandAsset Valuator® offers this opportunity. Combining exhaustive amounts of consumer data with a proven model of brand-building, BrandAsset Valuator® anticipates future operating earnings and operating margins. This can enhance the marketing-decision process in a variety of substantive ways. BrandAsset Valuator® can help managers understand marketplace opportunities and the types of risk that go with them. It can provide a deeper understanding of consumer behavior: for example, shedding light on reasons why some segments are willing to pay a higher price for a highly differentiated brand.

BrandAsset Valuator® stands apart from other brand study aids in a number of ways. It is predictive, focusing on leading indicators instead of lagging. It is exhaustive in every way, size and scope. Most importantly, it evaluates a brand in the entire world of brands, not in its “category.” BrandAsset Valuator® is not only just useful for creating brands. It is useful for managing brands in the long term—through ups and downs.

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1Output from BrandEconomics ® model utilizing then years of BAV ® data.
The Four Key Brand Metrics of BrandAsset Valuator®

BrandAsset Valuator® demonstrates that brands are built in a very specific progression of four consumer perceptions: Differentiation, Relevance, Esteem, and Knowledge. More than 350,000 consumer interviews conducted across the globe, measuring more than 55 different consumer perceptions with regard to over 20,000 brands, have shown these four measures—the Four Pillars of BrandAsset Valuator®—to be consistently linked to a brand’s ability to deliver revenue and profit for its owner—no matter the category, no matter the country, no matter the age of the brand. These Pillars measure a brand’s strength and stature—its value as an asset capable of creating wealth. To appreciate the diagnostic advantages of BrandAsset Valuator®, it is worthwhile to examine the fundamental nature of brands.

How Brands Are Built
Four Primary Aspects

BrandAsset Valuator® Mirrors How Relationships Are Built

Studying brands means studying relationships—the relationships between brands and the people who buy or don’t buy them. It means studying the inner workings of relationships, not just assessing whether those relationships are healthy. As about every individual knows from personal experience, relationships are hard to build and maintain. There’s a real balancing act to a good relationship, and a progression to the way it develops. Consider the start of a relationship. Something catches a person’s eye. Something different. Something that stands out. Something that makes a person think, “Hey, this is worth investigating more.” Next, one decides whether it’s appropriate or relevant to the individual’s life. Then there’s esteem—the more a person gets to know someone or something, the more respect will develop. Finally, there’s the knowledge that comes from intimacy, really knowing the brand. BrandAsset Valuator® demonstrates that brands are built this way, too. And the Four Pillars, like the stages in the relationship described above, provide the framework for understanding brands.
The Four Pillars Diagnose Brand Health

The Four Pillars of BrandAsset Valuator®—Differentiation, Relevance, Esteem and Knowledge—were selected because movement in these, more than any other combination of dimensions, explains why brands grow, how they can get sick and how they can be managed back to health. The quantitative relationships among these dimensions provide the basis of brand diagnosis.

Out of more than 55 consumer perceptions measured by BAV® for 20,000 brands, the Four Pillars have shown themselves to be consistently meaningful in understanding brand growth. Brands can be evaluated by these individual measures. However, it is the relationships between these measures that show the true picture of a brand’s health—its intrinsic value, its capacity to carry a premium price and its ability to fend off competitors. While brands can be measured against other brands within a category, it is by measuring them across all categories that a brand’s true strengths and weaknesses become clear.

BAV® differs from other typical brand studies by reporting how well a brand performs on key measures vs. all the other brands in a particular country. Thus, a brand’s score on a Pillar such as Differentiation is the percentile rank the brand achieved versus all others. eBay, for example, had a percentile rank of 97th in the United States in first half of 2003, which means that it ranked higher than 97% of the 2,340 brands covered by BAV®.

By plotting all four measures—Differentiation, Relevance, Esteem and Knowledge—and ranking brands across all categories, BAV® serves as an exceptional diagnostic tool for building and managing brands.

Differentiation Is the Engine that Pulls the Brand Train

Differentiation is critical to brand success. If a brand is going to be successful it must first build Differentiation. BAV® illustrates clearly that Differentiation is critical in the successful development and maintenance of a brand. Martin Sorrell, WPP Chief Executive Officer, summarizes the importance of Differentiation, “Differentiating what you do and sell is critical when competing in industries with overcapacity.”

The Differentiation metric has three components: Different, Unique and Distinctive. Different captures the ability of an offering to stand out from its competition. Difference can either be positive or negative, liked or disliked. Uniqueness tends to reflect a brand’s essence, beliefs, and personality.

Uniqueness is highly correlated to a brand’s originality and authenticity. Distinctiveness is about a brand’s prestige and its pricing power. Distinctiveness captures the brand’s ability to command a premium price … its ‘worthmoreness.’ Successful new brands have consistently shown higher rankings for Differentiation than the other three Pillars. As these three examples show, Biore ranked in the 83rd percentile for Differentiation by Second Half 2002. BlueMountain.com ranked above the 77th percentile and Emeril! Live ranked above the 94th percentile.

Differentiation doesn’t lose its importance. It remains crucial, even as a brand’s performance on the other Pillars grows and remains strong, and even as a brand achieves market leadership. Yet, as brands mature, BAV® finds that Differentiation often declines. A low or declining level of Differentiation is a clear warning—often the first warning—that a brand is fading. Changes in Differentiation appear well before any weakness appears in a brand’s business results or other more traditional research. Declining Differentiation is a sure sign that weakness is coming. This doesn’t have to happen to all brands that achieve longevity. Even after reaching maturity, a brand can perpetuate its Differentiation.

Relevance Drives Penetration

The second step in brand development is Relevance. If a brand is not relevant, or personally appropriate to consumers, it is not going to attract or retain them. Again, the progression within the Pillars mirrors human relationships. Differentiation can lead to a fling, but without a belief that another person has a relevant connection to one’s own life, a person won’t engage in a serious relationship. Successful new brands – on a growth trajectory – tend to show higher Differentiation than Relevance. This indicates that consumers perceive the brands as distinctive, with room for the brands to become even more relevant to their ways of life. Intuitively, Relevance would seem to come first in a brand’s progression. If it’s not relevant, why would consumers bother with it in the first place? However, BAV® shows that Differentiation is what catches the eye – if a brand doesn’t stand out, you can’t judge its Relevance. Without Differentiation, a brand just gets lost in the crowd. But once Differentiation has been achieved, Relevance is the source of a brand’s staying power. The lack of Relevance is the reason so many fads come and go.

The relationship between Relevance and Differentiation varies to significant degrees by country. Generally speaking, the more advanced a country’s level of economic development is – the greater its excess productive capacity or its excess supply of goods and services – the more crucial a brand’s Differentiation becomes. Excess capacity is related to a higher number of brands within categories. There are more than 1,000 hair-care brands in the United States, for example.
With so many brands to choose from, consumers have to rely on Differentiation in the initial stages of forming a brand relationship. In such an environment, Relevance is not a natural outgrowth of Differentiation. In the United States, there is essentially a zero correlation between these two Pillars. For a marketer, the second Pillar does not come automatically from having achieved the first.

Together, Relevance and Differentiation are the key elements of Brand Strength. Differentiation gives birth to the brand and is critical for its continued reason for being, while Relevance drives franchise size. BrandAsset Valuator® shows that Relevance is the key to household penetration. It can differ substantially among various consumer groups, even when those groups agree on the brand’s Differentiation. Niche brands often achieve high Differentiation and modest Relevance among the general population, and higher Relevance among a specific audience. They tend to be among the highest-margin brands in the marketplace. This relationship between the first two Pillars can create a compelling business opportunity. Many of the premium cosmetics, fragrance and fashion brands fall into this type.

Creating Relevant Differentiation is critical and is the central challenge for all brands. In general, brands that have managed to achieve high levels on both measures lead — or even define — their category or subcategory.

Esteem Reflects Popularity and Quality

The third key measure identified by BrandAsset Valuator® is Esteem — the extent to which consumers like a brand and hold it in high regard. Esteem relates to how well a brand fulfills its implied or overtly stated consumer promise. It doesn’t occur without Differentiation and Relevance having preceded it, but it can outlive those Pillars by many years. Brands that show high Esteem even after losing ground on Differentiation and Relevance, tend to be older brands that have grown stagnant in their development.
Esteem is influenced by two factors: perceptions of Quality and Popularity. As expected, Quality has a strong relationship with Esteem. But, when Popularity is added in, the relationship becomes even stronger. In a sense, Quality can be thought of as representing one’s own experience with the brand, and Popularity as representing how you think others experience the brand. Much can be learned about a brand’s consumers by studying which of these factors is dominant for a particular brand or category.

Knowledge Captures Intimacy and Understanding
If a brand has established its Relevant Differentiation and consumers come to hold it in high Esteem, brand Knowledge will follow. High Knowledge means consumers understand and have internalized what the brand stands for. High Knowledge cannot be attained only by higher levels of media support spending. It has to be achieved, and it generally takes time. Knowledge is the end result of all of the marketing and communications efforts and experiences consumers have had with a brand.

Relationship Tells the Story
Measuring the relationship among the four Pillars is crucial in diagnosing the health of the brand. There are two healthy patterns. When Differentiation is greater than Relevance, the brand has room to grow. Examples of brands showing a healthy Pillar pattern are: Harley Davidson Williams-Sonoma, Ikea, Bloomberg Business News and Yahoo! Instant Messenger.

When Relevance is significantly greater than Differentiation, the brand has become commoditized. Its Uniqueness has faded and price has become the primary reason to buy. Brands such as: Exxon, Mott’s, McDonald’s, Crest, Minute Maid, Fruit of the Loom, Peter Pan (peanut butter) are examples of this pattern.
The other healthy pattern is when Esteem is greater than Knowledge, and the consumer says, “I’d like to get to know you better.” Consumers have motivation to find out more about your brand. Some examples are: Coach Leatherware, Tag Heuer, Calphalon, Movado, Blaupunkt, Pella Windows, Palm, and Technics.

When Knowledge is greater than Esteem, consumers are saying, “I know you more than I like you.” The brand has become too familiar and consumers have no motivation to listen to you. Too much Knowledge has become a dangerous thing. Examples of these brands are: National Enquirer, TV Guide, Spam, The Simpsons, Chrysler, Maxwell House and Sanka. To repair unhealthy brand patterns, marketers must break down this high level of Knowledge in order to make room to build the other Pillars.

**Brand Strength and Brand Stature**

BAV® will also group together the leading indicators — Differentiation and Relevance — and the lagging indicators — Esteem and Knowledge. These two pairs of Pillars are essential in mapping the life of a brand. The combination of Differentiation and Relevance forms Brand Strength — a leading indicator in a brand’s ability to exist as a viable entry in the marketplace. Brand Strength allows the brand to both defend itself from competition and generate margin, earnings and economic value. The combination of Esteem and Knowledge forms Brand Stature, which captures a brand’s pervasiveness in the marketplace. Brands used to be measured only on ‘liking’ (Esteem) and ‘knowing’ (Knowledge). Today, we know that Brand Stature is a lagging indicator of a brand’s weakness thus it declines after Brand Strength erodes.
Mapping A Brand’s Life: The Power Grid

BAV® uses a two-dimensional plot to measure Brand Strength and Brand Stature. The strength is measured on the vertical “y-axis” [Differentiation, Relevance] and stature is measured on the horizontal “x-axis” [Esteem, Knowledge]. The Power Grid provides a model for mapping and diagnosing the life of a brand. New brands begin in the lower left quadrant – with low strength, low stature. As the brand develops, it rises to the upper left quadrant – where strength is significantly higher than stature. It is here where niche brands and brands with unrealized potential reside. This is high margin territory. In order to maximize shareholder value, brands should be strategically leveraged to move to the upper right quadrant, where powerful leadership brands reside. When brands get into trouble, the first thing to erode is Differentiation, causing leadership brands to decline. This loss in Differentiation reduces the ability to extend the brand across new consumer and market segments. As a result, there is a huge loss in intangible value.

The Benefits of Brand Leadership

Only 2% of brands in BAV® achieve leadership status: above 80% on all four Pillars, such as Hallmark. One of the benefits of brand leadership is low volatility. Consumers are willing to forgive and forget brand misfortunes. A second benefit is that most traditional consumer segments have a consistently high perception of the brand. This is the foundation for many marketing efficiencies. And, as mentioned before, leadership brands maximize shareholder value.
Flirting with Disaster: Differentiation is Dissolving

Howard Johnson and Greyhound are examples of brands that have lost most of their strength but have retained most of their stature. The stories of these eroding brands have been well publicized.

Most of the time, consumer perceptions are way ahead of typical brand tracking data. The enhanced ability of BrandAsset Valuator® to guide marketing decisions and investments comes from its early warning signals. Traditional consumer survey techniques have focused on lagging indicators: Esteem and Knowledge. These techniques can mask the underlying problem a brand has with low or declining Differentiation. By the time traditional measurement techniques detect this problem, it may be too late to deter its impact on sales and profitability.

Brand Revitalization

While products often have a lifecycle, BAV® has shown that brands can be eternal. When brands get sick, they can be revitalized.

Consider 7-Eleven, a retail brand under attack in the past decade. The brand maintained strong ratings for Differentiation, Esteem and Knowledge in the very early 1990’s. But, as early as 1993, 7-Eleven’s Differentiation had dipped dramatically. By 1999, the brand’s Differentiation reached depths of despair. Fortunately, 7-Eleven has been able to breathe new life into the
brand – increasing Differentiation as well as Relevance and Esteem.

This has been achieved by focusing on: renovating stores, upgrading / expanding merchandise and increasing proprietary fresh food with innovative fare, among other things.

These efforts have driven an increase in consumer perceptions of service, tradition, trust, value, innovation, and quality.

**It Pays to Build Strong Brands**

With more than 400 cases over a ten-year period, across 18 economic sectors, BAV® has plotted Pillar data against revenue growth, margin, NOPAT and economic value added (EVA®). BAV® has found a consistent pattern of results. Differentiation is the margin driver – the higher a brand’s Differentiation, the higher its margin potential. Brands that grow their Differentiation on average have about a 50% higher operating margin than those which allow their Differentiation to decline.

Relevance is the key to market penetration – brands with high Differentiation and Relevance tend to be market leaders or be heading in that direction. Those brands that have the foresight to grow both their Differentiation and their Relevance show the greatest increase on operating earnings. Those brands that only grow their Relevance and allow their Differentiation to decline will gain nothing.

**BrandAsset Valuator® Is Essential in a World of Convergence**

Traditional forms of marketing research evaluated brands by category: soft drinks or fast-food restaurants or toothpaste. Today, driven by technological change, social change (the way goods are consumed) and economic change (mergers and consolidations), category perspectives are not only limiting, they’re often useless.
What’s happening? Brands are being extended across numerous product categories. Dannon now sells water along with yogurt products. Ferrari is a brand of sunglasses as well as cars. Sony makes movies and recordings, along with consumer electronics, computers and more. Category distinctions themselves are blurring. New cellphones are available that can function as a camera (take pictures), a personal desktop assistant, and a computer (with access to the Internet). Categories themselves are elastic, constantly evolving entities.

Distribution channels are also continually changing and, with them, the competitive framework. Consumers can buy computers, tires and fresh shrimp in a single store. They can shop on the phone, by catalog, and on the Internet. But perhaps the most compelling reason that brands should be studied across the entire brandscape is that consumers don’t live, act or make purchase decisions in categories. They live in, and consume, a world of brands. They hold opinions about brands that leap across the category boundaries imposed by marketers. Every day, they make choices between brands in different categories.
For all these reasons, BrandAsset Valuator® evaluates brands outside of the traditional category framework. BAV® creates a market brandscape. Some brands look quite strong when measured simply against their own categories. For example, if you look at the category of rental car brands set against the entire brandscape, it is quite clear that they are weak. There may be an opportunity for a brand to relevantly differentiate itself in a way that would redefine the whole category.

Building Brand Loyalty

BAV® enlightens how traditional selling models work with brand development. Selling models — Awareness, Interest, Desire and Action — are inextricably entwined with brand Pillars of Differentiation, Relevance, Esteem and Knowledge.

An increase in differences one admires (Differentiation and Esteem) coupled with increases in brand Relevance stimulate consideration and trial. Maximizing the “differences one admires” is key to increasing users’ level of commitment – that is, loyalty. If brand experience fails, the brand promise – Differentiation and Esteem – will drop, prompting switching behavior.

The goal is to maximize differences one admires (Differentiation / Esteem), which tends to result in an expansion of profitable customers. Based on this fact, BAV® in conjunction with Kevin Lane Keller (E.B. Osborn Professor of Marketing, The Amos Tuck School, at Dartmouth), developed a Brand Resonance® Loyalty Model.

BrandAsset Valuator® Constructs Work Globally

With measurements in 44 countries, BrandAsset Valuator® uniquely gauges the nature of international marketing opportunities. There has been much discussion and interest in the last decade in global branding — the idea that a brand can develop with nearly equal strength around the world by marketing in one voice everywhere. BrandAsset Valuator® shows that brand development across cultures is more complicated than that. The research indicates that there are
two dimensions to global brands: 1) Consistency of Brand Strength and Brand Stature together, (as measured by the Four Pillars from country to country) and 2) Consistency of brand meaning, which BrandAsset Valuator® measures by clustering brands on dozens of imagery dimensions, across all countries. Preliminary analyses suggest that brands that are strong around the world and have a consistent meaning globally perform better financially than strong brands with inconsistent meaning.

Not surprisingly, Disney is the brand with the most consistent meaning from country to country. In each country, Disney’s Imagery Profile falls into the same Global Brand Paradigm cluster of “Fun.” Coca-Cola, another powerful global brand, is the brand with the most consistent brand strength around the world. This is seen on the Power Grid for Coca-Cola, which represents the Brand Strength and Brand Stature summary measures for the four Pillars.

BrandAsset Valuator® analysis of a brand’s Pillar pattern across different countries compared with other brands within those same countries can greatly enhance strategic decision-making with regard to global brand development. In addition, BrandAsset Valuator®’s assessment of common brand meanings is important for global development.
Brand Asset® Archetypes

Brand Personality and Differentiation

In an era where
technologies and
service offerings are
easily replicated,
quite often the
strongest differentiating
aspect of a brand is its
class or personality.
Brand personality has
been studied for decades
largely in the absence of
compelling evidence to
support conclusions on
how to modify the existing
personality of a brand
or change it to something
else.

Brand Asset® Archetypes
is a quantified analytic tool, linked to BAV® data, which addresses both the character of a brand
and how it needs to grow in the future. Affirmation of the validity of the recommendations that emerge from Archetypes analyses comes from BAV® data: the most powerful Archetype profiles
for a brand produce outstanding Pillar Patterns and Power Grid locations.

The idea that brands have “personalities” that are similar
in some way to the personalities that people have was elaborated by Alex Kroll, a former CEO of
Y&R, in a speech to the Association of National Advertisers in October 1989, “Individualistic
brands… have created characters that have a richness, a complexity, an authority far greater than
the words ‘brand personality’ imply… they have managed to embody the kinds of conflicts,
contrasts, sequences of events, odd shapes, and unpredictable ordering of events that great plays,
novels, paintings, and sculptures have always contained.”

Brand Asset® Archetypes comprises twelve Archetypes grouped into four sets of three.
[Exhibit 1] Each of the four domains (thought, emotion, energy, and substance) has a cardinal
Archetype, defined by the domain in which it falls. All of the other Archetypes are blends. For
example emotion dominates within the Actress but she is also comprised of energy.

The model also incorporates gender essence. The vertical axis represents masculinity; the
horizontal represents femininity. Thus, Enchantress is purely feminine, Jester purely masculine.
As with the defining characteristics, the other Archetypes are gender blends: Warrior is mostly
masculine but also has some feminine influences.
Each of the Archetypes specializes in particular tasks or activities as indicated in [Exhibit 2]. Each of these activities can be described in terms of adjectives that are also shown in the exhibit. It is these adjectives that measure BrandAsset® Archetypes.

Another very important feature of the model is that it describes a Shadow for each Archetype. The Shadow represents the dark side of an Archetype — what happens if the Archetype loses sight of its purpose [Exhibit 3]. For example, the Sage who loses his purpose in life (giving peaceful sanctuary to itinerant Troubadours) fades into obscurity as the Hermit.

The Shadow is a very important concept. Healthy brands are those that avoid the Shadow side by maintaining balanced identities.

Anecdotal evidence confirms the dangers of a dominant dark side. It may very well have been the case that IBM started getting into real trouble when, as the Patriarch of the computing world, they slipped into a Dictator mindset. For a while, it could be said that their operating principal was “The IBM way or the highway.” The brilliant Apple commercial, “1984,” dramatized IBM in this way and opened the door for Apple’s successful entrée into the world that had been, up to then, largely the province of IBM.
Do the measures of Brand Archetypes yield expected results? [Exhibit 4] shows examples of brands that score high on each of the Archetypes. [Exhibit 5] shows high-scoring Shadows. These attributions make a great deal of sense. To mention just a few: Intel is the perfect Sage because its presence, “Intel Inside,” promises the user peace of mind. Ford Mustang is the ideal car to epitomize the freedom and joy of driving a fast and agile automobile.

Among the Shadows, professional wrestling fills the role of Sorcerer quite nicely since it is viewed by many as a dark and hollow athletic competition. Firestone was under a great deal of fire in the U.S. at the time of the survey due to faulty tire construction and thus Addict (wounded, jealous, tragic) is an appropriate designation.
What is especially remarkable about these designations is that respondents were not prompted with the Archetype or Shadow names. So finding the child’s character, Winnie the Pooh, in the Angel’s innocent Archetype is quite validating as is Energizer batteries in the Jester’s resilient one.

There also are significant category effects for Archetypes. News media fall into Magician, as do most high tech and computer brands. Most automobile brands (and all of the Armed Services) are identified with Warrior. Queen is the dominant Archetype for hotels, many food products (especially “comfort” foods), and a large number of retailing brands. All foods show strong Mother Earth scores.

Analyses of BrandAsset® Archetypes help to identify character weaknesses in a brand in advance of its marketplace decline. It gives direction to communication or marketing actions needed to overcome weak brand perceptions, and delineates personality possibilities for brands with shallow personality perceptions. Furthermore, it helps to keep communication on track; suggest ways to connect to the inherent truths in a brand; give directions for evolving the brand over time; and, allows insight for creating communication messages that span time and distance.
BrandAsset® Extensions

BrandAsset Valuator® Informs Today’s Marketing Issues

In addition to projecting a brand’s prospects for margin growth, earnings growth and global development, BrandAsset Valuator® can be used for a variety of other assessments and analytical pursuits. It has been useful in the study of price elasticity, and also for sales modeling. It offers insights that have proved immensely valuable in analyzing all sorts of growth and investment options from identifying the best alliance partners to co-branding initiatives to investing in sub-brands or line extensions. Y&R has also been successful in integrating BAV® data and methods into clients’ own databases, thereby combining useful tools with more focused or proprietary sources of data. BrandAsset Valuator® also has its own line extension: Media BrandAsset Valuator®, which applies BAV® data and techniques to brand media planning, thereby offering better rationales for selectivity, both in media type and media content.

BrandAsset Valuator® Is Becoming Even More Powerful

And more initiatives are in development. Y&R is committed to investing in BrandAsset Valuator® on an ongoing basis with the same vigor that leading brand companies invest in product R&D, for the benefits of better data and analytical tools can match—or exceed—those provided by better products, colors or flavors.

BrandAsset Valuator® Alliance with Stern Stewart: BrandEconomics®

BrandEconomics® is a joint initiative of BrandAsset Valuator® and Stern Stewart to provide an entirely new type of consulting service for brand strategy and management. The BrandEconomics® approach to brand analysis, strategy and valuation represents a major improvement in the advisory services previously available to brand owners. First, the Brand advice is integrated, being equally grounded in the consumer and business understanding of brands. Second, the advice is robust, combining the analytical rigor of Stern Stewart’s EVA® methodology with Young & Rubicam’s BrandAsset Valuator® model and database. Most important, the advice is actionable because it addresses the consumer and business drivers of a brand’s competitive position directly.

As you have seen, BrandAsset Valuator® allows us to identify the basis of brand advantage across different markets and categories. Using Economic Value Added (EVA®) we are now able to prioritize market opportunities on the basis of their potential for value creation. The combination of these disciplines enables us to advise clients on the brand strategies most likely to deliver market and financial success.

BrandEconomics® has developed a proprietary approach to the valuation and management of brands based on a deep understanding of the drivers of the financial performance of brands and the bases for their consumer franchise. Extensive modeling using inputs from the BrandAsset Valuator® database has produced the first wholly objective estimates of brand values across important product and service sectors.

The BrandEconomics® approach enables us to understand the current performance of a brand and the future growth opportunities - and challenges - that the brand faces. In financial terms, it means we can identify the proportion of a brand’s value represented by its Current Operating Value and its Future Growth Value respectively. This allows us to focus our advice on the twin priorities of delivering superior current performance and creating future growth opportunities through the brand.
The BrandEconomics® Offerings

Brand Audit

Current competitive positioning and intrinsic value for a brand or portfolio of brands. This can be taken down to specific, clearly defined competitive frames by product segment, geography or customer type.

Evaluation of Strategic Alternatives

Quantifying the impact of different initiatives on the brand portfolio, selecting optimal brand strategies, and assisting in setting priorities for resource allocation across the portfolio. These alternatives can include acquisition, divestiture and partnership opportunities.

Brand Extensions

Assess brand elasticity across new product segments through attribute analysis, examine relative brand health versus competitors, and apply detailed financial analysis to assess the economics of individual segments to determine the attractiveness and probability of success of potential extensions. Additionally, it provides analysis of brand partnerships/alliances or licensing opportunities.

Investor Relations

Validate strategies and aid in communicating these to investors.

BrandAsset Valuator® Tool Kit

General Positioning Work
Alliances and Co-Branding
Master and Sub-Brand Relationships
Media Planning BrandAsset Valuator®
Brand Elasticity
Global Branding
Internet Branding