

Integrated Model Of Branding Effectiveness Assessment

Ph.D. Project Proposal

Olga Alkanova

Graduate School of Management, Saint Petersburg State University, Center of Strategic Marketing, Saint Petersburg, Russia

Purpose of the project: classification of theoretical and practical approaches in the field of branding effectiveness measurement and designing an integrated model of its assessment. This topic was partly covered by D. Aaker, K. L. Keller, L. de Chernatony, S. Davis and M. Dunn.

Research methodology: qualitative research (in-depth interviews, content analysis), quantitative research (company survey, factor analysis and structure equation modeling)

Expected outcomes: a required and sufficient group of metrics of branding effectiveness both from theoretical and practical point of view with the linkages and dependencies between the metrics.

Main contributions: understanding of dependencies and relevance between the metrics that really represent branding effectiveness.

Keywords: branding, brand effectiveness, brand metrics, perception metrics, behavioral metrics, business metrics, financial metrics, integrated approach to brand effectiveness evaluation

INTRODUCTION

A rather clearly detectable in many developed and developing countries increasing competition in the industrial and consumer markets forces companies to pursue a reliable competitive advantage that will ensure their effective performance in the long run. In situations of economic instability, the search for such benefits becomes an even more urgent problem. However, it is becoming more and more difficult to find sources of sustainable competitive advantage in the situation of continuous improvement of production techniques. Recently we observe a growing consensus between business practitioners and academic community representatives concerning the importance of building and developing relationships and forming networks of complex configuration to achieve, on the one hand, the flexibility to respond to change through coordination and, on the other hand, the stability of operation due to contracts with reliable partners (in case of mutual interest). Over the past decade, more companies have begun to pay attention to the value of intangible assets; a significant place among them belongs to relationships with customers, suppliers and partners. In this regard, the role of branding is becoming much higher, allowing us to talk about the transition from tactical to strategic level of brand management (David Aaker shows this fact in his recent works).

Recently, branding issues are increasingly becoming the object of theoretical studies and research. Nevertheless, these studies still contain problems rarely treated by theorists, including branding effectiveness evaluation. Underdeveloped theoretical background of this problem is reflected in brand management practices. Despite the increasing necessity of accurate measurement of the impact of brand creation and promotion activities, in reality few companies actually use a *system* of branding effectiveness metrics, and if such metrics are used, they measure the effectiveness of separate brand management activities (e.g., the marketing communications impact on the brand), rather than evaluate the effectiveness of *branding in general as a set of measures for the establishment and development of a brand*.

Thus, there is a need for a clear method to evaluate the effectiveness of various branding activities in the complex, i.e., in the integrated model of effectiveness evaluation. The creation and verification of such model is the main goal of the proposed research. The main objectives of the research are the following:

- 1) Analysis of divergences in existing terms framework concerning the concepts “brand”, “branding” and “effectiveness” and formation of the conceptual device in the field of branding effectiveness. For this project this objective mainly concerns the translational problems since there is a gap between the meaning of these terms in English and in Russian.
- 2) Analysis of methodological approaches and techniques of effectiveness assessment.
- 3) Integrated model design (including the problems of model effectiveness and choosing criteria).
- 4) Evaluation of links and dependencies between the effectiveness criteria.

The first part of the project proposal represents a brief overview of the main approaches to brand effectiveness evaluation. The second part is devoted to the proposed integrated model with the research design (as it is suggested by the author) in the third part of the proposal. Some future steps and probable limitations of the methodology are discussed in the conclusion.

BRIEF LITERATURE REVIEW

Many authors in one way or another discuss the issues of branding success or branding effectiveness, offering different approaches to this difficult problem. The following part of the paper proposes a brief analysis of a number of approaches and models for branding effectiveness assessment. Obviously, this overview does not cover all the existing approaches, but still it represents the major options concerning structured branding effectiveness evaluation.

L. DE CHERNATONY'S MODEL

L. de Chernatony focuses on the importance of a holistic approach to evaluating the brand management effectiveness. In 1998 a study was undertaken, which demonstrated the need to use a set of criteria for assessing the success of the brand based both on business performance and customer performance [de Chernatony et al., 1998]. Further development of this approach led to the creation of a matrix, consisting of two columns (both internal and external evaluation of the brand) and five rows (brand vision, organizational culture, brand objectives, brand essence, internal brand implementation and brand resourcing) [de Chernatony, 2006, p. 206].

Figure 1 shows the five categories representing the stages of brand creation and development. Each of the stages contains a number of questions with total number of 51. The answers to these questions are given according to the 6-point Likert scale (from 0 to 5), and an integral estimate is calculated for each category as a simple average of ratings across the number of issues within a particular category.

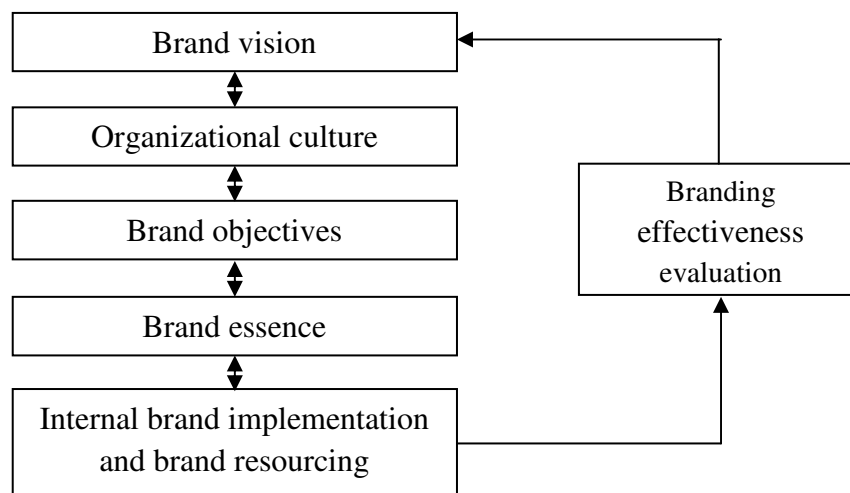


Figure 1. Branding effectiveness evaluation at various stages of brand building
Source: [de Chernatony, 2006, p. 306]

The next step is to construct a chart of the "brand health" in order to assess the brand viability. A carefully conducted analysis of this chart allows experts to identify areas where action must be taken in order to improve the performance of the brand management [de Chernatony, 2006, p. 311].

M. SHERRINGTON’S MODEL

M. Sherrington proposes to assess branding effectiveness of on the basis of the *key performance indicator* (KPI) which is tied up with the company's strategy and its specific vision of the market [Sherrington, 2003, pp. 220]. Sherrington emphasizes the need for a dominant KPI, arguing that it is an excellent way to focus business on the right growth specific and verify whether the growth objectives are achieved [Sherrington, 2003, pp. 224]. On one hand, simplification of the system of indicators aimed at adapting to the particular market situation is justified. On the other hand, there are certain boundaries of simplification and therefore making it unreasonable to reduce such a complex and multidimensional construct, as a brand, to a single dominant figure. In addition, this approach still requires constant brand power (brand vitality) tracking and further checking of the adequacy of the chosen dominant KPI, which might not simplify, but rather complicate the assessment system as a whole.

D. AAKER’S MODEL

David Aaker, the brand management guru, believes that the branding effectiveness measurement should be based on analysis of brand equity assets, such as “brand awareness”, “perceived quality of the brand”, “brand loyalty” and “associations with the brand”.

The system of indicators, which the author calls “Brand Equity Ten” allows the evaluation of the assets usage validity. The author believes that effective brand management includes a system of indicators – financial, behavioral and market oriented [Aaker, 1996, pp. 276-277]. It should be noted that the “ten” is not necessarily an optimal set for all possible situations, it requires modification according to a specific situation and/or task.

<i>Adherence indicators</i> 1. Price premium 2. Customer satisfaction / brand loyalty	<i>Brand perceived quality / brand leadership indicators</i> 3. Perceived quality 4. Leadership / popularity
<i>Brand associations / differentiation indicators</i> 5. Perceived value 6. Brand individuality 7. Organizational associations	<i>Brand awareness indicators</i> 8. Brand awareness
<i>Market behavior indicators</i> 9. Market share 10. Market price and brand representation in the distributional chain	

Figure 2. “Brand Equity Ten”
 Source: [Aaker, 1996, p. 280].

T. MUNOZ AND S. KUMAR APPROACH

T. Munoz and S. Kumar propose to construct a system of branding evaluation based on three types of metrics: perception metrics (including awareness and familiarity and consideration), performance metrics (with loyalty and purchase decision) and financial metrics (value creation measures), which provide an opportunity to assess the branding effectiveness [Munoz, Kumar, 2004]. “The key benefit of a brand measurement system is that it links brand

management and business performance. [...] Measurement needs to be considered as a continuous activity” [Munoz, Kumar, 2004, p.382]. Although the authors suggest a list of metrics for each group, it is up to the company to determine which actual metrics will be included for their measurement system. The disadvantage of the proposed model is that it does not include market-based indicators (e.g., brand distribution level), focusing mainly on consumer and financial metrics.

D. LEHMANN, K. KELLER AND J. FARLEY STUDY

In 2008, D. Lehmann, K. Keller and J. Farley research results of brand metrics study were published [Lehmann et al., 2008, p. 29-56]. The research goal was “...to suggest a parsimonious set of brand measures, and the relations among them, that can be used to measure brand performance regardless of the country market involved or the particular type of product or service being sold” [Lehmann et al., 2008, p. 29]. The results allowed forming the assessment system of the six key brand metrics groups, including:

1. *comprehension*: how much the brand is seen and thought of;
2. *comparative advantage*: how favorably regarded and well differentiated the branded product is;
3. *interpersonal relations*: interpersonal and social aspects;
4. *history*: past brand-related events, episodes, and emotions;
5. *preference*: consumer attitudes toward the brand and its purchase;
6. *attachment*: how strongly consumers connect to and interact with the brand.

The authors emphasize the necessity to devote more attention to such metrics as “interpersonal relations” and “history”. Unfortunately, this study is devoted purely to consumer metrics (to a greater extent to perception metrics, and to a lesser extent to behavioral metrics). Nevertheless, the formed groups of metrics can be used to construct a general model of branding effectiveness evaluation.

S. DAVIS AND M. DUNN MODEL

According to S. Davis and M. Dunn, in order to evaluate the role of the brand in achieving company’s strategic and tactical goals, development of *branding effectiveness indicators (metrics)* is needed. Metrics are the measurable parameters of evaluation of brand-driven company actions effectiveness [Davis, Dunn, 2002, pp. 147].

To develop branding performance indicators the authors propose to use the *contact branding concept* that is based on the fact that the effectiveness of brand management can be evaluated through the provision and control of brand contact points with the consumer. Points of contact mean all the ways that existing and potential customers use to come in contact with the brand, and that may or are already being used to influence the present or future decisions related to the brand. Davis and Dunn consider three groups of contact points: experience before making a purchase, experience at the time of purchase and experience after the purchase, and the same point can be attributed to more than one group influencing the behavior of both potential and existing customers.

There are two types of metrics, which, according to S. Davis and M. Dunn, should be included in the metrics of the company. *Tactical metrics* provide diagnostic branding effectiveness in terms of building customer experience at the points of contact with the brand.

These metrics help to evaluate the ongoing activities related to existing or potential customers within one of three groups of contact points with the brand [Davis, Dunn, 2002, pp. 244]. Tactical metrics include the following: brand awareness, brand comprehension, brand relevance, brand reliability, brand keeping promises, brand preference, brand consideration, brand impact on purchase decision, brand satisfaction, brand recommendation [Davis, Dunn, 2002, pp. 245-252]. *Strategic metrics*, in turn, provide a diagnosis of brand impact on business performance. These metrics help to assess the impact of company brand creation actions on the overall brand effectiveness, and thus company effectiveness as a whole [Davis, Dunn, 2002, p. 244]. The strategic brand metrics are brand extension, customer acquisition using the brand, brand customers retention, brand purchasing, brand price premium, brand commitment. The choice of metrics for branding effectiveness evaluation depends on specific objectives of the assessment. Without a clear understanding of specific company objectives it will always be difficult to determine which of the metrics are really crucial.

SUMMARY

The models represented above show the main approaches of *branding* effectiveness evaluation. The majority of the researchers in this field agrees on the limitations of consumer-based metrics measurements and stresses the importance of the link between business-based and consumer-based criteria. Many models suggest a multidimensional approach.

Of course, problems with methodology and basic definitions still exist in the literature. Some publications represent a good evaluation of the model without any guidance to its usage thus making it just a theoretical discourse. Although many authors stress the importance of creating an integrated model, the progress towards the goal is not very big through the ten-years period. And the main problem is that there is still little understanding how to link business-based criteria & consumer-based criteria in branding.

INTEGRATED MODEL OF BRANDING EFFECTIVENESS ASSESSMENT

I believe that it is more appropriate to build the branding effectiveness assessment model on the basis of the contact branding model by S. Davis and M. Dunne. This decision is explained, in my opinion, by the facts that rates of contact branding:

- are practical-oriented, as they allow to assess how the brand manifests itself outside the company in terms of buyers expectations and competitors actions;
- provide information to make informed strategic and tactical decisions on brand creation, promotion and after-sales service;
- provide diagnostic brand impact on business performance;
- allow the company to invest more effectively in supporting and developing brands;
- are starting benchmarks (performance indicators of the first level, or the effect of perception), which can be a basis to build a chain of behavioral, market and financial indicators to measure branding effectiveness.

I suggest restructuring of metrics system proposed in the Davis and Dunn model from a position of metrics interdependence and interrelevance. This approach allows the development of an integrated model for branding effectiveness measurement, where each of

the seventeen metrics is associated with a particular category of contact with the brand and may belong to one of four groups of generalized metrics.

There are four groups of metrics, based on the marketing activities of branding contact (see Figure 3 1): perception metrics, behavioral metrics, market metrics and financial metrics. These metrics allow the monitoring of branding effectiveness, i.e. how effectively the investments in brand construction and development are used.

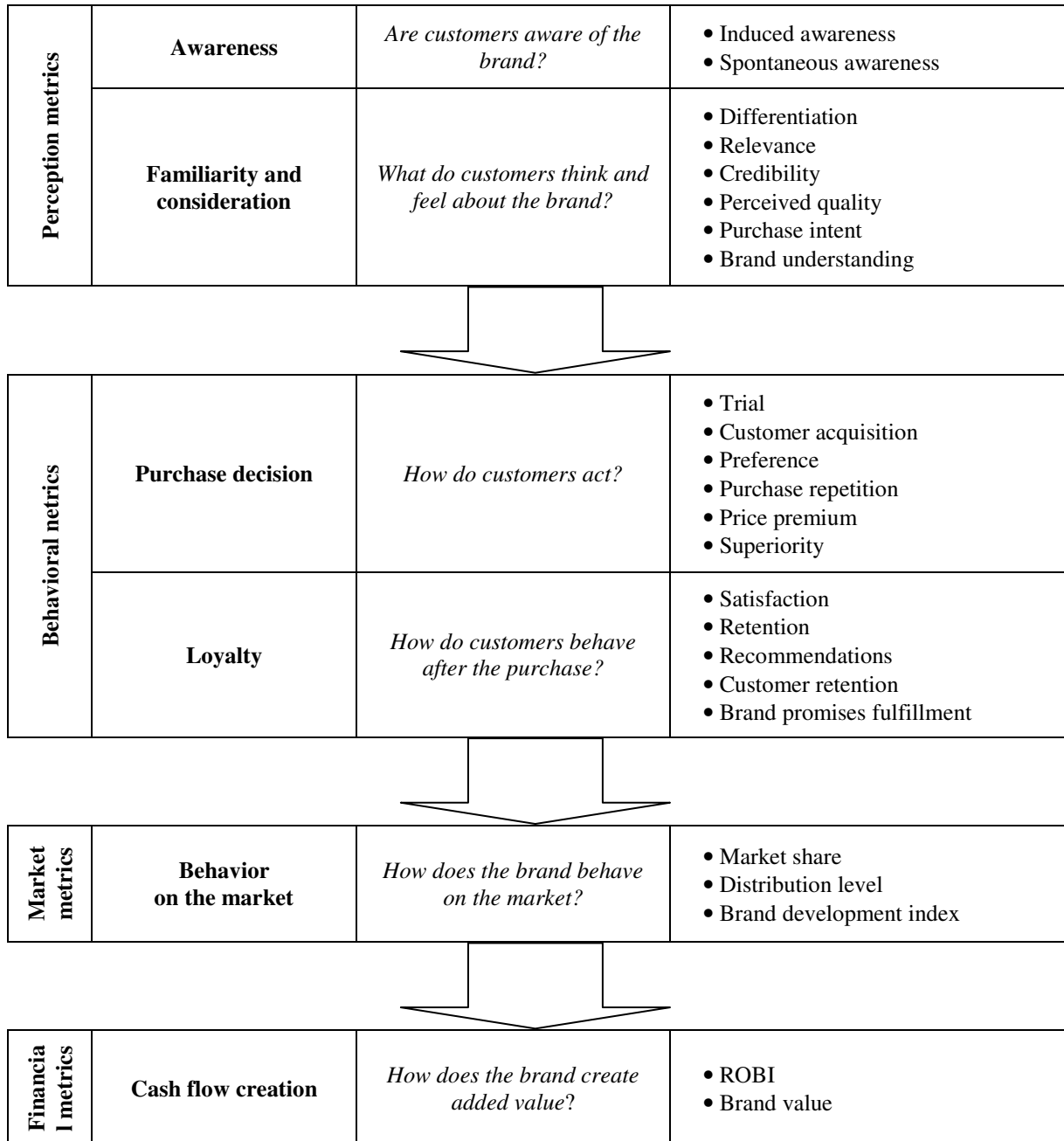


Figure 3. Branding effectiveness metrics system

Perception metrics determine the degree of consumer awareness about the brand, his/her understanding of the advantages and benefits of its acquisition, the possibility of including it into the choice kit, i.e. evaluate consumer behavior before buying a brand.

Behavioral metrics reflect the aspects of consumer behavior mainly after the purchase, including brand preference, repeated purchases, building loyalty and willingness to recommend a favorite brand to others.

Market metrics determine the brand competitive position on the market, representing the economic and financial results of branding. Such indicators as market share, brand development index, the level of distribution constitute the main market metrics of branding effectiveness assessment.

Financial metrics reflect the impact of brand investments and financial assessment of brand equity growth in connection with the successful activities of contact branding. It uses indicators such as ROBI and the current value of the brand.

All of these types of metrics make it possible to fully assess the branding effectiveness. All these indicators are interrelated and interdependent. Improvement of target results of one group of metrics contributes to performance indicators of other group of metrics.

RESEARCH DESIGN

There are two main objectives of the research. The first one is the search for the criteria to assess branding effectiveness in order to form a required and sufficient group of factors both from theoretical and practical point of view. The second objective is to test the links between the metrics in the multidimensional model in order to determine the main metrics to be observed by the companies in order to control for branding effectiveness. According to the stated objectives I propose to divide the research into two steps.

STEP 1: QUALITATIVE

Objective: verification of the list of metrics from practical point of view.

Research problems:

- Explore the theoretic assumptions of the research
- Find the links between consumer-based and business-based criteria
- Expand the model

Methods and sample: 8 to 10 in-depth interviews with the representatives of marketing departments of several FMCG companies. Basic requirements: brand-orientated business and brand history, brand research in dynamics.

Methods of data analysis: content analysis, opinion analysis, dynamic analysis

STEP 2: QUANTITATIVE

Objective: to test the links between the metrics in the multidimensional model in order to determine the main metrics to be observed by the companies in order to control for branding effectiveness.

Research problems:

- test of the major groups of metrics
- exploration of the links between the major groups

Methods: quantitative company research (questions in the questionnaire based on 5-point Likert scales)

Sample: 200 brand-oriented companies (FMCG, consumer services)

Methods of data analysis: exploratory factor analysis, structure equation modeling (SEM)

CONCLUSION

In the situation when a brand becomes a strategic asset, branding effectiveness assessment is becoming more and more urgent. This assessment gives the company an opportunity to make decisions based on facts and to optimize the process of their adoption.

Effective monitoring of the success of branding activities leads to necessity of specific metrics development. Moreover, a simple metrics measurement and decision-making based on a set of indicators is already not enough. There is a need to develop a coherent system of metrics that provides a comprehensive opportunity to assess the branding effectiveness.

I propose to restructure the system of metrics used to evaluate the effectiveness of branding, dividing them into four main groups: perception, behavior, market and financial metrics. An integrated approach to the use of these metrics, according to their subordination and complementarity allows a more balanced and accurate assessment of the effectiveness of efforts to create and promote a brand. Using the proposed integrated approach can take into account the multifaceted nature of the brand, to establish the relationship between consumer and financial-market branding metrics, and come close to solving the problem of creating theoretically grounded and practically applicable model for assessing the effectiveness of branding.

LIMITATIONS AND CONSIDERATIONS FOR FURTHER RESEARCH

There is a number of limitations of the proposed research design that need to be mentioned. The first (and the most significant) limitation is that the research includes only the company perspective of the metrics. This is an advantage considering market and financial data (what is more this data can be verified using specific databases) whereas this can be a serious limitation in evaluating consumer-based metrics. The consumer research in order to check the perception and behavioral metrics is a perspective for future research.

The second limitation is based on geographical positioning of the research (the research will be carried on a Russian sample). This means that it contains cross-cultural specificity which can influence the results.

The third probable limitation is that it represents the current situation without showing the development in dynamics. The objective of the further research can be to collect panel data in order to verify the model in the long-run.

LITERATURE

Aaker D. Building Strong Brands. NY: Free Press, 1996.

Chernatony L. From Brand Vision to Brand Evaluation: The Strategic Process of Growing and Strengthening Brands. 2nd ed. Oxford: Butterworth Heinemann, 2006.

Chernatony L., Riley F. D. O., Harris F. Criteria to Assess Brand Success // Journal of Marketing Management. 1998. №14. P.765-781.

Davis S., Dunn M. Building the Brand-Driven Business: Operationalize Your Brand to Drive Profitable Growth. San-Francisco: Jossey-Bass, 2002.

Lehmann D.R., Keller K.L., Farley J.U. The Structure of Survey-Based Brand Metrics // Journal of International Marketing. 2008. Vol.16, №4. P. 29-56.

Munoz T., Kumar S. Brand Metrics : Gauging and Linking Brands with Business Performance // Journal of Brand Management. 2004. Vol.11, №5. P. 381-387.

Sherrington M. Added Value: the Alchemy of Brand-led Growth. NY: Palgrave Macmillan, 2003.