



# Operationalizing the Brand

A SURVEY OF BEST PRACTICES  
IN BRAND MANAGEMENT TODAY

Executive Summary

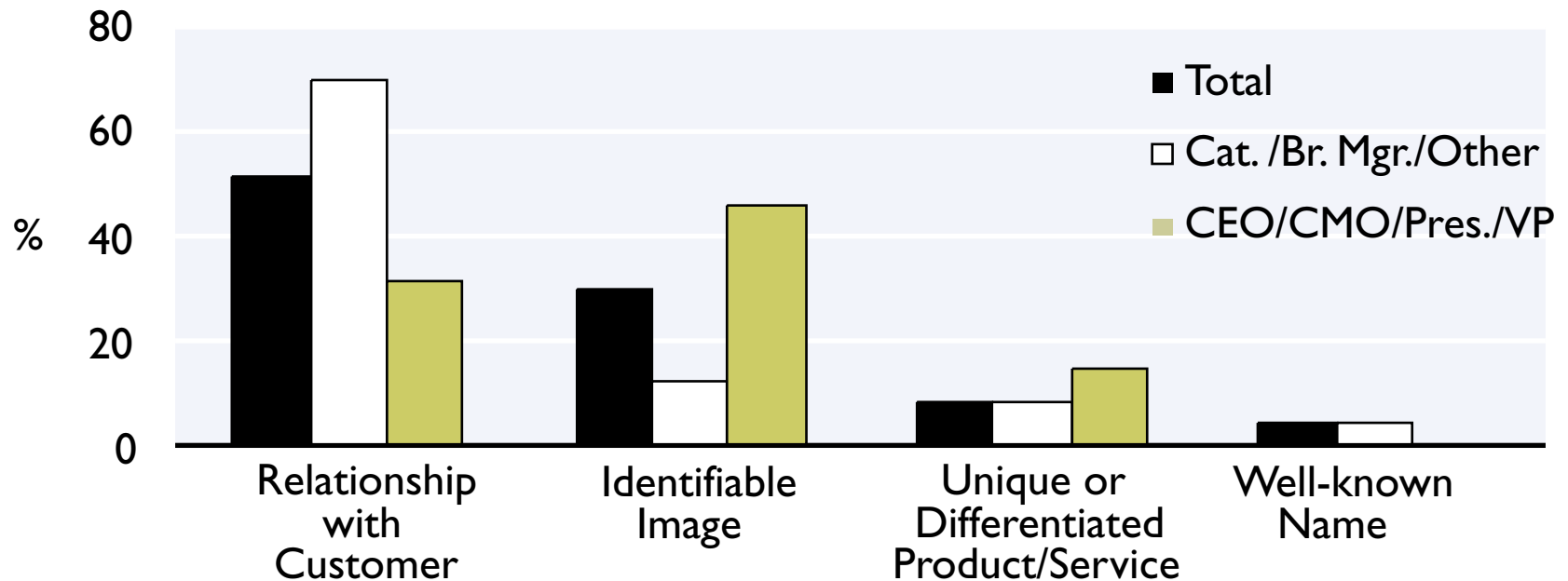


# Objectives & Methodology

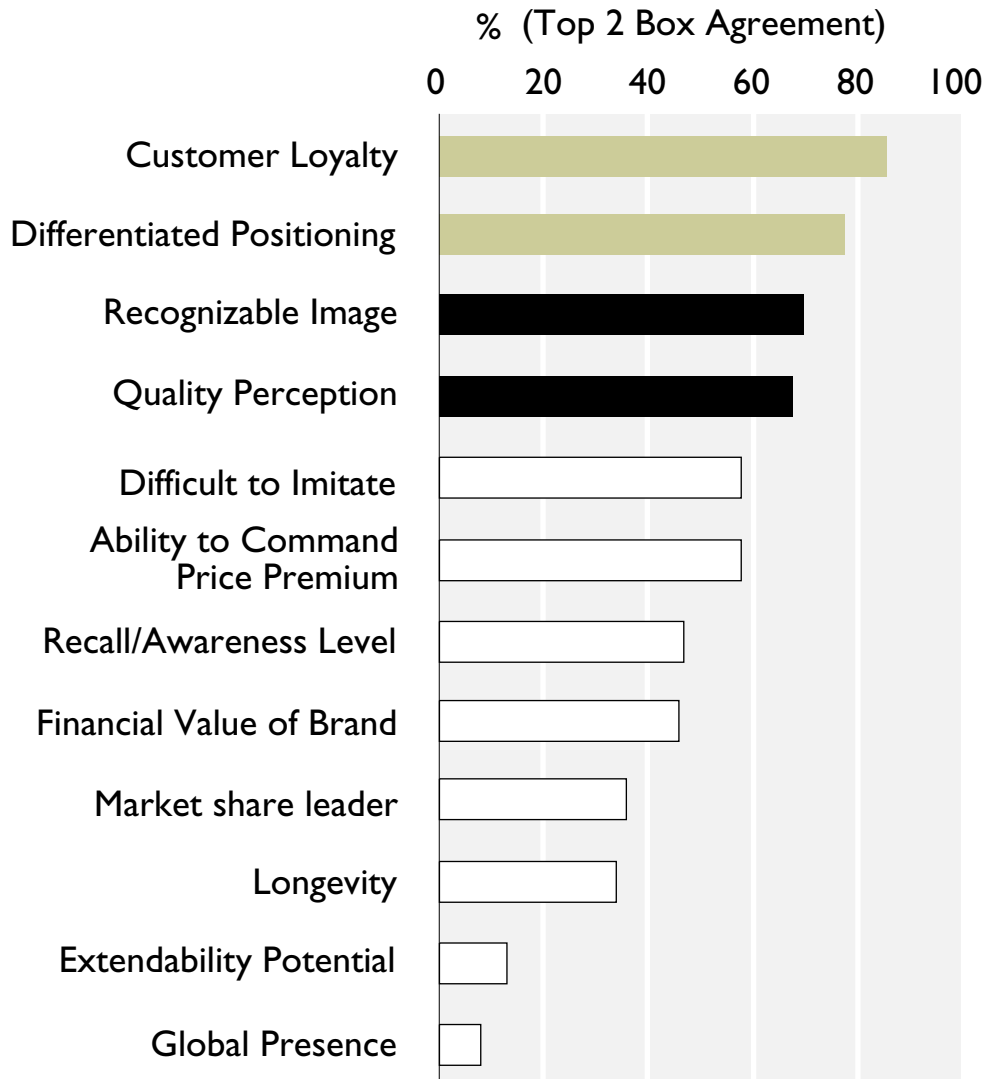
- ▶ Understand **how companies are “operationalizing” their brands**
- ▶ Identify brand management trends linked to successful/valuable vs. less successful/less valuable companies
- ▶ Identify brand-related business issues facing business leaders
- ▶ 90 Respondents represented a variety of industries and various management levels within the organization:
  - Private and public companies, 50+% with gross revenues above \$500MM
  - Services, Products, B2B, Durables, Non-durables
  - Just over 50% of respondents were VP/Sr.VP/EVP of Marketing, with balance represented by CEO/President, Category/Division Managers, Brand Managers
- ▶ Study conducted online during Q4 2001

# Definition of “Brand”

Many managers today view the idea of “Brand” as fully encompassing the **relationship** a product/service has with a customer



# What determines Brand Strength?

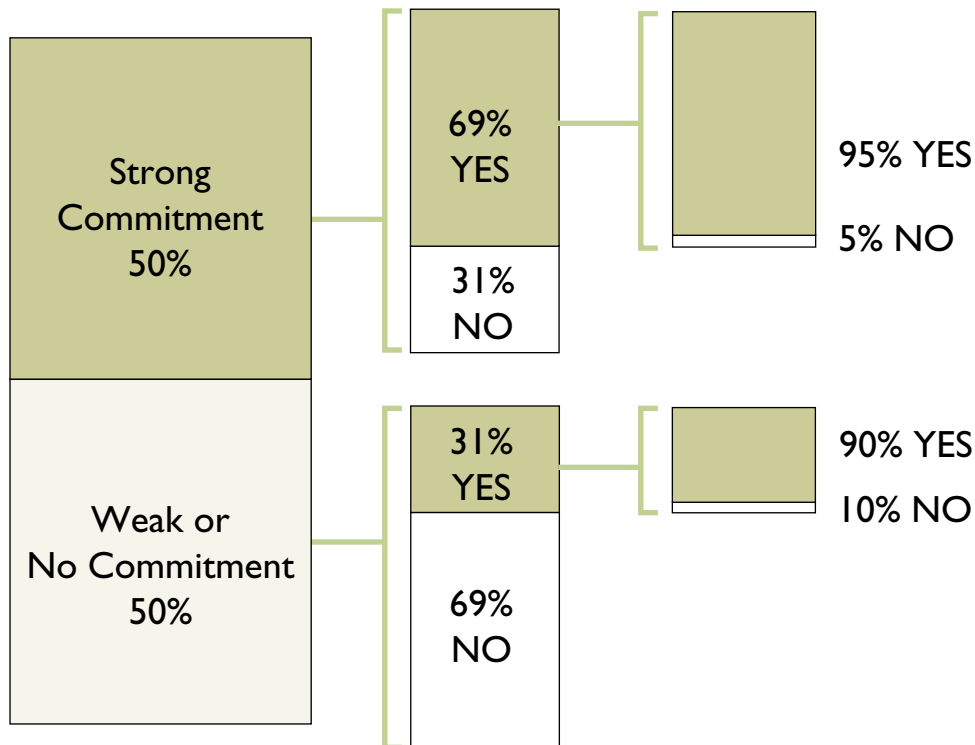
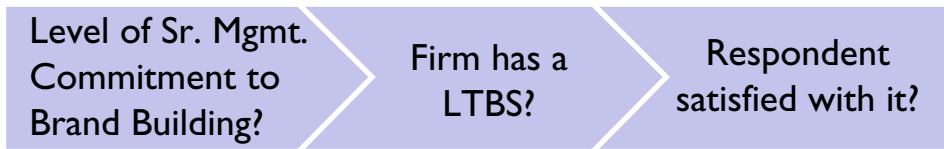


**Customer loyalty** and a **differentiated positioning** are thought to be the most important factors in determining brand strength, and these ideas were prevalent throughout the survey

- The need to differentiate is a key trend affecting branding today
- Increasingly, firms are striving to gain customer loyalty

# How Commitment Affects LTBS Satisfaction

Impact of Senior Management Commitment to Brand Building  
on Satisfaction of **Long Term Brand Strategy (LTBS)**



Although firms recognize the role and importance of branding, their actions don't yet show full support for it:

- Only 53% of respondent firms have LTBS in place
- Of this group, only 40% are "very satisfied" with their LTBS
- Few functional areas or marketing activities are well-aligned with the LTBS

# Key Driver of Brand Strategy Operationalization: Committed Senior Management

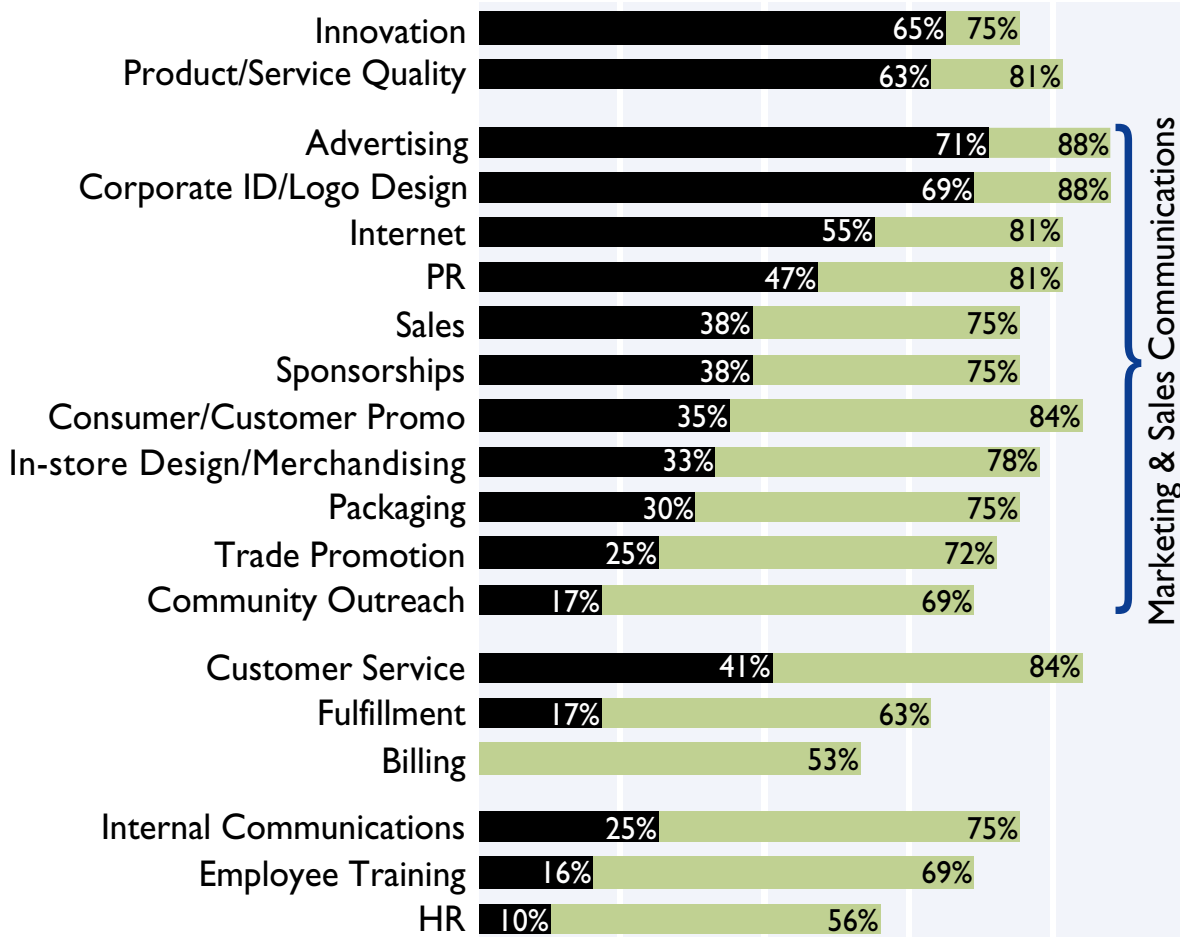
- Although many firms already have brand portfolio management responsibilities residing with senior management, **even more agree they ought to**
- When senior management support exists, it is **significantly more likely that the firm has articulated a LTBS** and is demonstrating other support behaviors

	TOTAL SAMPLE		FIRMS WITH STRONG SR. MGT. COMMITMENT TO BRAND BUILDING	
	Who HAS Accountability? %	Who SHOULD HAVE Accountability? %	Who HAS Accountability? %	Who SHOULD HAVE Accountability? %
CEO/President	34	41	28	47
VP Marketing	31	25	44	22
CMO	13	18	9	9
Cat. Manager/Director	10	4	9	9
Brand Manager	1	8	0	13

Brackets in the original image group the first three rows (CEO/President, VP Marketing, CMO) under a **78%** bracket for the 'TOTAL SAMPLE' columns, and a **87%** bracket for the 'FIRMS WITH STRONG SR. MGT. COMMITMENT TO BRAND BUILDING' columns.

# Some Senior Managers are only paying “Lip Service” to Brand Strategy

- Functional Strategies **Should** be Driven by LTBS
- Functional Strategies **Are** Extremely Driven By LTBS



- Brand strategy is rarely aligned with other functional strategies
- Brand-related internal communications and training are not provided consistently or thought to be sufficient/effective
- Brand-building investment continues to be focused on traditional marketing activities, and less on areas such as customer service and HR/training which help support the brand strategy

Regardless of action, or lack-of-action

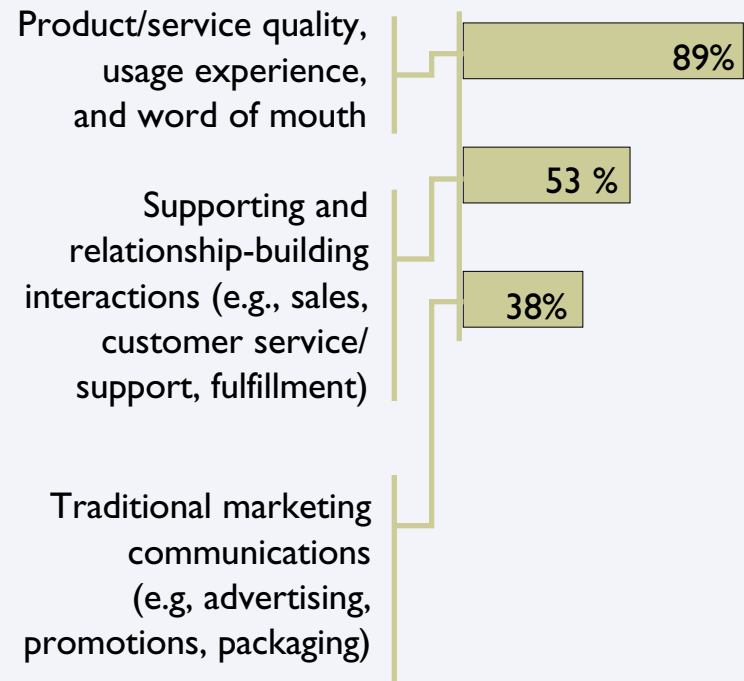
# Firms Understand What To Do

- For firms with a LTBS, the goals are well-aligned with the factors commonly associated with brand strength
- Even more so than traditional marketing tactics, many managers cited an array of “supporting” behaviors (e.g., customer service, sales, fulfillment) as important to building the customer relationship

Yet, many of these were also viewed as difficult to manage and potentially an obstacle to delivering on the brand promise (e.g., sales force, employees)

- Firms that tend to be integrating brand strategy into their organizations are also more likely to be leveraging market research to guide their strategic planning and to measure brand equity

## Average Agreement that “Tool” is Important to Brand Building





# Key trends for measurement of Brand Value/Equity

- Currently, only **35% of firms measure brand value/equity**
- **Customer satisfaction** is viewed as a very influential measure to determine brand value/equity (by 96% of firms measuring it), followed by strong recall/awareness, repeat purchase, and purchase intent measures
- **Return on brand investment** is the only financial measure perceived to be influential in determining brand value/equity — firms with senior management commitment to brand building are more likely to use this measure, along with annual profits, revenue, and market share
- Among those who do measure brand equity, this information is used most often to:
  - (1) **Guide resource allocation decisions** (human & financial)
  - (2) Expand/rationalize portfolio
  - (3) Affect manager compensation/performance evaluation (less than 50%)



# Success in Building Brand Strategy Requires Three Key Actions

1

## “Top-down” commitment and implementation of brand strategy

- Senior management support is critical to success, and they must be “walking the walk”
- Allocation of resources should reflect priorities set by brand strategy

2

## Operationalize the brand strategy at all levels

- Linkage between overarching brand strategy and functional strategies and tactics is important
- Both the actual product/usage experience and the supporting interactions with the brand (e.g., customer service) are critical to brand success
- Firms need to clearly define and communicate the role of brand (both internally and externally), identify the relevant drivers of brand success, and support this with adequate resources and rewards

3

## Improve ability to measure brand equity/value

- Can’t manage what you don’t measure
- Managers need to identify and define key indicators of brand success and track/measure them over time — then they must course correct as necessary
- Tie rewards and incentives to brand success measures



Building Great Brands and Businesses

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