

# Metrics for Measuring Brand Assets

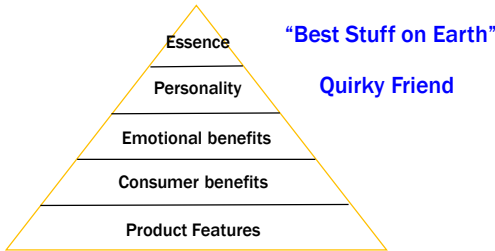
## Introduction

- **Brands are core and they're everywhere!**
- **In this module we will**
  - Delve into the meaning of brands
  - Explore how marketers build a brand's architecture
  - Understand the ways companies measure the value provided by brands
- **By the end of this module, you will be able to track the value of brands over time and measure the impact of actions on brand value.**

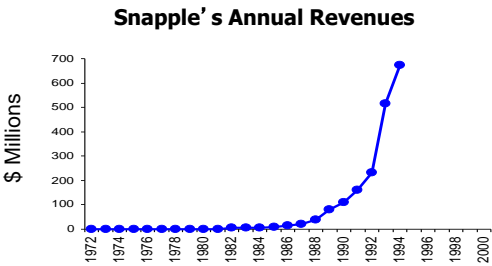
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## Snapple



Product: 58 flavors, glass bottle, "pop" top  
Price: No discounting  
Place: Mom and Pop / Cold Channel  
Promo: Real people, Wendy



## Snapple When Merged with Gatorade

### Synergy?

<i>Gatorade</i>	<i>Snapple</i>
8 Flavors	52 Flavors
Warehouse distrib.	Store-door
Sport	Dixie Peach
Science	Mango Madness
Michael Jordan	Howard Stern, Rush
	Limbaugh

**Quaker Destroys \$1.4B of Value**

"They could have taken 80% of that money and burned it and done better."

# Snapple: What Happened?

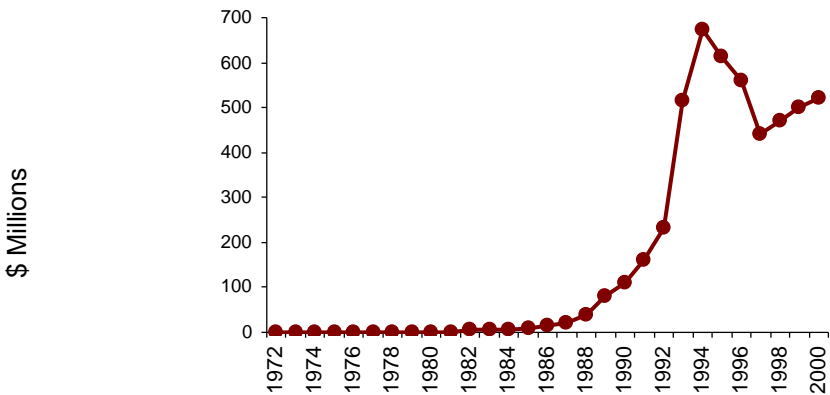
- **Triarc turns Snapple around:**

Identified Quaker’s top three wrong decisions and reversed them.

- 1. Revamp the Snapple advertising campaign
  - Back to quirky advertising
  - Rehired Wendy
- 2. Launch new products and product lines
  - Back to quirky products
- 3. Make friends with distributors again

# Snapple: What Happened?

Snapple’s Annual Revenues:



## Snapple: What Happened?

- **In 2000, Triarc sells the Snapple Beverage Group to Cadbury Schweppes for \$1.5B:**
  - An estimated \$1B was from Snapple
  - From \$1.7B to \$300M back to \$1B – in less than a decade
  - New ownership: the challenge going forward was “how to evolve the brand while being true to its core meaning”

## What Is a Brand?

- Name, logo, copyrighted symbol, shape, color?



Speed  
Recognition



Affect

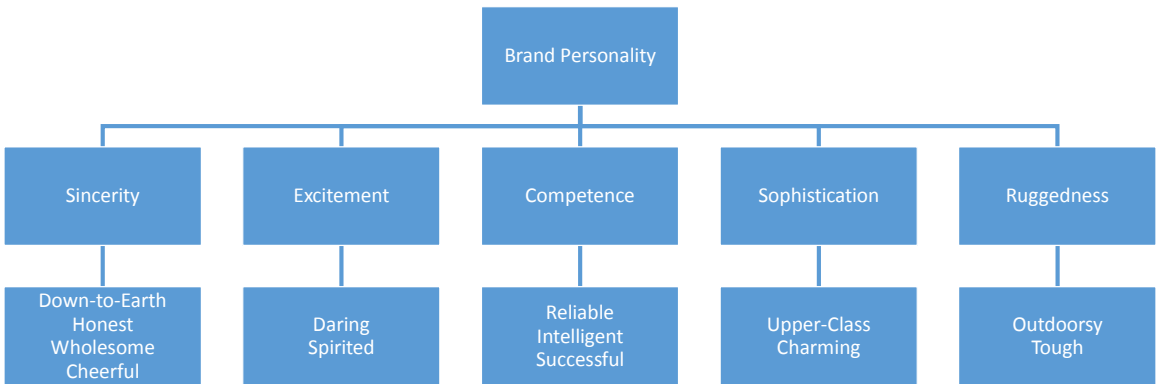


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# What Is a Brand?

- “The capitalized value of the trust between the company and the consumer.”
  - CEO, Johnson & Johnson
- “A tax.”
  - CEO, Loblaw’s (Leading Canadian Grocer)

# Brand Personality



## Brand Personalities



- What are the traits of this person?
- What is the gender?
- What is the age?

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- What are the traits of this person?
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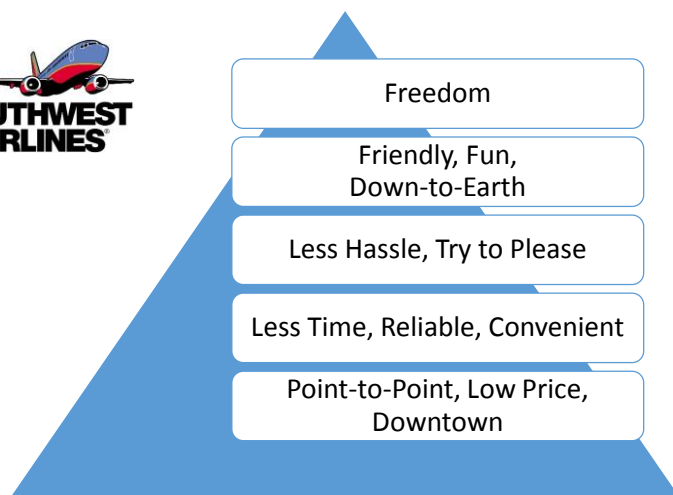
## Brand Personalities



- What are the traits of this person?
- What is the gender?
- What is the age?

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## Defining the Brand Architecture



**Brand Core/Essence**

**Brand Personality**

**Emotional Benefits**

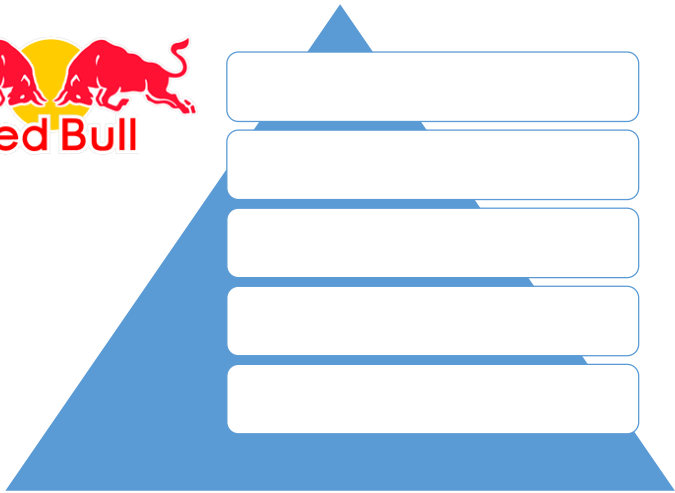
**Product Benefits**

**Product Attributes**

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## Defining the Brand Architecture



- Brand Core/Essence
- Brand Personality
- Emotional Benefits
- Product Benefits
- Product Attributes

## Defining the Brand Architecture



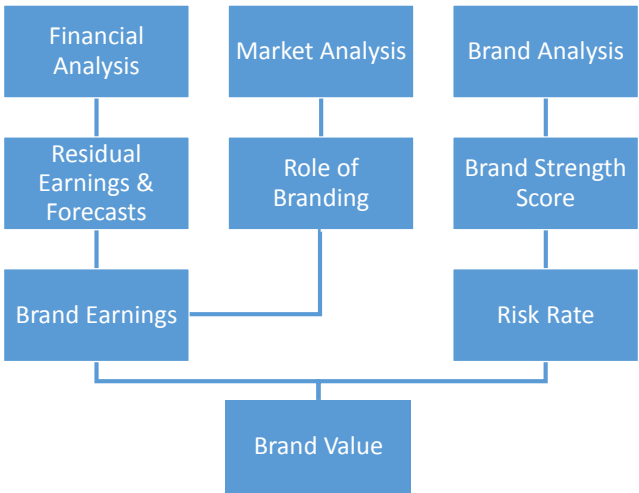
- Brand Core/Essence
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## Interbrand Brand Valuation Model



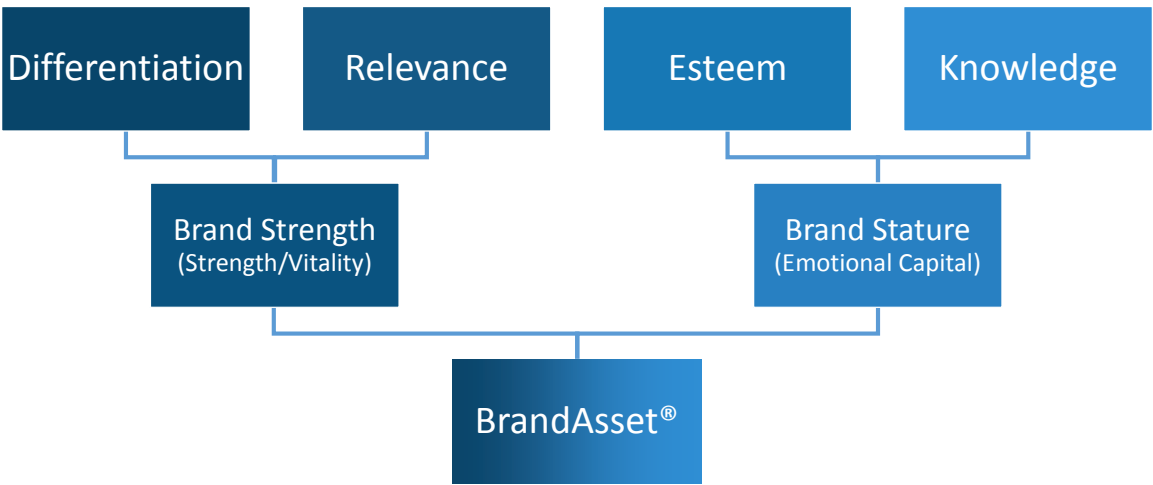
## Interbrand Top 10 Brands 2014

Rank	Name	Value (\$M)	Percent Growth
1	Apple	118,863	21
2	Google	107,439	15
3	Coca Cola	81,563	3
4	IBM	72,244	-8
5	Microsoft	61,154	3
6	GE	45,480	-3
7	Samsung	45,462	15
8	Toyota	43,392	20
9	McDonalds	42,254	1
10	Mercedes-Benz	24,338	8

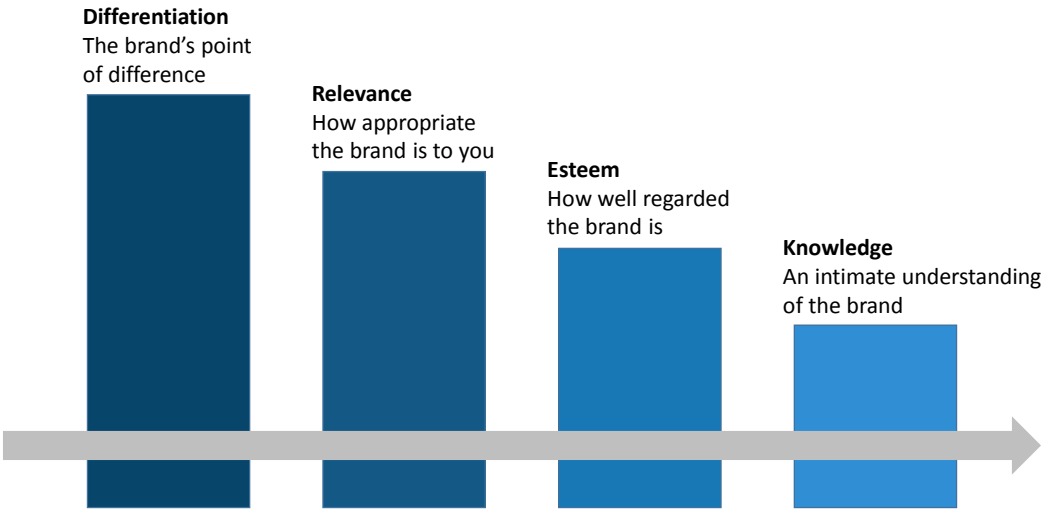
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## Y & R – Brand Asset Valuator



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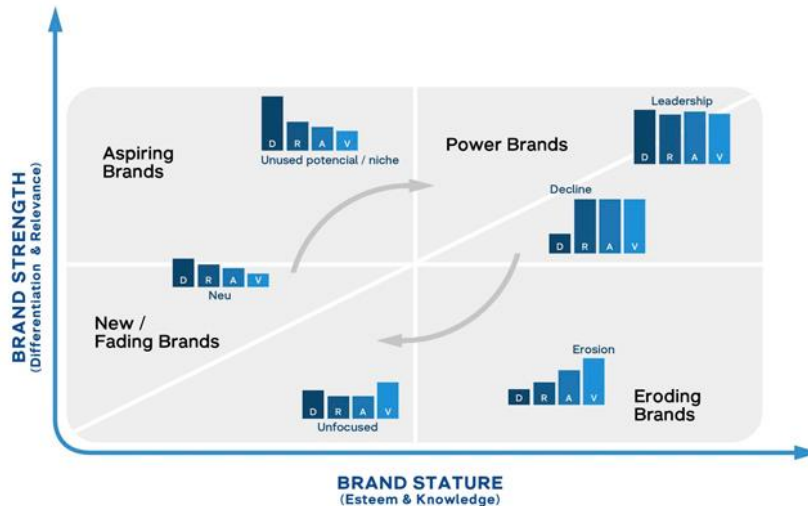


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## Y & R – Brand Asset Valuator



## Revenue Premium as a Measure of Brand Equity

- Revenue Premium that a brand earns in a market over a private label
- Assumptions:
  - Brands make optimal marketing decisions
  - Demand faced by a private label is equal to the demand faced by the branded product without the brand name

Source: Ailawadi, Kusum, Donald Lehmann, and Scott Neslin (2003), "Revenue Premium as an Outcome Measure of Brand Equity," *Journal of Marketing*, 2003, Vol. 67, No. 4, 1-17.

## Revenue Premium as a Measure of Brand Equity

- Revenue Premium that a brand earns in a market over a private label
- $\text{Equity} = \text{Revenue Premium} - \text{Additional Variable Cost}$

Source: Ailawadi, Kusum, Donald Lehmann, and Scott Neslin (2003), "Revenue Premium as an Outcome Measure of Brand Equity," *Journal of Marketing*, 2003, Vol. 67, No. 4, 1-17.

## Snapple Brand Equity

	Brand	Share	Price/Pound	Pounds/HH
1994	Private Label	9.9	.24	4.6
1994	Snapple	25.1	.75	4.6

$$\text{Annual Gross Revenue Equity/HH} =$$

$$[(.251 * .75) - (.099 * .24)] (4.6) = \$0.76$$

$$\text{Annual Equity Net of Extra Variable Costs} =$$
  
(assume 20% margin for PVT Label)

$$.76 - [.251 - .099] (.8) (.24)] 4.6 = .76 - .13 = \$ .63$$

$$\text{Assuming 100M HHs in US, Brand Equity} = \$63 \text{ million}$$

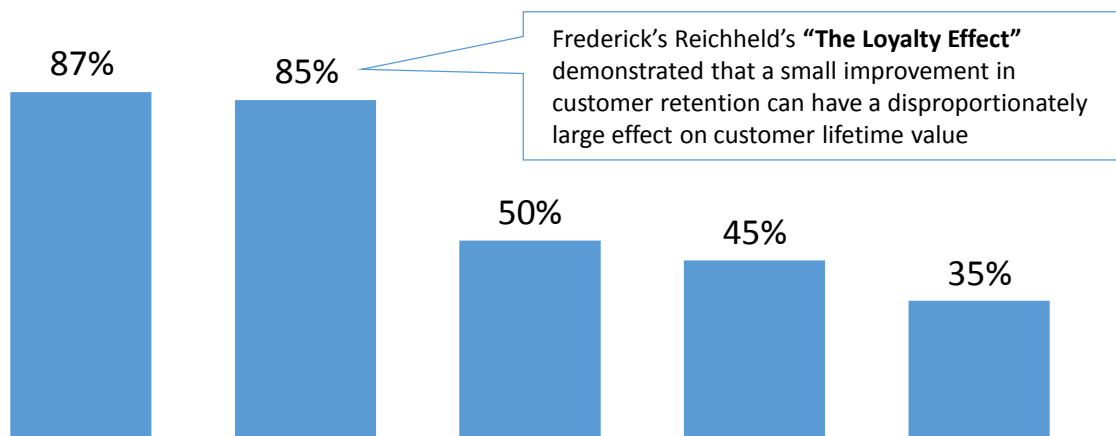
Source: Ailawadi, Kusum, Donald Lehmann, and Scott Neslin (2003), "Revenue Premium as an Outcome Measure of Brand Equity," *Journal of Marketing*, 2003, Vol. 67, No. 4, 1-17.

## Conclusion

- Brands are an extremely valuable asset
- Their value can be measured in many ways
- Tracking the value of brands over time allows firms to measure the impact of actions on brand value

## Why Improve Customer Retention?

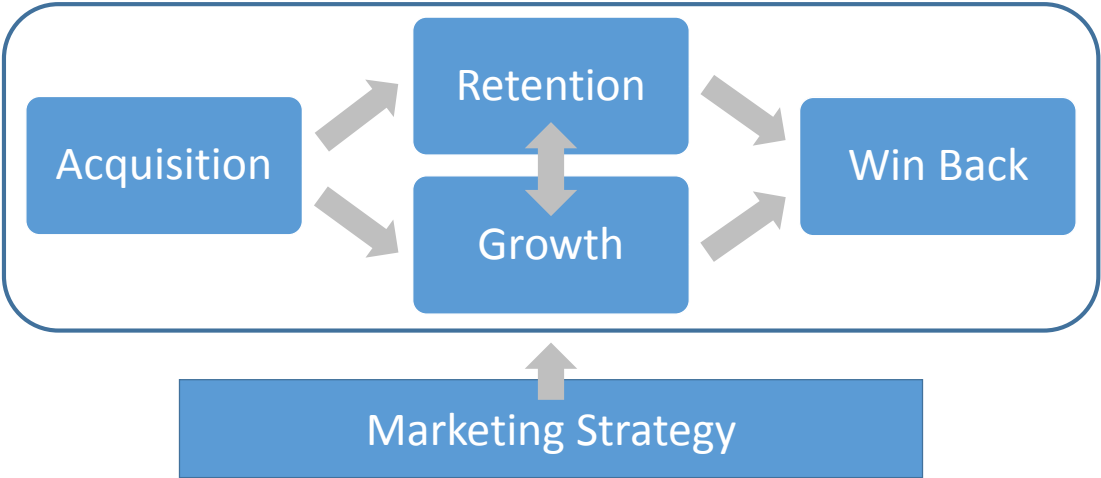
Impact of a Five Percent Increase in Retention on Customer Profits



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## Customer Relationship Lifecycle



Source: Reinartz, W. and R. Venkatesan, “Decision Models for CRM”, in Handbook of Marketing Decision Making, Springer.

## Not All Customers Are Alike!

### Most Valued Customers



Customer to Reward

### Second Tier Customers



Customer to Grow



Customer to Fire  
(or not acquire?)



Below Zeros

One can improve firm performance by treating different categories of customers differently, and developing relationships accordingly.



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## Frequency Distribution for Online Grocery Customers

