

# Brand metrics: good, bad and don't bother

## branding

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When a Fortune 500 executive recently asked for a proposal to provide financial valuations for his top 30 brands, I asked what decisions this information would enable him to make. That question quickly ended the conversation, as it was one he could not answer.

A brand metric is only worthwhile if you can take an action as a result of the information revealed, and if you can ultimately link your brand metric to your company's overall business performance.

Few companies, however, actually put any type of brand metric into practice. In fact, Prophet's 2002 Best Practices Study showed that only one-third of the 90 companies surveyed in 2001 measure the performance of their brands. At a marketing roundtable I moderated for senior marketing executives from very well known corporations, the question of which metrics they use elicited telling responses:

A major manufacturer of well-known consumer brands aimed at children said: "We measure brand awareness and brand recall."

A major manufacturer of food brands found in most refrigerators stated: "Unfortunately, because of our decentralized nature, we cannot get the funding to measure brand performance."

About the only changes these companies made as a result of metrics were related to ramped-up external communications aimed at creating greater brand awareness, which none of them actually needed.

The next generation of brand metrics must be tied to bottom-line results. Making the direct connection is challenging, but even a causal correlation is sufficient for most companies, and light years ahead of where we are today.

In general, brand metrics typically fall into two categories: performance metrics and

perception metrics. Performance metrics help assess how brand-building activities directly drive overall business results, and range from price premium to loyalty, to the lifetime value of a customer. Perception metrics monitor the more intangible aspects of brand such as relevance, consideration and awareness. They help gauge the effectiveness of brand-building activities, which should still be linked, although less directly, to overall business performance.

The best-designed and most effective metrics can only be developed if the link between brand and business strategy is clearly understood. These "good" metrics will show how the brand can be better managed while providing the rationale for more effective brand and business resource allocation. Then the business as a whole can reap the benefits of having a consistent and measured approach or scorecard for gauging the brand's overall performance.

As an example, one of our key deliverables for a convenience store retailer exploring brand for the first time was a scorecard that included seven brand metrics, each directly connected with a business performance measure. For instance, one business goal was to increase the number of high-margin items in a consumer's basket, as this retailer had only been known historically to carry a few staple, commodity-like items. The business measure of "basket composition" correlated directly to the share-of-wallet brand performance metric.

For the retailer to move beyond the perception that it carried only staple items, the marketplace needed to first become aware of its product mix expansion. This required a repositioning effort (*brand positioning understanding*) to help the retailer be taken seriously by females (the target market) wanting to fill more of their shopping needs (*brand credibility*).

Our client knew the business performance metric required improvement. We addressed what consumer behavior changes would help improve performance against this metric. Understanding those changes helped identify the brand-building tactics to trigger them. The tactics were aimed at altering specific perceptions, which should then, if effective, change consumer behaviours and trigger an improvement in brand performance. From a

causal perspective, this retailer, if successful, would see its brand repositioning and credibility-building efforts link directly to an increase in basket size (more stuff, higher priced) and an overall increase in share of wallet.

As goals shift, so should the metrics. Too often, someone – usually in marketing – just settles on six or seven pro forma metrics that lack connective tissue to business performance and the bottom line. Small wonder there's often a disconnect between marketing and the rest of the organization.

Here's a short primer on choosing brand metrics that do connect.

First, understand your company's overall business goals and objectives. Second, determine which of these can be affected by brand-building efforts. My guess is that you will be hard-pressed to find one that is not. Third, assess stakeholder/customer behaviours you're trying to alter and understand which actions can alter those behaviours. Fourth, determine what brand measures will help you

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best understand if you are moving the needle or not. Fifth, agree on the right brand metrics that will best monitor progress against brand goals as well as impact on business performance. Finally, baseline where you are today against each agreed-upon brand metric to help you chart progress over time.

Without a formal connection between business and brand metrics, aren't we just perpetuating the mind-set that a brand is nothing more than a tagline, logo or ad and that awareness is the only brand measure that matters?

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