

WHITE PAPER

In Brand Value: Are You Royalty Or Do You Bow To Another?

by **Ed Holme**



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...he reflected on my question for a moment, then rocked back in his executive chair, hands clasped behind his head and inquired, "So, in your words, Ed, what exactly is Brand Value?"

Leaning in slightly, I responded, "Matt, if you don't mind, I'm not going to use my words. I'd like to use your perceptions," adding, "What car do you drive?"

His eyes followed mine as I glanced across to the perfectly

polished, die-cast Carrera on his credenza and he started to smile. "You got me. Tell me more. But remember—my brand isn't Porsche."

"Not yet." I offered.

What is the value of a brand? Of your brand? Do you know? If you don't, there's no way to tell whether it's increasing in value or decreasing. A decrease spells disaster.

The value of your brand—no matter how you measure or track it—is a result of the value your brand holds in the minds of people. Your customers. Your end users. Your competitors. Your competitors' customers and end users. Your peers.

And once you have your benchmark value (more on this later)? Then you have to know how to build it.

Knowing your brand's value and how to build it will help you propel your company toward the pinnacle of success. You'll see better margins, market share, and profits that distance you from your competitors. Brand Royalty vs. those ruled by the whims of the marketplace, bowing to the demands of buyers.

Assuming you are not the foot-kissing type—how can you and your company lay claim to the throne?

Let's take a look...

*In the ensuing conversation with Matt', we reached agreement that **Brand Value lies In the Eye of the Beholder.** But what defines that value?*

If you look up Brand Equity on Wikipedia, there's a well-referenced outline of multiple approaches for assessing a brand's value. From corporate-level economic modeling to product-level price differentiation models to more end user-level, "values based" perception models. The summary concludes that, "Brand equity is strategically crucial, but famously difficult to quantify." And that, "A more complete understanding of the brand can occur if multiple measures are used."¹

But think about it. The value of your brand—no matter how you measure or track it—is a result of the value your brand holds in the minds of people. Your customers. Your end users. Your competitors. Your competitors' customers and end users. Your peers. Because each one of these groups will interact with your brand based on the position of value it holds in their mind.

What affects that perception? That individual reality?

First of all, it's personal. Put on your "evaluator" hat and think about the elements that follow in relation to a couple of brands. Let's say the brand of: a) your neighbor's car, and b) your office coffee maker.

7 Essential Elements of a Brand's Value

Answer these questions for the car and the coffee maker.

1. Recognition

How well known is the brand? How well do you know it? Do you know what its logo looks like? Can you recite its tagline? Have you seen any advertising or communications about it? Would your friends know it if you said its name? What color does it bring to mind?

2. Respect

What is the brand's reputation? Do you like it? Its products? Have you heard others talk about it in a good or bad way? Does it have respectable associations, in your opinion? Has it done anything to affect your level of respect for it?

3. Relevance

Is the brand appropriate for you? Is it meaningful for what you want, or need to do? i.e., Do you even drink coffee? Or would you ever even consider owning a luxury sports car? Or are you ambivalent?

4. Importance

What is the level of importance, in your world, for the brand or the products it encompasses? Do you care enough for the brand to matter to you? What, if anything, could the brand do to make itself more important to you? Are there aspects of driving or drinking your morning coffee that are important to you that the brands just don't provide?

5. Experience

What is your experience with these brands? Good? Bad? Blah? Think of the total experience with the coffee maker—the way it looks, the ease of use, the efficacy, the quality, the reliability, the complaints you hear, any communication you've noticed about the brand. Is it a positive experience? Is it a delight? Or just blah?

6. Trust

This one starts to feed off three of the above—reputation, respect, and experience—and is a values-based judgment call personal to you. Do you trust the brand? Is the brand

trusted by others? Would a high level of trust expressed by others convince you to trust it? Think for a moment about a brand you do trust. Why do you trust it? What has it done to gain your trust?

7. Preference

This is where we end up. Preference is the precursor to loyalty—the Holy Grail of brand relationships. So, let me ask you this: within a competitively similar set of brands, does the brand in question (car or coffee maker) have a perceived level of value in your mind, making you prefer it over the others you considered? If the answer is no, then they both have a lot of work to do. With you anyway.

These seven elements build value when they're above the median line in the positive range. When they're below the line, they impede value creation and can even decrease a brand's value—which is to be avoided at all costs.

How does your brand stack up? To know, first you must establish your benchmark.

Measuring Brand Value Elements

The best place to start is with a combination of qualitative and quantitative research. Define your brand audience segments and then the behavioral sub-segments within them.

The first is easier because your audience segments are your major brand audiences. These include existing and potential customers, end users, employees, vendors, and partners, as well as press, influencers, industry organizations, etc. The second segment gets trickier. You need to define the sub-segments within the first brand audience segments—especially your existing and potential customers and end users—who differ significantly in attitude, behavior, and motivation from one another.

In the 7 Essential Elements exercise above, you were the subject examining value for two brands. But (and I know you were thinking this), you're just one person with one point of view, based on your individual experiences and values, likes and dislikes, and needs and preferences. However, there are others similar to you—in their behaviors, priorities, needs, wants and desires, and in their beliefs and value judgments. So, along with those "similar" individuals, you are part of a sub-segment of a larger brand audience segment.

Just as you fit into one sub-segment, others with significantly different behaviors, priorities, needs, etc., will fit into another sub-segment, the parameters of which you

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need to understand. There may also be a third sub-segment, or even a fourth—especially in consumer goods markets.

With this knowledge in hand, you can now benchmark your brand, its value, and the elements that create that value. The method you'll use is a Brand Equity Study. This will measure the perceptions and attitudes of your brand audience segments and sub-segments using the 7 Essential Elements of Brand Value. Defining the parameters and makeup of each. The study will give you insights into why your brand scores high or low on each one.

Now you know where your brand stands in current value (your benchmark), and what creates brand value with your target audiences (your goal). So how do you build that value?

This is where I offer our most important advice.

Using this newly acquired knowledge, you must:

- 1) Realign your brand to address the needs, wants, and desires of your brand audiences. This will start maximizing your brand's real and perceived value through the new and ongoing brand experiences it delivers.
- 2) Fully align your brand strategy with your business strategy to deliver that value through to your bottom line.

1. Realigning Your Brand

Revisit and re-establish the foundational structure of your brand, based on the new understanding of your brand audiences. Review and realign these five brand elements:

Your Brand's Purpose:

This is the bedrock of your brand. Why your brand exists. Dig deep to uncover that truthful purpose that will ultimately be the *raison d'être* that ignites and inspires culture and behavior.

Your Brand's Pillars:

These are the three or four key sets of competitive attributes (core truths) that, when combined, makes your brand unique and meaningful to your audiences.

Your Brand's Position:

This is the place of value you want to own in the hearts and minds of your audiences.

Your Brand's Personality:

This is the voice, tone, and manner with which your brand will communicate and deliver the brand experience.

Your Brand's Value Propositions:

These spell out the unique value your brand offers to each brand audience segment and sub-segment. Derived from the brand pillars and expressed through the brand personality.

2. Aligning Your Brand Strategy with Business Strategy

Pull out your business plan and examine the overarching business goals and strategies you've put in place to achieve them. Now ask yourself, "What can our newly refined,

customer-centric brand do—every day—to help deliver on these business strategies and achieve our goals?"

Your brand is unique to your company and should be one of the most valuable assets you own.

Think of all the touchpoints where your brand, as a purveyor of meaningful and delightful experiences, could deliver value to your audiences. Internal touchpoints. External touchpoints.

Of course, through your products and your marketing. But what about sales, customer service, buyer negotiations, supplier and vendor relations, industry organizations, and even competitors? Consider every department in your company and the experiences they currently do or don't deliver that could be brand centered—building value and affecting behavior. You are creating an entire brand culture.

All together, this is your **brand's ecosystem** throughout which you have the opportunity to leverage and build the true value of your brand. Across your internal organization and outwardly to all your brand audiences.

Examine every touchpoint. Design each as a meaningful, delightful, valuable brand experience.

Go ahead. Unleash the full potential of your brand on the world. And learn what it feels like to be ruler in your brands domain. ■

* Note: Matt is a semi-fictional character created for this article from a compilation of real life experiences. There have actually been many "Matts"...

¹ https://en.wikipedia.org/wiki/Brand_equity



MEET ED

Since joining BOLTGROUP in 1994, Ed's experience in brand strategy, research, and sales and marketing has been instrumental in building high-value client relationships through the strategic alignment of their needs and goals with BOLTGROUP's expertise to maximize our impact on their business.