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The world's strongest brands share ten attributes. How does your brand measure up?

The Brand Report Card

by Kevin Lane Keller

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The Brand Report Card

The Idea in Brief

It sounds simple: boost your brand equity, and watch profits soar. But many companies stumble in trying to manage their brands' performance.

Consider Levi-Strauss. In the mid-1990s, it launched a brand-equity measurement system that suggested the appeal of its flagship 501 jeans was slipping. But its response to that data was flawed: the company took too long, and spent too little, to mount a marketing campaign that would restore its brand equity. Worse, Levi-Strauss's advertising messages to its target youth market missed their mark. Its market share shriveled.

To strengthen your brand, Keller suggests using a **brand report card**—a tool showing how your brand stacks up on the 10 traits shared by the world's strongest brands. For example, how well does your brand deliver benefits consumers truly desire? How strongly have you positioned it against rivals? How consistent are your marketing messages about your brand?

Use the brand report card, and you identify the actions needed to maximize your brand equity. Your reward? Customers' enduring devotion—and the profits that come with it.

The Idea in Practice

GRADE YOUR BRAND

Keller recommends assessing your brand on the following attributes:

Your brand…	Which means…	Example
1. Delivers benefits customers desire.	It creates an engaging customer experience.	Starbucks delivers the romance and sense of community defining Italian coffee bars and appeals to all senses—not just taste.
2. Stays relevant.	Elements of the brand, such as the type of person who uses the brand, are modified to fit the times.	In marketing its razor blades, Gillette tweaks images of men at work and play to reflect contemporary trends.
3. Is priced based on consumers' perceptions of the brand's value.	The nature of the product—for example, premium versus household staple—should influence price.	Through "everyday low pricing," Procter & Gamble aligned its prices with consumer perceptions of its products as household staples.
4. Is properly positioned.	It clearly communicates its similarities to and differences from competing brands.	Visa labels its cards "Gold" and "Platinum" to equate its status with American Express cards. But it also showcases its cards' superiority through ads featuring desirable locations that don't accept American Express.
5. Is consistent.	Marketing communications don't send conflicting messages over time.	Michelob's market share shriveled over an 18-year period characterized by inconsistent advertising about when customers should drink their beer.
6. Fits sensibly into your brand portfolio.	Brands work logically together.	Clothing retailer Gap Inc.'s Old Navy brand targets the broad mass market, the Gap brand covers basic style-and-quality terrain, and the Banana Republic brand anchors the high-end market.
7. Has an integrated marketing strategy.	All marketing activities and channels communicate the same messages about the brand, solidifying the brand's identity.	Coca-Cola's logo, promotions, corporate sponsorship, and interactive Web site all reinforce the company's key values, such as "originality" and "classic refreshment."
8. Has meanings that managers understand.	Managers know consumers' different perceptions of the brand.	Gillette protects the brand identity for its traditional manual razors by marketing its electric razors under the separate Braun name.
9. Receives sustained support.	Companies consistently invest in building and maintaining brand awareness.	A consumer products company continues its advertising and marketing efforts even after building a positive image in consumers' minds.
10. Is constantly monitored.	Companies use a formal brand-equity-management system.	After Disney's brand audit revealed that consumers resented excessive exposure of the Disney characters, the company decided not to co-brand a mutual fund.

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The Brand Report Card

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Building and properly managing brand equity has become a priority for companies of all sizes, in all types of industries, in all types of markets. After all, from strong brand equity flow customer loyalty and profits. The rewards of having a strong brand are clear.

The problem is, few managers are able to step back and assess their brand's particular strengths and weaknesses objectively. Most have a good sense of one or two areas in which their brand may excel or may need help. But if pressed, many (understandably) would find it difficult even to identify all of the factors they should be considering. When you're immersed in the day-to-day management of a brand, it's not easy to keep in perspective all the parts that affect the whole.

In this article, I'll identify the ten characteristics that the world's strongest brands share and construct a brand report card—a systematic way for managers to think about how to grade their brand's performance for each of those characteristics. The report card can help you identify areas that need improvement, recognize areas in which your brand is strong, and learn more about how your particular brand is configured. Constructing similar report cards for your competitors can give you a clearer picture of their strengths and weaknesses. One caveat: Identifying weak spots for your brand doesn't necessarily mean identifying areas that need more attention. Decisions that might seem straightforward—"We haven't paid much attention to innovation: let's direct more resources toward R&D"—can sometimes prove to be serious mistakes if they undermine another characteristic that customers value more.

The Top Ten Traits

The world's strongest brands share these ten attributes:

1. The brand excels at delivering the benefits customers truly desire. Why do customers really buy a product? Not because the product is a collection of attributes but because those attributes, together with the brand's image, the service, and many other tangible and intangible factors, create an attractive whole. In some cases, the whole isn't even something that customers know or can say they want.

Consider Starbucks. It's not just a cup of coffee. In 1983, Starbucks was a small Seattle-area coffee retailer. Then while on vacation in Italy, Howard Schultz, now Starbucks chairman, was inspired by the romance and the sense of community he felt in Italian coffee bars and coffee houses. The culture grabbed him, and he saw an opportunity.

"It seemed so obvious," Schultz says in the 1997 book he wrote with Dori Jones Yang, *Pour Your Heart Into It*. "Starbucks sold great coffee beans, but we didn't serve coffee by the cup. We treated coffee as produce, something to be bagged and sent home with the groceries. We stayed one big step away from the heart and soul of what coffee has meant throughout centuries."

And so Starbucks began to focus its efforts on building a coffee bar culture, opening coffee houses like those in Italy. Just as important, the company maintained control over the coffee from start to finish—from the selection and procurement of the beans to their roasting and blending to their ultimate consumption. The extreme vertical integration has paid off. Starbucks locations thus far have successfully delivered superior benefits to customers by appealing to all five senses—through the enticing aroma of the beans, the rich taste of the coffee, the product displays and attractive artwork adorning the walls, the contemporary music playing in the background, and even the cozy, clean feel of the tables and chairs. The company's startling success is evident: The average Starbucks customer visits a store 18 times a month and spends $3.50 a visit. The company's sales and profits have each grown more than 50% annually through much of the 1990s.

2. The brand stays relevant. In strong brands, brand equity is tied both to the actual quality of the product or service and to various intangible factors. Those intangibles include "user imagery" (the type of person who uses the brand); "usage imagery" (the type of situations in which the brand is used); the type of personality the brand portrays (sincere, exciting, competent, rugged); the feeling that the brand tries to elicit in customers (purposeful, warm); and the type of relationship it seeks to build with its customers (committed, casual, seasonal). Without losing sight of their core strengths, the strongest brands stay on the leading edge in the product arena and tweak their intangibles to fit the times.

Gillette, for example, pours millions of dollars into R&D to ensure that its razor blades are as technologically advanced as possible, calling attention to major advances through subbrands (Trac II, Atra, Sensor, Mach3) and signaling minor improvements with modifiers (AtraPlus, SensorExcel). At the same time, Gillette has created a consistent, intangible sense of product superiority with its long-running ads, "The best a man can be," which are tweaked through images of men at work and at play that have evolved over time to reflect contemporary trends.

These days, images can be tweaked in many ways other than through traditional advertising, logos, or slogans. "Relevance" has a deeper, broader meaning in today's market. Increasingly, consumers' perceptions of a company as a whole and its role in society affect a brand's strength as well. Witness corporate brands that very visibly support breast cancer research or current educational programs of one sort or another.

3. The pricing strategy is based on consumers' perceptions of value. The right blend of product quality, design, features, costs, and prices is very difficult to achieve but well worth the effort. Many managers are woefully unaware of how price can and should relate to what customers think of a product, and they therefore charge too little or too much.

For example, in implementing its value-pricing strategy for the Cascade automatic-dishwashing detergent brand, Procter & Gamble made a cost-cutting change in its formulation that had an adverse effect on the product's performance under certain—albeit somewhat atypical—water conditions. Lever Brothers quickly countered, attacking Cascade's core equity of producing "virtually spotless" dishes out of the dishwasher. In response, P&G immediately returned to the brand's old formulation. The lesson to P&G and others is that value pricing should not be adopted at the expense of essential brand-building activities.

By contrast, with its well-known shift to an "everyday low pricing" (EDLP) strategy, Procter & Gamble did successfully align its prices with consumer perceptions of its products' value while maintaining acceptable profit

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Rating Your Brand

Rate your brand on a scale of one to ten (one being extremely poor and ten being extremely good) for each characteristic below. Then create a bar chart that reflects the scores. Use the bar chart to generate discussion among all those individuals who participate in the management of your brands. Looking at the results in that manner should help you identify areas that need improvement, recognize areas in which you excel, and learn more about how your particular brand is configured.

It can also be helpful to create a report card and chart for competitors' brands simply by rating those brands based on your own perceptions, both as a competitor and as a consumer. As an outsider, you may know more about how their brands are received in the marketplace than they do.

Keep that in mind as you evaluate your own brand. Try to look at it through the eyes of consumers' rather than through your own knowledge of budgets, teams, and time spent on various initiatives.

___ **The brand excels at delivering the benefits customers truly desire.**
Have you attempted to uncover unmet consumer needs and wants? By what methods? Do you focus relentlessly on maximizing your customers' product and service experiences? Do you have a system in place for getting comments from customers to the people who can effect change?

___ **The brand stays relevant.**
Have you invested in product improvements that provide better value for your customers? Are you in touch with your customers' tastes? With the current market conditions? With new trends as they apply to your offering? Are your marketing decisions based on your knowledge of the above?

___ **The pricing strategy is based on consumers' perceptions of value.**
Have you optimized price, cost, and quality to meet or exceed customers' expectations? Do you have a system in place to monitor customers' perceptions of your brand's value? Have you estimated how much value your customers believe the brand adds to your product?

___ **The brand is properly positioned.**
Have you established necessary and competitive points of parity with competitors? Have you established desirable and deliverable points of difference?

___ **The brand is consistent.**
Are you sure that your marketing programs are not sending conflicting messages and that they haven't done so over time? Conversely, are you adjusting your programs to keep current?

___ **The brand portfolio and hierarchy make sense.**
Can the corporate brand create a seamless umbrella for all the brands in the portfolio? Do the brands in that portfolio hold individual niches? How extensively do the brands overlap? In what areas? Conversely, do the brands maximize market coverage? Do you have a brand hierarchy that is well thought out and well understood?

___ **The brand makes use of and coordinates a full repertoire of marketing activities to build equity.**
Have you chosen or designed your brand name, logo, symbol, slogan, packaging, signage, and so forth to maximize brand awareness? Have you implemented integrated push and pull marketing activities that target both distributors and customers? Are you aware of all the marketing activities that involve your brand? Are the people managing each activity aware of one another? Have you capitalized on the unique capabilities of each communication option while ensuring that the meaning of the brand is consistently represented?

___ **The brand's managers understand what the brand means to consumers.**
Do you know what customers like and don't like about a brand? Are you aware of all the core associations people make with your brand, whether intentionally created by your company or not? Have you created detailed, research-driven portraits of your target customers? Have you outlined customer-driven boundaries for brand extensions and guidelines for marketing programs?

___ **The brand is given proper support, and that support is sustained over the long run.**
Are the successes or failures of marketing programs fully understood before they are changed? Is the brand given sufficient R&D support? Have you avoided the temptation to cut back marketing support for the brand in reaction to a downturn in the market or a slump in sales?

___ **The company monitors sources of brand equity.**
Have you created a brand charter that defines the meaning and equity of the brand and how it should be treated? Do you conduct periodic brand audits to assess the health of your brand and to set strategic direction? Do you conduct routine tracking studies to evaluate current market performance? Do you regularly distribute brand equity reports that summarize all relevant research and information to assist marketers in making decisions? Have you assigned explicit responsibility for monitoring and preserving brand equity?

Maintaining a strong brand means striking the right balance between continuity and change.

levels. In fact, in the fiscal year after Procter & Gamble switched to EDLP (during which it also worked very hard to streamline operations and lower costs), the company reported its highest profit margins in 21 years.

4. The brand is properly positioned. Brands that are well positioned occupy particular niches in consumers' minds. They are similar to and different from competing brands in certain reliably identifiable ways. The most successful brands in this regard keep up with competitors by creating *points of parity* in those areas where competitors are trying to find an advantage while at the same time creating *points of difference* to achieve advantages over competitors in some other areas.

The Mercedes-Benz and Sony brands, for example, hold clear advantages in product superiority and match competitors' level of service. Saturn and Nordstrom lead their respective packs in service and hold their own in quality. Calvin Klein and Harley-Davidson excel at providing compelling user and usage imagery while offering adequate or even strong performance.

Visa is a particularly good example of a brand whose managers understand the positioning game. In the 1970s and 1980s, American Express maintained the high-profile brand in the credit card market through a series of highly effective marketing programs. Trumpeting that "membership has its privileges," American Express came to signify status, prestige, and quality.

In response, Visa introduced the Gold and the Platinum cards and launched an aggressive marketing campaign to build up the status of its cards to match the American Express cards. It also developed an extensive merchant delivery system to differentiate itself on the basis of superior convenience and accessibility. Its ad campaigns showcased desirable locations such as famous restaurants, resorts, and events that did not accept American Express while proclaiming, "Visa. It's everywhere you want to be." The aspirational message cleverly reinforced both accessibility and prestige and helped Visa stake out a formidable position for its brand. Visa became the consumer card of choice for family and personal shopping, for personal travel and entertainment, and even for international travel, a former American Express stronghold.

Of course, branding isn't static, and the game is even more difficult when a brand spans many product categories. The mix of points of parity and point of difference that works for a brand in one category may not be quite right for the same brand in another.

5. The brand is consistent. Maintaining a strong brand means striking the right balance between continuity in marketing activities and the kind of change needed to stay relevant. By continuity, I mean that the brand's image doesn't get muddled or lost in a cacophony of marketing efforts that confuse customers by sending conflicting messages.

Just such a fate befell the Michelob brand. In the 1970s, Michelob ran ads featuring successful young professionals that confidently proclaimed, "Where you're going, it's Michelob." The company's next ad campaign trumpeted, "Weekends were made for Michelob." Later, in an attempt to bolster sagging sales, the theme was switched to "Put a little weekend in your week." In the mid-1980s, managers launched a campaign telling consumers that "The night belongs to Michelob." Then in 1994 we were told, "Some days are better than others," which went on to explain that "A special day requires a special beer." That slogan was subsequently changed to "Some days were made for Michelob."

Pity the poor consumers. Previous advertising campaigns simply required that they look at their calendars or out a window to decide whether it was the right time to drink Michelob; by the mid-1990s, they had to figure out exactly what kind of day they were having as well. After receiving so many different messages, consumers could hardly be blamed if they had no idea when they were supposed to drink the beer. Predictably, sales suffered. From a high in 1980 of 8.1 million barrels, sales dropped to just 1.8 million barrels by 1998.

6. The brand portfolio and hierarchy make sense. Most companies do not have only one brand; they create and maintain different brands for different market segments. Single product lines are often sold under different brand names, and different brands within a company hold different powers. The corporate, or companywide, brand acts as an umbrella. A second brand name under that umbrella might be targeted at the family market. A third brand name might nest one level

Boundaries are important. Overlapping two brands in the same portfolio can be dangerous.

below the family brand and appeal to boys, for example, or be used for one type of product.

Brands at each level of the hierarchy contribute to the overall equity of the portfolio through their individual ability to make consumers aware of the various products and foster favorable associations with them. At the same time, though, each brand should have its own boundaries; it can be dangerous to try to cover too much ground with one brand or to overlap two brands in the same portfolio.

The Gap's brand portfolio provides maximum market coverage with minimal overlap. Banana Republic anchors the high end, the Gap covers the basic style-and-quality terrain, and Old Navy taps into the broader mass market. Each brand has a distinct image and its own sources of equity.

BMW has a particularly well-designed and implemented hierarchy. At the corporate brand level, BMW pioneered the luxury sports sedan category by combining seemingly incongruent style and performance considerations. BMW's clever advertising slogan, "The ultimate driving machine," reinforces the dual aspects of this image and is applicable to all cars sold under the BMW name. At the same time, BMW created well-differentiated subbrands through its 3, 5, and 7 series, which suggest a logical order and hierarchy of quality and price.

General Motors, by contrast, still struggles with its brand portfolio and hierarchy. In the early 1920s, Alfred P. Sloan decreed that his company would offer "a car for every purse and purpose." This philosophy led to the creation of the Cadillac, Oldsmobile, Buick, Pontiac, and Chevrolet divisions. The idea was that each division would appeal to a unique market segment on the basis of price, product design, user imagery, and so forth. Through the years, however, the marketing overlap among the five main GM divisions increased, and the divisions' distinctiveness diminished. In the mid-1980s, for example, the company sold a single body type (the J-body) modified only slightly for the five different brand names. In fact, advertisements for Cadillac in the 1980s actually stated that "motors for a Cadillac may come from other divisions, including Buick and Oldsmobile."

In the last ten years, the company has attempted to sharpen the divisions' blurry images by repositioning each brand. Chevrolet has been positioned as the value-priced, entry-level brand. Saturn represents no-haggle customer-oriented service. Pontiac is meant to be the sporty, performance-oriented brand for young people. Oldsmobile is the brand for larger, medium-priced cars. Buick is the premium, "near luxury" brand. And Cadillac, of course, is still the top of the line. Yet the goal remains challenging. The financial performance of Pontiac and Saturn has improved. But the top and bottom lines have never regained the momentum they had years ago. Consumers remain confused about what the brands stand for, in sharp contrast to the clearly focused images of competitors like Honda and Toyota.

7. The brand makes use of and coordinates a full repertoire of marketing activities to build equity. At its most basic level, a brand is made up of all the marketing elements that can be trademarked—logos, symbols, slogans, packaging, signage, and so on. Strong brands mix and match these elements to perform a number of brand-related functions, such as enhancing or reinforcing consumer awareness of the brand or its image and helping to protect the brand both competitively and legally.

Managers of the strongest brands also appreciate the specific roles that different marketing activities can play in building brand equity. They can, for example provide detailed product information. They can show consumers how and why a product is used, by whom, where, and when. They can associate a brand with a person, place, or thing to enhance or refine its image.

Some activities, such as traditional advertising, lend themselves best to "pull" functions—those meant to create consumer demand for a given product. Others, like trade promotions, work best as "push" programs—those designed to help push the product through distributors. When a brand makes good use of all its resources and also takes particular care to ensure that the essence of the brand is the same in all activities, it is hard to beat.

Coca-Cola is one of the best examples. The brand makes excellent use of many kinds of marketing activities. These include media advertising (such as the global "Always Coca-Cola" campaign); promotions (the recent effort focused on the return of the popular contour bottle, for example); and sponsorship (its extensive involvement with the Olympics). They also include direct response (the Coca-Cola catalog, which sells licensed Coke merchandise) and interactive media (the company's Web site, which offers, among other things, games, a trading post for collectors of Coke memorabilia, and a virtual look at the World of Coca-Cola museum in Atlanta). Through it all, the company always reinforces its key values of "originality," "classic refreshment," and so on. The brand is always the hero in Coca-Cola advertising.

8. The brand's managers understand what the brand means to consumers. Managers of strong brands appreciate the totality of their brand's image—that is, all the different perceptions, beliefs, attitudes, and behaviors customers associate with their brand, whether created intentionally by the company or not. As a result, managers are able to make decisions regarding the brand with confidence. If it's clear what customers like and don't like about a brand, and what core associations are linked to the brand, then it should also be clear whether any given action will dovetail nicely with the brand or create friction.

The Bic brand illustrates the kinds of problems that can arise when managers don't fully understand their brand's meaning. By emphasizing the convenience of inexpensive, disposable products, the French company Société Bic was able to create a market for nonrefillable ballpoint pens in the late 1950s, disposable cigarette lighters in the early 1970s, and disposable razors in the early 1980s. But in 1989, when Bic tried the same strategy with perfumes in the United States and Europe, the effort bombed.

The perfumes—two for women ("Nuit" and "Jour") and two for men ("Bic for Men" and "Bic Sport for Men")—were packaged in quarter-ounce glass spray bottles that looked like fat cigarette lighters and sold for about $5 each. They were displayed in plastic packages on racks at checkout counters throughout Bic's extensive distribution channels, which included 100,000 or so drugstores, supermarkets, and other mass merchandisers. At the time of the launch, a Bic spokesperson described the products as logical extensions of the Bic heritage: "High quality at affordable prices, convenient to purchase and convenient to use." The company spent $20 million on an advertising and promotion blitz that featured images of stylish people enjoying the perfumes and used the tag line "Paris in your pocket."

What went wrong? Although their other products did stand for convenience and for good quality at low prices, Bic's managers didn't understand that the overall brand image lacked a certain cachet with customers—a critical element when marketing something as tied to emotions as perfume. The marketers knew that customers understood the message they were sending with their earlier products. But they didn't have a handle on the associations that the customers had added to the brand image—a utilitarian, impersonal essence—which didn't at all lend itself to perfume.

By contrast, Gillette has been careful not to fall into the Bic trap. While all of its products benefit from a similarly extensive distribution system, it is very protective of the name carried by its razors, blades, and associated toiletries. The company's electric razors, for example, use the entirely separate Braun name, and its oral care products are marketed under the Oral B name.

9. The brand is given proper support, and that support is sustained over the long run. Brand equity must be carefully constructed. A firm foundation for brand equity requires that consumers have the proper depth and breadth of awareness and strong, favorable, and unique associations with the brand in their memory. Too often, managers want to take shortcuts and bypass more basic branding considerations—such as achieving the necessary level of brand awareness—in favor of concentrating on flashier aspects of brand building related to image.

A good example of lack of support comes from the oil and gas industry in the 1980s. In the late 1970s, consumers had an extremely positive image of Shell Oil and, according to market research, saw clear differences between that brand and its major competitors. In the early 1980s, however, for a variety of reasons, Shell cut back considerably on its advertising and marketing. Shell has yet to regain the ground it lost. The brand no longer enjoys the same special status in the eyes of consumers, who now view it as similar to other oil companies.

Another example is Coors Brewing. As Coors devoted increasing attention to growing the equity of its less-established brands

Tapping customers' perceptions and beliefs often uncovers the true meaning of a brand.

like Coors Light, and introduced new products like Zima, ad support for the flagship beer plummeted from a peak of about $43 million in 1985 to just $4 million in 1993. What's more, the focus of the ads for Coors beer shifted from promoting an iconoclastic, independent, western image to reflecting more contemporary themes. Perhaps not surprisingly, sales of Coors beer dropped by half between 1989 and 1993. Finally in 1994, Coors began to address the problem, launching a campaign to prop up sales that returned to its original focus. Marketers at Coors admit that they did not consistently give the brand the attention it needed. As one commented: "We've not marketed Coors as aggressively as we should have in the past ten to 15 years."

10. The company monitors sources of brand equity. Strong brands generally make good and frequent use of in-depth brand audits and ongoing brand-tracking studies. A brand audit is an exercise designed to assess the health of a given brand. Typically, it consists of a detailed internal description of exactly how the brand has been marketed (called a "brand inventory") and a thorough external investigation, through focus groups and other consumer research, of exactly what the brand does and could mean to consumers (called a "brand exploratory"). Brand audits are particularly useful when they are scheduled on a periodic basis. It's critical for managers holding the reins of a brand portfolio to get a clear picture of the products and services being offered and how they are being marketed and branded. It's also important to see how that same picture looks to customers. Tapping customers' perceptions and beliefs often uncovers the true meaning of a brand, or group of brands, revealing where corporate and consumer views conflict and thus showing managers exactly where they have to refine or redirect their branding efforts or their marketing goals.

Tracking studies can build on brand audits by employing quantitative measures to provide current information about how a brand is performing for any given dimension. Generally, a tracking study will collect information on consumers' perceptions, attitudes, and behaviors on a routine basis over time; a thorough study can yield valuable tactical insights into the short-term effectiveness of marketing programs and activities. Whereas brand audits measure where the brand has been, tracking studies measure where the brand is now and whether marketing programs are having their intended effects.

The strongest brands, however, are also supported by formal brand-equity-management systems. Managers of these brands have a written document—a "brand equity charter"—that spells out the company's general philosophy with respect to brands and brand equity as concepts (what a brand is, why brands matter, why brand management is relevant to the company, and so on). It also summarizes the activities that make up brand audits, brand tracking, and other brand research; specifies the outcomes expected of them; and includes the latest findings gathered from such research. The charter then lays out guidelines for implementing brand strategies and tactics and documents proper treatment of the brand's trademark—the rules for how the logo can appear and be used on packaging, in ads, and so forth. These managers also assemble the results of their various tracking surveys and other relevant measures into a brand equity report, which is distributed to management on a monthly, quarterly, or annual basis. The brand equity report not only describes what is happening within a brand but also why.

Even a market leader can benefit by carefully monitoring its brand, as Disney aptly demonstrates. In the late 1980s, Disney became concerned that some of its characters (among them Mickey Mouse and Donald Duck) were being used inappropriately and becoming overexposed. To determine the severity of the problem, Disney undertook an extensive brand audit. First, as part of the brand inventory, managers compiled a list of all available Disney products (manufactured by the company and licensed) and all third-party promotions (complete with point-of-purchase displays and relevant merchandising) in stores worldwide. At the same time, as part of a brand exploratory, Disney launched its first major consumer research study to investigate how consumers felt about the Disney brand.

The results of the brand inventory were a revelation to senior managers. The Disney characters were on so many products and marketed in so many ways that it was difficult to understand how or why many of the decisions had been made in the first place. The consumer study only reinforced their concerns. The study indicated that people lumped all the product endorsements together. Disney was Disney to consumers, whether they saw the characters in films, or heard them in recordings, or associated them with theme parks or products.

Consequently, all products and services that used the Disney name or characters had an impact on Disney's brand equity. And because of the characters' broad exposure in the marketplace, many consumers had begun to feel that Disney was exploiting its name. Disney characters were used in a promotion of Johnson Wax, for instance, a product that would seemingly leverage almost nothing of value from the Disney name. Consumers were even upset when Disney characters were linked to well-regarded premium brands like Tide laundry detergent. In that case, consumers felt the characters added little value to the product. Worse yet, they were annoyed that the characters involved children in a purchasing decision that they otherwise would probably have ignored.

If consumers reacted so negatively to associating Disney with a strong brand like Tide, imagine how they reacted when they saw the hundreds of other Disney-licensed products and joint promotions. Disney's characters were hawking everything from diapers to cars to McDonald's hamburgers. Consumers reported that they resented all the endorsements because they felt they had a special, personal relationship with the characters and with Disney that should not be handled so carelessly.

As a result of the brand inventory and exploratory, Disney moved quickly to establish a brand equity team to better manage the brand franchise and more selectively evaluate licensing and other third-party promotional opportunities. One of the mandates of this team was to ensure that a consistent image for Disney—reinforcing its key association with fun family entertainment—was conveyed by all third-party products and services. Subsequently, Disney declined an offer to cobrand a mutual fund designed to help parents save for their children's college expenses. Although there was a family association, managers felt that a connection with the financial community suggested associations that were inconsistent with other aspects of the brand's image.

The Value of Balance

Building a strong brand involves maximizing all ten characteristics. And that is, clearly, a worthy goal. But in practice, it is tremendously difficult because in many cases when a company focuses on improving one, others may suffer.

Consider a premium brand facing a new market entrant with comparable features at a lower price. The brand's managers might be tempted to rethink their pricing strategy. Lowering prices might successfully block the new entrant from gaining market share in the short term. But what effect would that have in the long term? Will stepping outside its definition of "premium" change the brand in the minds of its target customers? Will it create the impression that the brand is no longer top of the line or that the innovation is no longer solid? Will the brand's message become cloudy? The price change may in fact attract customers from a different market segment to try the brand, producing a short-term blip in sales. But will those customers be the true target? Will their purchases put off the brand's original market?

The trick is to get a handle on how a brand performs on all ten attributes and then to evaluate any move from all possible perspectives. How will this new ad campaign affect customers' perception of price? How will this new product line affect the brand hierarchy in our portfolio? Does this tweak in positioning gain enough ground to offset any potential damage caused if customers feel we've been inconsistent?

One would think that monitoring brand performance wouldn't necessarily be included in the equation. But even effectively monitoring brand performance can have negative repercussions if you just go through the motions or don't follow through decisively on what you've learned.

Levi-Strauss's experiences are telling. In the mid-1990s, the company put together a comprehensive brand-equity-measurement system. Practically from the time the system was installed, it indicated that the brand image was beginning to slip, both in terms of the appeal of Levi's tight-fitting flagship 501 brand of jeans and how contemporary and cutting edge the overall Levi's brand was. The youth market was going for a much baggier look; competitors were rushing in to fill the gap.

Distracted in part by an internal reengineering effort, however, Levi's was slow to respond and when it did, it came up with underfunded, transparently trendy ad campaigns that failed to resonate with its young target market. Its market share in the jeans category plummeted in the latter half of the 1990s. The result? Levi's has terminated its decades-long relationship with ad agency Foote, Cone & Belding and is now attempting to launch new products and new ad campaigns. For Levi's, putting in the system was not enough; perhaps if it had adhered more closely to other branding principles, concentrating on innovating and staying relevant to its customers, it could have better leveraged its market research data.

Negative examples and cautionary words abound, of course. But it is important to recognize that in strong brands the top ten traits have a positive, synergistic effect on one another; excelling at one characteristic makes it easier to excel at another. A deep understanding of a brand's meaning and a well-defined brand position, for example, guide development of an optimal marketing program. That, in turn, might lead to a more appropriate value-pricing strategy. Similarly, instituting an effective brand-equity-measurement system can help clarify a brand's meaning, capture consumers' reactions to pricing changes and other strategic shifts, and monitor the brand's ability to stay relevant to consumers through innovation.

Brand Equity as a Bridge

Ultimately, the power of a brand lies in the minds of consumers or customers, in what they have experienced and learned about the brand over time. Consumer knowledge is really at the heart of brand equity. This realization has important managerial implications.

In an abstract sense, brand equity provides marketers with a strategic bridge from their past to their future. That is, all the dollars spent each year on marketing can be thought of not so much as expenses but as investments—investments in what consumers know, feel, recall, believe, and think about the brand. And that knowledge dictates appropriate and inappropriate future directions for the brand—for it is consumers who will decide, based on their beliefs and attitudes about a given brand, where they think that brand should go and grant permission (or not) to any marketing tactic or program. If not properly designed and implemented, those expenditures may not be good investments—the right knowledge structures may not have been created in consumers' minds—but they are investments nonetheless.

Ultimately, the value to marketers of brand equity as a concept depends on how they use it. Brand equity can help marketers focus, giving them a way to interpret their past marketing performance and design their future marketing programs. Everything the company does can help enhance or detract from brand equity. Marketers who build strong brands have embraced the concept and use it to its fullest to clarify, implement, and communicate their marketing strategy.

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ARTICLE

Three Questions You Need to Ask About Your Brand

by Kevin Lane Keller, Brian Sternthal, and Alice Tybout

Harvard Business Review

September 2002

Product no. R0209F

This article affirms the importance of ensuring that consumers can distinguish your brand from others in the same arena. To do so, ask three questions: 1) Have you established a frame of reference signaling the goal consumers can expect to achieve by using your brand? Choosing the proper frame is important because it dictates the types of associations that will function as points of parity and points of difference in consumers' minds. In many cases, the frame of reference is other brands in the same category. For example, Coca-Cola is a soft drink that competes with Pepsi-Cola. 2) Are you leveraging your points of parity? These are minimum requirements for playing the game that you must meet for consumers to perceive your product as a legitimate player within the frame of reference you've established. For instance, customers may not perceive a bank as *truly* a bank if it doesn't offer checking and savings plans, safe-deposit boxes, and other basics. 3) Are the brand's points of difference compelling? To illustrate, Subway emphasizes the healthfulness of its sandwiches, supporting that association with simple, hygienic store settings.