CHAPTER 8: DEVELOPING A BRAND EQUITY MEASUREMENT AND MANAGEMENT SYSTEM

Kevin Lane Keller
Tuck School of Business
Dartmouth College

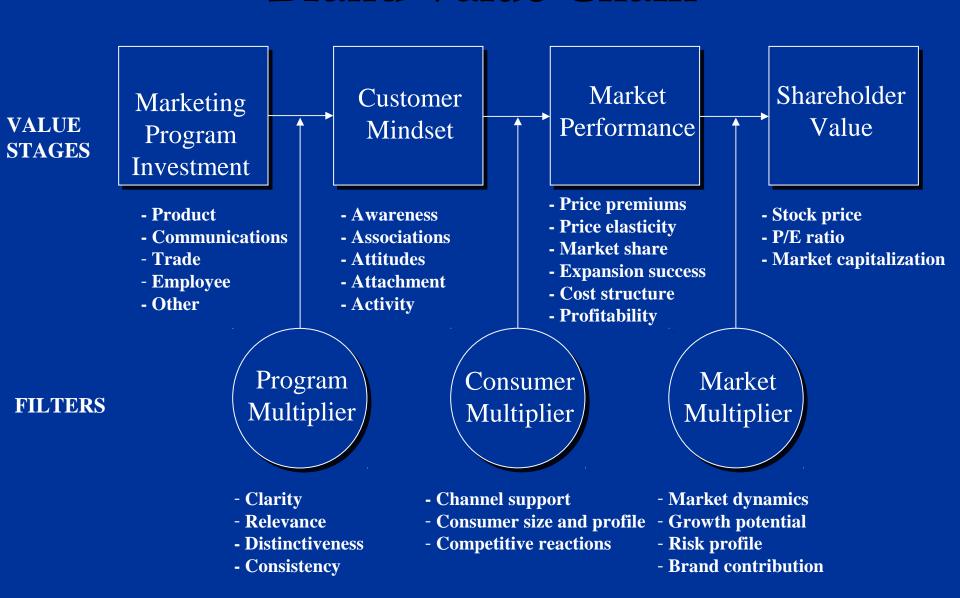
The New Accountability

- Virtually every marketing dollar spent today must be justified as both effective and efficient in terms of "return of marketing investment" (ROMI).
- Some observers believe that up to 70% (or even more) of marketing expenditures may be devoted to programs and activities that cannot be linked to short-term incremental profits, but yet can be seen as improving brand equity.

The Brand Value Chain

- Broader perspective than just the CBBE model
- The brand value chain is a structured approach to assessing the sources and outcomes of brand equity and the manner by which marketing activities create brand value.

Brand Value Chain



Value Stages

- Marketing program investment
 - Any marketing program that can be attributed to brand value development
- Customer mindset
 - In what way have customers been changed as a result of the marketing program?
- Market performance
 - How do customers respond in the marketplace?
- Shareholder value

Multipliers

- Program quality multiplier
 - The ability of the marketing program to affect customer mindset
 - Must be clear, relevant, distinct, and consistent
- Customer multiplier
 - The extent to which value created in the minds of customers affects market performance
 - It depends on factors such as competitive superiority, channel support, and customer size and profile
- Market multiplier
 - The extent to which the value generated through brand market performance is manifested in shareholder value
 - It depends on factors such as market dynamics, growth potential, risk profile, and brand contribution

Brand Equity Measurement System

A set of research procedures that is designed to provide timely, accurate, and actionable information for marketers so that they can make the best possible tactical decisions in the short run and strategic decisions in the long run

Brand Equity Measurement System

- Conducting brand audits
- Developing tracking procedures
- Designing a brand equity management system

Designing Brand Tracking Studies

- Tracking studies involve information collected from consumers on a routine basis over time
 - Often done on a "continuous" basis
 - Provide descriptive and diagnostic information

What to Track

- Customize tracking surveys to address the specific issues faced by the brand
- Product-brand tracking
- Corporate or family brand tracking
- Global tracking

How to Conduct Tracking Studies

- Who to track (target market)
- When and where to track (how frequently)
- How to interpret brand tracking

Brand Equity Management System

- A brand equity management system is a set of organizational processes designed to improve the understanding and use of the brand equity concept within a firm:
 - Brand equity charter
 - Brand equity report
 - Brand equity responsibilities

Brand Equity Charter

- Provides general guidelines to marketing managers within the company as well as key marketing partners outside the company
- Should be updated annually

Brand Equity Charter Components

- Define the firm's view of the brand equity
- Describe the scope of the key brands
- Specify actual and desired equity for the brand
- Explain how brand equity is measured
- Suggest how brand equity should be measured
- Outline how marketing programs should be devised
- Specify the proper treatment for the brand in terms of trademark usage, packaging, and communication

The Knicks Brand Charter

The Knicks



The Fans

Emotional Bond

- •Uniquely authentic
- •An incomparable event, scene and energy
- •Relentless, resourceful, and tough
- •Championship caliber
- •A vital part of New York City
- •Unlimited in its possibilities

An intensely passionate, professional, unparalleled New York City experience

- Sensory fulfillment
- -Looks, feels, and sounds
- •Visceral thrill
- Eager anticipation/excitement
- War: winning/losing
- •Psychological benefits
- Personal identification (with heroes)
- Social currency/belonging
- Emotional awards
- Intense experience
- Childhood
- Sustaining
- Exceeds

Brand Equity Report

- Assembles the results of the tracking survey and other relevant performance measures
- To be developed monthly, quarterly, or annually
- Provides descriptive information as to what is happening with the brand as well as diagnostic information on why it is happening

Brand Equity Responsibilities

- Organizational responsibilities and processes that aim to maximize long-term brand equity
- Establish position of VP or Director of Equity

 Management to oversee implementation of Brand

 Equity Charter and Reports
- Ensure that, as much as possible, marketing of the brand is done in a way that reflects the spirit of the charter and the substance of the report