Measuring Brand Equity Across Products and Markets

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What is a stronger brand name: Kodak, American Express, Mercedes, Ford or IBM? Why is a brand strong or weak? How do brand strength levels change over time? Why? How do brand strengths vary by country and markets and why?

Such questions are fascinating and also practical. Most businesses, if they measure brand equity at all, restrict their measures to brands in the immediate product class and market of interest. Expanding the perspective to include multiple product classes and markets can have significant practical value in that it can enhance a firms capability to manage a portfolio of brands and markets, benchmark against the best, and develop a valid brand equity measurement system.

Managing a Portfolio of Brands and Markets—Many organizations offer a number of brands across a variety of markets. If these brands are managed separately and independently or on an ad hoc basis, overall resource allocation among the brands may be less than optimal. For example, if Grand Metropolitan, which owns a host of worldwide brands including J&B, Bailey's, Smirnoff, Pillsbury, Green Giant, Hagen-Dazs, and Burger King, does not treat its brands and their markets as a cohesive portfolio, then strategic decisions made for the benefit of individual brands might in the end hurt the company's overall performance.

Good management of a portfolio of brands and markets starts with having common measures of performance. Of course, well-developed and

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accepted financial measures such as sales, cost, margins, profit, and ROA usually dominate brand objectives and performance measures. However, these measures tend to be short term and to provide little incentive for investment in brand building. Also needed are brand equity measures that can be used to evaluate the brand-building activities of managers in different product markets. Which managers have been successful at strengthening their brand and which have presided over a decline in brand health?

Benchmarking against the Best—Benchmarking is common when undertaking cost improvement programs. Why not in branding? Too often managers believe that their positioning alternatives are restricted to what has always been done in their category. Considering brands in other categories, some of which may share some common characteristics and challenges, can suggest new positioning options. The observation that Ford increased its perceived quality, and an analysis of how it was done, might suggest programs for Boeing or Maytag. Further, when evaluating brand-building programs, a useful benchmark might be other brands with similar positioning strategies. Thus, with respect to perceived quality, a leading firm in the financial service industry might find Disney to be a more interesting point of comparison than a direct competitor.

Developing a Valid Brand Equity Measurement System—The challenge for many brands is to develop credible and sensitive measures of brand strength that supplement financial measures with brand asset measures. When brand objectives and programs are guided by both types of measures, the incentive structure becomes more balanced, and it becomes more feasible to justify and defend brand-building activities. General progress in the measurement of brand equity will help managers develop valid instruments for individual brands.

In this article, the Brand Equity Ten will be proposed as a point of departure for an effort to create a set of brand equity measures that could be applied across markets and products. They are structured and motivated by the four dimensions of brand equity—loyalty, perceived quality, associations, and awareness—that were developed in my book *Managing Brand Equity*.[1] They are also influenced by two major efforts to measure brand equity across product classes. The first, termed the Brand Asset Valuator, is that of the Young & Rubicam agency (Y&R), who used a 32-item questionnaire to measure brand equity for 450 global brands and over 8,000 local brands in 24 countries. The second, termed EquiTrend, is that of Total Research, who have measured brand equity annually in the form of perceived quality, brand knowledge, and user satisfaction for 133 U.S. brands in 39 categories.

The Brand Equity Ten

What measures will be most effective in evaluating and tracking brand equity over products and markets? Four criteria provide guidance.

Measure Criteria

First, the measures should reflect the construct being measured, namely, brand equity. The conceptualization and structure of brand equity should guide the development of the measure set. One objective should be to tap the full scope of brand equity, including awareness, perceived quality, loyalty, and associations.

In particular, measures should reflect the asset value of the brand and focus on a sustainable advantage not easily duplicated by competitors. They should not be tactical indicators such as marketing mix descriptors or advertising expenditure levels. Tactics are easily copied and do not represent assets.

Second, the measures should reflect constructs that truly drive the market because they are associated with future sales and profit. Brand equity managers should be convinced that movement on a measure will eventually move the needle on price levels, sales, and profits.

Third, the selected measures should be sensitive. When brand equity changes, the measures should detect that change. For example, if brand equity falls because of a tactical blunder or competitor action, the measures should be responsive. If an element of brand equity is stable, the measures should reflect that stability, and the brands true value should not be masked by noise.

Finally, the measures should be applicable across brands, product categories, and markets. Such brand equity measures will be more general than those used to manage an individual brand for which specific measures of functional benefits and brand personality are likely to be more unique. However, a set of proven and tested general measures can provide structure and guidance to those developing a set of measures for an individual brand. In fact, measures selected for an across-product/market context should be viable candidates for tracking individual brands.

Using Research to Refine the Measure Set

The ten measures outlined in the balance of this article will not necessarily represent an optimum set in all contexts. Modifications to fit the context and task at hand will often be appropriate. For example, the food and drink business of Grand Met may require different measures than the high-tech product line of HP or the service focus of CitiBank. Further, one firm may want a more extensive (or more compact) set than another firm, perhaps because the scope of affected decisions will be different.

The set of measures developed in this article can provide a point of departure. Asking the question What drives brand equity in the relevant product markets? should provide guidance in adding and deleting measures. Research of two types can help answer this question. The first type is quantitative research in which candidate measures are applied to a set of brands. Statistical models can then be used to determine which measures drive objective variables of interest (such as the perceived price premium associated with the brand, the attitude

toward the brand, or purchase intentions). The strength of the relationships between the brand equity measures and these objective variables will then provide a basis for prioritizing the list of candidate measures.

Allstate is one firm that has engaged in such research. In a study designed to determine which brand equity elements affect the perceived price premium associated with their brand, they asked customers how much of a discount a competitor would have to provide to induce them to switch. Non-customers were asked how much savings Allstate would have to provide to induce a switch. The researchers then asked about various brand equity elements including perceptions of Allstate, its services, its agents, and its brand personality. Statistical analysis was employed to determine which elements influenced the price premium observed, and these became prime candidates for any Allstate brand equity measurement system.

Quantitative survey-based studies such as the Allstate effort are limited in part because perceptions and attitudes toward established brands tend to be very stable, and thus monitoring them generates little information. A second research approach is to develop extensive case studies that describe large positive and negative changes in brand equity as indicated by measures of perceived quality or price premium. Each case study attempts to determine the causes of the change in brand equity. Convincing case studies can suggest influential variables and provide credibility to both the measures and the whole process.

TABLE 1. The Brand Equity Ten

Loyalty Measures
• Price Premium
• Satisfaction/Loyalty
Perceived Quality/ Leadership Measures
• Perceived Quality
• Leadership
Associations/ Differentiation Measures
• Perceived Value
• Brand Personality
• Organizational Associations
Awareness Measures
• Brand Awareness
Market Behavior Measures
• Market Share
• Price and Distribution Indices

The Brand Equity Ten

The Brand Equity Ten, ten sets of measures grouped into five categories, are summarized in Table 1. The first four categories represent customer perceptions of the brand along the four dimensions of brand equity—loyalty, perceived quality, associations, and awareness. The fifth includes two sets of market behavior measures that represent information obtained from market-based information rather than directly from customers.

Loyalty

Loyalty is a core dimension of brand equity. You usually offend your core first because they are connected to the brand and they care. Therefore, brand equity blunders that go to the heart of

the customer relationship should affect loyalty. A loyal customer base represents a barrier to entry, a basis for a price premium, time to respond to competitor innovations, and a bulwark against deleterious price competition. Loyalty is of sufficient importance that other measures, such as perceived quality and associations, can often be evaluated based on their ability to influence it.

Price Premium

A basic indicator of loyalty is the amount a customer will pay for the brand in comparison with another brand (or set of comparison brands) offering similar benefits. For example, a consumer may be willing to pay 10% more to shop at Sak's rather than at Bloomingdale's or may be willing to pay 15% more for Coke than for Pepsi. This is called the "price premium" associated with the brand, and it may be high or low and positive or negative depending on the two brands involved in the comparison.

If a brand is compared to a higher-priced brand, the price premium could be negative. For example, Kmart shoppers might expect a 20% price advantage over Macys and would buy at Macys if the Kmarts price advantage was any smaller. This negative price premium could reflect substantial brand equity for Kmart if its prices were actually 25% lower.

In measuring price premium or any brand equity indicator, it is useful to segment the market by loyalty. For example, the market might be divided into loyal buyers of a brand, brand switchers, and non-customers. Each group, of course, will have a very different perspective on the equity of the reference brand. Aggregating over loyalty groups will provide a less sensitive measurement and will cloud the strategic interpretation of the brand equity profile.

The price premium measure is defined with respect to a competitor or set of competitors who must be clearly specified. A set of competitors is usually preferred for measurement, because the brand equity of a single competitor can decline while the equity of other competitors remains stable. In such a case, using only the declining competitor as a point of comparison would give an erroneous perspective of a brands health.

A brands price premium can be determined by simply asking consumers how much more they would be willing to pay for the brand. This is called a "dollar metric." For instance, a consumer might be asked: "How much more would you pay to be able to buy a Toyota Camry instead of a Honda Accord?"

However, a more sensitive and reliable measure of price premium can be obtained using the well-developed market research approach called "conjoint" or "trade-off" analysis. Conjoint analysis presents consumers with a series of simple choices. All choices are then analyzed together in order to determine the importance of different dimensions. For example, consumers might be asked a series of questions such as "Would you prefer a Toyota Corolla at $14,000, a Honda Civic at $13,000, a Saturn at $12,500, or a Chrysler Neon at $12,000?" If the Saturn is selected, then the process is repeated, but this time with the Saturn

priced at $13,000. If the Civic is then chosen, the next set will include the Civic with a $13,500 price. A relative price associated with a brand emerges from such a study.

The Best Single Measure of Brand Equity?

The price premium may be the best single measure of brand equity available because, in most contexts, any driver of brand equity should affect the price premium. The price premium thus becomes a reasonable summary of the strength of the brand. Indeed, as noted above, Allstates research to identify the key drivers of brand equity focused on what variables influenced the price premium. The logic is that if a variable has no impact on price premium, it has little value as an indicator of brand equity.

In addition, there is a natural desire to obtain an estimate of the financial value of a brand. Knowing the brand's value helps to calibrate brand-building investments, and changes in value can assist in the evaluation of marketing programs. One convenient aspect of price premium is that it can be the basis for a crude estimate of brand value—the price premium associated with existing customers multiplied by unit sales.

Of course, the price premium may not affect the brands price in the marketplace because of distribution channel realities. Whereas many customers might be willing to pay a 10% premium to obtain Coke, the price-sensitive segment and aggressive retailers may make the realization of a price premium in the supermarket impossible. Nevertheless, a price-premium-based brand value estimate can be helpful.

Intel is one firm that tracks its price premium. Every week, interviewers are in computer stores asking people how much of a discount would be needed before a customer would feel comfortable buying a personal computer without "Intel Inside." As a result, Intel has a continuous measure of its price premium, which can be used to evaluate marketing programs and to monitor the overall health of the brand.

Problems/Cautions

One problem with price premium is that it is defined only with respect to a competitor or set of competitors. Thus, in a market with many competitors, several sets of price-premium measures will be needed, and, even then, an important emerging competitor might be missed. For example, Compaq used IBM as its primary reference brand when others, such as Dell and Gateway, were making large inroads at a much lower price point. Because a wider spectrum of competitors was not included in its analysis, Compaqs price over time reflected an increasingly inflated valuation of its brand equity.

An interpretation problem will exist when a brand has different competitors in different markets. For example, Budweiser may face different competitors in different regions—in one region, a local brand may be strong that has little

presence elsewhere, and in another, microbreweries may be important. To compare Budweisers strength in different regions, a composite measure would need to be created in each, defined, for example, by the average of the price premium found with respect to the leading private label, the leading regional brand, and the leading national competitor.

Further, there are markets in which price differences are not very relevant because legal restrictions (e.g., the Japanese government has long controlled the price of beer in Japan) or market forces make it difficult for price differences to emerge. In such contexts, the price premium concept becomes less meaningful. The key to these markets is the ability to gain customers at the prevailing price, and therefore some measure of buying intentions becomes more relevant.

Customer Satisfaction/Loyalty

A direct measure of customer satisfaction can be applied to existing customers, who can perhaps be defined as those who have used the product or service within a certain time frame such as the last year. The focus can be the last use experience or simply the use experience from the customers view.

- Were you—dissatisfied vs. satisfied vs. delighted—with the product or service during your last use experience?

Satisfaction is an especially powerful measure in service businesses such as car rental firms, hotels, or banks, where loyalty is often the cumulative result of the use experiences.

Enormous progress in the measurement of satisfaction has been made in the past decade. In fact, there is a whole satisfaction measurement industry, established in part to support the total quality control movement. This work has resulted in the development of several dimensions of satisfaction, dimensions that in general differ between service and product contexts and by industry. For example, durability and fit and finish are important for automobiles, whereas empathy and responsiveness are more central for financial services. It has also led to the insight that dissatisfaction can be caused by inflated expectations as well as low levels of perceived performance.

Satisfaction can be a indicator of loyalty for a product class such as bar soap or milk in which the purchase and use represents habitual behavior. A more direct loyalty measure can be found by asking intend-to-buy questions or by asking respondents to identify those brands that are acceptable.

- Would you buy the brand on the next opportunity?
- Is the brand the—only vs. one of two vs. one of three vs. one of more than three brands—that you buy and use?

A more intense level of loyalty would be represented by questions such as:

- Would you recommend the product or service to others?

Problems/Cautions

An important limitation of satisfaction and loyalty measures is that they do not apply to non-customers. Thus, they do not measure the extent of brand equity beyond the customer base.

Another complication is that satisfaction and loyalty aggregated over loyal customers, brand switchers, and those loyal to other brands becomes somewhat insensitive and ambiguous. Thus, it is usually necessary to develop a set of satisfaction and loyalty measures for each loyalty segment. In fact, the most relevant statistic will often be the size of the loyal segment or segments. Perhaps there will be an intensely loyal segment willing to recommend the product or service and a loyal segment who is confident that they will rebuy. Increasing the size of these segments would then become a goal of the brand-building program.

Perceived Quality & Leadership Measures

Perceived quality is an association that is usually central to brand equity. In this section, the perceived quality measure will be augmented by a related variable termed leadership.

Perceived Quality

Perceived quality is one of the key dimensions of brand equity—it is the core construct in the Total Research approach to measuring brand equity.[2] Using the Total Research data base, perceived quality has been shown to be associated with price premiums, price elasticities, brand usage, and, remarkably, stock return. Further, it is highly associated with other key brand equity measures, including specific functional benefit variables. Thus, perceived quality provides a surrogate variable for other more specific elements of brand equity.

Perceived quality also has the important attribute of being applicable across product classes. Of course, high quality may mean something different for a bank than for a beer. But tracking the relative difference in the scores does have meaning.

Perceived quality can be measured with scales such as the following:

In comparison to alternative brands, this brand

- has: high quality vs. average quality vs. inferior quality
- is: the best vs. one of the best vs. one of the worst vs. the worst
- has: consistent quality vs. inconsistent quality

Problems/Cautions

Perceived quality involves a competitor frame of reference. For example, it makes a difference if the customer is comparing all automobiles or just subcompacts such as Saturn or Dodge Neon. It might be necessary to help the respondent by providing a cue as to the appropriate frame of reference.

However, doing so will add a layer of complication in the interpretation of the results.

Again, there is also the issue of loyalty segments. The interpretation of perceived quality reported by the loyal customers vs. the switchers vs. those loyal to another brand will usually be different. It will often be useful to monitor perceived quality by loyalty segment.

Finally, perceived quality may not be a key driver in some contexts. In particular, it may not be sensitive (responsive) to relevant events. It is that concern that leads to the consideration of the leadership variable.

Leadership/Popularity

One of the conclusions from the Y&R study mentioned at the beginning of this article was that perceived quality could lack sensitivity. For example, Crest, long the leading dentifrice, saw its share decline when competitors such as Arm & Hammer introduced baking powder toothpaste and innovative packaging. Even though the perceived quality of Crest may not have changed, Crests brand equity was damaged. What is needed is a measure that better taps the dynamics of the market.

One such construct suggested by Y&R can be termed leadership. Leadership has three dimensions. First, it reflects in part the No. 1 syndrome. The logic is that if enough customers are buying into the brand concept to make it the sales leader, it must have merit. Second, leadership can also tap innovation within a product class—that is, whether a brand is moving ahead technologically. Third, leadership taps the dynamics of customer acceptance, reflecting the fact that people want to be on the bandwagon and are uneasy going against the flow. Is the brand growing more popular? Is it considered an in-product to use? Are people who use it up-to-date, part of the popular trends? The Y&R research has showed that this third dimension can provide useful insight.

Leadership can be measured by scales that ask whether the brand is:

- the leading brand vs. one of the leading brands vs. not one of the leading brands
- growing in popularity
- innovative, first with advances in product or service

Problems/Cautions

The fact that leadership reflects market size, popularity, and innovation means that it is not a simple construct. Further, it has not been as well documented and researched as other dimensions such as loyalty, perceived quality, and awareness. Therefore, the evidence that it is important enough to merit attention is weak.

Associations/Differentiation Measures

The key associations/differentiation component of brand equity usually involves image dimensions that are unique to a product class or to a brand. The challenge, then, is to generate general measures that will work across product classes.

Measurement of associations/differentiation can be structured around three perspectives on the brand: the brand-as-product (value), the brand-as-person (brand personality) and the brand-as-organization (organizational associations).

Value

The brand-as-product perspective focuses on the brands value proposition. The value proposition, which usually involves a functional benefit, is basic to brands in most product classes. If the brand does not generate value, it will usually be vulnerable to competitors. The value measure provides a summary indicator of the brands success at creating that value proposition. Because the focus is on value rather than specific functional benefits, a measure is created which can apply across product classes.

Brand value can be measured by the following:

- whether the brand provides good value for the money
- whether there are reasons to buy this brand over competitors

Problems/Cautions

This measure, like others, will be sensitive to the brand set that is used as a frame of reference by the customer. The relevant set can be cued by using phrases such as among comparable brands or among brands with which it competes.

A substantial issue regarding the value dimension is whether it really represents a different construct from perceived quality. After all, value can be considered, at least in some contexts, as perceived quality divided by price. Some evidence on this issue comes from a Total Research study based on their EquiTrend data base. The study concluded that, on average, perceived quality explained 80% of the variation in perceived value. For most brands, perceived quality was a better predictor of purchase history than was value. Consider the ratings for AT&T and MCI (on a ten point scale) shown below:

	Quality	**Value**
AT&T	8.0	7.5
MCI	5.4	5.5
Difference	2.6	2.0

Quality and value are essentially the same for MCI, while for AT&T there is only a modest difference. The bottom line is that the same conclusion (AT&T is

rated higher than MCI) would emerge whether perceived quality or perceived value were used as a measure.

However, Total Research also concluded that for some brands perceived value is more important than perceived quality. Consider, for example:

- Southwest and Continental Air, which are positioned on delivering low price
- The Discover Card, which was introduced for the value-smart shopper
- Tylenol, which must respond to the competition from private labels
- Rubbermaid, which emphasizes functional benefits at reasonable prices

Further, the research of Y&R suggests that value and perceived quality represent different dimensions. Perceived quality has a higher association with the prestige and respect that a brand holds, while value relates more to functional benefits and the practical utility of buying and using the brand. This logic supports the inclusion of value as a separate dimension, although there are certainly cases in which it can be combined with perceived quality.

Brand Personality

A second element of associations/differentiation, brand personality, is based on the brand-as-person perspective. For some brands, the brand personality can provide a link to the brands emotional and self-expressive benefits as well as a basis for customer/brand relationships and differentiation. This is especially the case for brands that have only minor physical differences and that are consumed in a social setting where the brand can make a visible statement about the consumer.

Consider brandy, for example. Only a small percentage of consumers can distinguish between the top four brandies, and virtually no taster can distinguish among them when they are mixed in coffee, an important application in Europe. However, brandies have personalities, are served in a social setting, and do make a statement about those who serve and drink them. In that context, the brand personality can be vital.

The goal here is to develop general measures that will apply across products and markets. However, some product groups may have a specific personality dimension so relevant that it should be included. For example, for many retailers, an energy/vitality dimension is central. An exciting brand personality dimension may be relevant across different cosmetic products. Service firms such as banks, telephone companies, and hotels might find friendly and reliable to be important. A rugged personality might be relevant to trucks and sport utility vehicles. Thus, for a limited product class scope, it might be useful to include some personality dimensions even if a full brand personality inventory becomes unwieldy.[3]

It is also possible to develop measures that will reflect the existence of a strong personality but that are compact and not product specific. Candidate scales might include:

- This brand has a personality.
- This brand is interesting.
- I have a clear image of the type of person who would use the brand.

The last item reflects user imagery, often a key driver of brand personality.

Problems/Cautions

Not all brands are personality brands, of course. Using personality as a general indicator of brand strength will be a distortion for some brands, particularly those which are positioned with respect to functional advantages and value. Thus, this measure (and all of the Brand Equity Ten) should be used judiciously, and dimensions that are irrelevant to the brands context should be avoided.

There is also some question as to whether brand personality will be sensitive to changes in brand equity. A brand personality may be very stable and thus not reflect the dynamics of the market.

Organizational Associations

Another dimension of brand associations is the brand-as-organization perspective, which considers the organization (people, values, and programs) that lies behind the brand. This perspective can be particularly helpful when brands are similar with respect to attributes, when the organization is visible (as in a durable goods or service business), or when a corporate brand is involved. It can play an important role by showing that a brand represents more than products and services. Ronald McDonald House, for example, adds to the visibility, image, and interest of McDonalds by suggesting that McDonalds as an organization is interested in more than fast food.

Organizational associations that are often important bases of differentiation and choice include having a concern for customers, being innovative, striving for high quality, being successful, having visibility, being oriented toward the community, and being a global player. There is a distinction between having innovative products and being an organization that is committed to innovation. Having innovative products is a reputation that is based on current offerings whereas being an innovative organization is more long-lasting. One or more of the specific organizational characteristics might well be candidates for a measurement scale, especially if the scope of the product class is limited.

More general scales that would apply over a broad set of product classes could include:

- This brand is made by an organization I would trust.
- I admire the brand X organization.
- The organization associated with this brand has credibility.

Problems/Cautions

Again, the brand-as-organization, like the brand-as-person, although important in some contexts, is not relevant for all brands and therefore has the potential to be misinterpreted. Measurement of organizational associations may also suffer from a lack of sensitivity, because changing an organizational image is difficult.

Differentiation—A Summary Measure of Brand Associations

The three sets of measures of brand associations all tap various dimensions of how a brand can be differentiated from its competitors. Differentiation is a bottom-line characteristic of a brand. If a brand is not perceived as being different, then it will have a difficult time supporting a price premium or maintaining a price that will support an attractive margin. Thus, one might replace or supplement the three brand association measures with a single set of indicators of the brands ability to achieve differentiation. These measures could include:

- This brand is different from competing brands.
- This brand is basically the same as competing brands.

Y&R has hypothesized that building brands must start with differentiation—even before familiarity and knowledge—and that, conversely, the first sign that a strong brand is fading is usually a loss of differentiation. To test the hypothesized role of differentiation in the brand-building process, Y&R explored differentiation among two sets of brands. They found that up-and-coming brands (those gaining in sales and popularity) were, on average, high on differentiation (in the top third of all brands) and lower on other dimensions such as knowledge, esteem, and relevance (in the bottom 40th percentile). The opposite was found for fading brands. These results suggest that differentiation is indeed driving some key dynamics. Of course, more definitive judgments will require additional measures over time so that changes in differentiation can be observed.

Awareness Measures

Brand Awareness

Brand awareness is an important and sometimes undervalued component of brand equity. Awareness can affect perceptions and attitudes. It can make peanut butter taste better and instill confidence in a retailer. In some contexts, it can be a driver of brand choice and even loyalty.

Brand awareness reflects the salience of the brand in the customers mind. There are levels of awareness, of course, which include:

- Recognition (Have you heard of the Buick Roadmaster?)
- Recall (What brands of cars can you recall?)
- Top-of-Mind (the first-named brand in a recall task)

- Brand Dominance (the only brand recalled)
- Brand Knowledge (I know what the brand stands for)
- Brand Opinion (I have an opinion about the brand)

For new or niche brands, recognition can be important. For well-known brands such as Budweiser, Cheerios, and Chevrolet, recall and top-of-mind are more sensitive and meaningful. Recall questions can be inconvenient to use in a survey. An alternative to employing recall is the use of brand knowledge (I know what this brand stands for) and brand opinion (I have an opinion about the brand) variables. Similar measures are used by the Y&R and Total Research efforts, in part to avoid recall questions.

Problems/Cautions

Because the appropriate awareness level to measure will differ across brands and categories, comparison can be difficult. For some brands (in the software industry, for example) recognition will be important. However, in other categories (such as automobiles) recognition measures will be high for all but the newest brands. Some brands (such as A-1, Dixie Cups, or Kleenex) will be so preeminent in their category that they will need to use the dominance measure to generate any sensitivity.

If awareness measures focus only on the brand name, an incomplete picture could be obtained. For many brands (such as Wells Fargo Bank, Pillsbury, and Transamerica) name awareness cannot be separated from familiarity with the brands symbols and visual imagery. In fact, awareness levels can often be affected dramatically by cueing symbols and visual imagery. It might therefore be useful to move beyond brand name awareness to awareness of the symbols and visual imagery. The measure could be based on an open-ended question about what, if anything, comes to mind when the brand is mentioned. Another tack is to expose respondents to a set of visual images and ask them which ones they recognize.

Market Behavior

The first eight sets of Brand Equity Ten measures all require a survey that can be expensive, inconvenient, time consuming, and hard to implement and interpret. A possible exception might be brand loyalty, which can also be measured by repeat purchase data from scanner panel sources. Brand performance measures, such as market share, market price, and distribution coverage, do not require surveys.

Market Share

The performance of a brand as measured by market share (and/or sales) often provides a valid and sensitive reflection of the brand's standing with customers. When the brand has a relative advantage in the minds of customers, its

market share should increase or at least not decrease. In contrast, when competitors improve their brand equity, their share should respond.

Market share (and/or sales) has the advantage of being both available and accurate. Information on submarkets is also often part of the databases. Firms usually track these figures as a matter of course; a customer survey with the associated cost, interpretation difficulties, and delays is not required.

Problems/Cautions

There can be measurement problems with market share. The product class and competitor set need to be defined, and sometimes this is difficult. Should store brands be included? What about brands at a different price point? Is the relevant competitor set compact cars, non-luxury cars, import cars, or all cars? Should Miller Lite be compared to all beers, all premium beers, or all light beers? Further, the relevant competitor set can change, creating interpretation problems.

The biggest problem is that market share indicators are responsive to the short-term strategies that often undermine brand equity. Market share can be obtained by enticing price-sensitive switchers with promotions and price deals which compromise the long term value of the brand. Also, market share can grow (due to unrelated factors) even when brand-building activities are ineffective or cut back.

These problems are minimized when market share is only one of a set of market behavior measures that includes measures of market price levels and distribution coverage.

Market Price and Distribution Coverage

Market share can be a particularly deceptive brand equity measure when it increases as a result of reduced prices or price promotions. Thus, it is important to measure the relative market price at which the brand is being sold. To do so, the prices of several varieties of the brand weighted by their relative sales volume need to be obtained. The relative market price could be defined as the average price at which the brand was sold during the month divided by the average price at which all brands in that product class were sold.

Market share or sales data are also extremely sensitive to distribution coverage. Sales may be dramatically affected when a brand gains or loses a major market or expands into another geographic region. A measure of distribution coverage is thus a second logical companion measure to market share. Distribution coverage could be measured by:

- the percentage of stores carrying the brand, or
- the percentage of people who have access to it

Problems/Cautions

Creating price-level statistics is difficult in a messy market with different channels, different variants of brand offerings, and a complex set of competitors. A standard market basket is not so easy to conceptualize. Further, there are duties, taxes, and retail policies that cloud the issue for some products such as beer or wine.

Distribution coverage will have similar data-gathering and interpretation problems. Most brands have a host of sizes and varieties and sometimes many product classes; distribution coverage measures will need to sort out such complications. Further, if wholesalers are used, retail distribution data may be expensive to obtain.

Toward a Single Value of Brand Equity

Clearly, tapping the Brand Equity Ten could require dozens of measures (see Table 2). Although each potentially has diagnostic value, the use of so many measures is unwieldy. For reporting and tracking purposes it would be useful and convenient to have a single summary measure or at most a set of four measures. Given that many brands are being monitored, each in dozens of markets, there is a need for a summary measure that will signal whether the underlying measures should be examined. Is the brand charging ahead or slipping? Generating one or more summary measures involves four issues:

First, what constructs will form the bases of the brand equity measurement system and how should they be measured? In Table 1, eight constructs based on buyer perceptions were set forth and organized under the four dimensions of brand equity: loyalty, perceived quality, identity, and awareness. A judgment needs to be made as to how many of these constructs should be in the core measure set. Should it be four? Or eight? Or something in between? Further, how should the underlying indicators be combined for each of the constructs?

Second, what weights should be placed on the constructs when a single summary measure of brand equity is developed? What is the relative importance of each dimension of brand equity? As a practical matter, the weights are not as critical as one might expect, because the final number is rarely sensitive to changes in weighting schemes. Thus, weighting all dimensions equally is a good default decision. Also, the underlying measures will be available for diagnostics.

Third, how should the constructs be combined? Should they be summed? A weighted average? Or should a more complex formula be employed? Total Research uses awareness multiplied by perceived quality as one component, arguing that both are needed in order to be strong and that the absence of either is fatal.

Fourth, what competitors will form the comparison set? A small but significant growing competitor may be overlooked in a standardized analysis. Different markets, particularly if they involve different countries, may have

TABLE 2. Measuring Brand Equity Across Products and Markets

Loyalty

Price Premium

- For a 17-ounce package of chocolate chip cookies, Nabisco is priced at $2.16—how much extra would you be willing to pay to obtain Pepperidge Farm instead of Nabisco? _____
- Brand Y would have to be ____ percent less than Brand X before I would switch brands.
- Trade-off questions such as: For a 16-ounce package of chocolate chip cookies, would you prefer Nabisco at $2.16 or Pepperidge Farm at $2.29?

Satisfaction/Loyalty (among those who have used the brand)

- I was—dissatisfied vs. satisfied vs. delighted—with the product or service during the my last use experience.
- I would buy the brand on the next opportunity.
- The brand is the—only vs. one of two vs. one of three vs. one of more than three brands—that I buy and use.
- I would recommend the product or service to others.

Perceived Quality/Leadership

Perceived Quality

In comparison to alternative brands, this brand

- has: high quality vs. average quality vs. inferior quality
- is: the best vs. one of the best vs. one of the worst vs. the worst
- has: consistent quality vs. inconsistent quality

Leadership

In comparison with alternative brands, this brand is

- the leading brand vs. one of the leading brands vs. not one of the leading brands
- growing in popularity
- innovative, first with advances in product or service

Associations/Differentiation

Perceived Value

- This brand provides good value for the money.
- There are reasons to buy this brand over competitors.

Personality

- This brand has a personality.
- This brand is interesting.
- I have a clear image of the type of person who would use the brand.

Organization

- This brand is made by an organization I would trust.
- I admire the brand X organization.
- The organization associated with this brand has credibility.

Differentiation

- This brand is different from competing brands.
- This brand is basically the same as competing brands.

Awareness

Brand Awareness

- Name the brands in this product class.
- Have you heard of this brand?
- I know what this brand stands for.
- I have an opinion about this brand.

Market Behavior

Market Share

- Market share based on market surveys of usage or syndicated data

Price and Distribution Indices

- Relative market price—the average price at which the brand was sold during the month divided by the average price at which all brands in the product class were sold
- The percentage of stores carrying the brand or
- The percentage of people who have access to it

different competitor sets. How will the comparison with competitors be reported? A ratio may be easy to interpret, but it can be very sensitive to movements in the denominator value.

In essence, a model of brand equity needs to be created that is most relevant to the brand or brand set involved. Two approaches can be employed. First, a group of managers could engage in a series of exercises addressing the four issues outlined above. Second, data on brand equity dimensions could be used to determine what elements are drivers of key objectives such as price premium, market share, or profitability. Recall the Allstate effort to do just that, using price premium as the target objective.

Creating Measures Over Markets

Managers also need to consider whether the survey instrument should be identical over markets—countries, for example. Local management in each market may already have its own tested instrument with a history that helps facilitate interpretation. It might be extremely costly both in terms of money and buy-in to add another instrument that is partially redundant and seems to be off target.

One solution would be to have the management team for each market create or adapt measures of the major constructs—namely, loyalty, perceived quality, associations/differentiation, and awareness—which could be compared to both a relevant competitor set and to the past. In comparing scores across markets, the focus would be on changes from the past, and the relative performance with respect to the competitor set. The fact that the exact instruments differ may not be crucial, especially given the fact that any instrument would need to be adapted to a market in any case.

Adapting the Measures to a Brands Context

When a tracking effort is needed within a brand context, the set of 10 measures summarized in Tables 1 and 2 will provide a good point of departure. However, the measurement set should be adapted to include brand-specific information.

In particular, the associations/differentiation section should consider brand-specific elements. Functional benefits, brand personality measures, and organizations can all be tailored to a brand context. For example, Sunkist might monitor benefits such as healthy and natural. The Bath and Body Shop might track personality scales such as energetic, lively, and outgoing. And IBM might measure organizational associations such as innovativeness and being a global player.

The communication objectives, if clear and operational, will suggest what is essential to the brand and highlight areas in which improvement should be

sought. Clearly, elements of the brand targeted by the communication program should be part of the measurement system.

There will usually be trade-offs between completeness, cost, and feasibility. A 40- or 50-item inventory may provide useful diagnostics. However, even a few questions, judiciously chosen, can provide helpful indicators of the brands health.

Measurement and Management

The ability to set objectives and measure results are the hallmarks of successful managers. Such basics are extremely difficult for intangible assets such as brands, information technology, and people. The conceptualization of brand equity at the level of measurement and the development of specific measures should provide a missing ingredient for those who would build and nurture brands.

Notes

1. David A. Aaker, *Managing Brand Equity* (New York, NY: The Free Press, 1991).
2. For a summary of findings from the Total Research database research, see David A. Aaker *Building Strong Brands,* (New York, NY: The Free Press, 1996), Chapter 10.
3. For an example of a brand personality scale, see Jennifer L. Aaker, Conceptualizing and Measuring Brand Personality: A Brand Personality Scale, working paper, The Anderson School of Management, UCLA, 1996. Also, see David A. Aaker, *Building Strong Brands* (New York, NY: The Free Press, 1996), p. 144.

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