BRAND ASSET VALUATOR – MEASURING BRAND VALUE

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ABSTRACT
“A product is something made in a factory; a brand is something that is bought by a customer. A product can be copied by a competitor; a brand is unique. A product can be quickly outdated; a successful brand is timeless.”

Stephen King (WPP Group, London)

The main objective of this study is to measure the brand equity of a product, with the help of a Brand Asset Valuator. Successful Brand-Building today is the fact that: "A World of Brands" even more than it is a competition within categories. Consumers find it not only possible, but desirable, to select among all meaningful options. Brands without meaning" will behave like commodities and be limited to commodity-like pricing, where price is determined not by the owner of the brand, but by every other producer in the category.

A Company’s overall mission is to increase the value of shareholder’s investment. It does this through sales growth, cost controls and wise investment of resources. It believes that the company’s commercial success depends upon offering quality and value to consumers and customers; providing products that are safe, wholesome, economically efficient and environmentally sound; and providing a fair return to investors while adhering to the highest standards of integrity.

Brand Has Great Value
Brands are generally considered a large part of the intangible assets of companies, yet the economic consequences of brand management are often difficult to establish. A brand is the most valuable asset a company can own. It can also be the most confounding because, while products have a tangible, physical reality, brands are all about perceptual reality. Brands exist in the minds and hearts of consumers. Brand has 6 elements namely physical appearance, brand personality, culture, relationship, customer reflection, consumer self-image.

According to J. Kapferer, brand identity could be defined by answering the following questions:
- What is the aim and individual vision of a brand?
- What makes a brand distinguished?
- How satisfaction could be achieved?
- What is brand’s equity?
- What are brand competence, validity and legitimacy?
- What are the features of its recognition?
it could be claimed that the conception of brand identity includes the uniqueness, earning, aim, values, and personality and provides a possibility to position the brand better, and, thus, achieve the competitive advantage.

**Sources of Brand Identity:**
Goods
Name
Personage (emblem)
Visual Symbols and Logotypes
Brand developer
Communication together with its content and form

**Brand Asset valuator – developed by Young & Rubicam**
Brand Asset Valuator measures the value of a brand where it is created: in people’s hearts and minds. It provides a diagnostic framework to help the company’s build, leverage, and maintain their brands. Brands - independent of their product category - develop in a very specific progression of consumer perceptions. When building a brand, Differentiation comes first. Then Relevance. Then Esteem and, ultimately, Knowledge. But the real action takes place in the relationships between these measures. Managing the relationships between the measures is the key to brand health. The relationships illustrate a brand's intrinsic value, its ability to generate margin, and its ability to insulate against competitive substitution.

**Four key metrics of Brand Asset Valuator**
These measures are used in Brand Asset Valuator
- to evaluate current brand performance
- to identify core issues for the brands
- to evaluate brand potential.

Brands can be evaluated by these individual measures. But more important, the relationships between these measures, or "pillars", show the true picture of a brand's health, its intrinsic value, its muscular capacity to carry a premium price and its ability to fend off competitors.

**Differentiation** measures the strength of the brand's meaning. Consumer choice, brand essence and potential margin are all driven by Differentiation. It is the ability for a brand to stand apart from its competitors. A brand should be as unique as possible. Brand health is built and maintained by offering a set of differentiating promises to consumers and delivering those promises to leverage value. The starting point for all brands is differentiation. It defines the brand and distinguishes it from all others. Differentiation is how brands are born. As a brand matures, Brand Asset Valuator finds that Differentiation often declines. It doesn't have to happen. Even after reaching maturity, with good management, a brand can perpetuate its Differentiation. A low level of Differentiation is a clear warning that a brand is fading.

**Relevance** measures the personal appropriateness of a brand to consumers and is strongly tied to household penetration. Relevance alone is not the key to brand success. Rather, Relevance together with Differentiation form .It is the actual and perceived importance of the brand to a large consumer market segment. This gauges the personal appropriateness of a brand to consumers and is strongly tied to household penetration (the percentage of households that purchase the brand). Differentiation is only the first step in building a brand. The next step is Relevance. If a brand isn't relevant, or personally appropriate to consumers, it isn't going to attract and keep them - certainly not in any great numbers. Brand Asset Valuator shows that there is a distinct correlation between Relevance and market penetration. Relevance drives franchise size.
Esteem is the perceived quality and consumer perceptions about growing or declining popularity of a brand. Does the brand keep its promises? The consumer’s response to a marketers’ brand-building activity is driven by his perception of two factors; quality and popularity, both of which vary by country and culture. Brand Asset Valuator's third primary measure (or pillar) is Esteem - the extent to which consumers like a brand and hold it in high regard. In the progression of building a brand, it follows Differentiation and Relevance. It's the consumer's response to a marketer's brand-building activity. Esteem is itself driven by two factors: perceptions of quality and popularity, and the proportions of these factors differ by country and culture. Brand Asset Valuator tracks the ways in which brands gain Esteem, which helps us consider how to manage consumer perceptions. Through Brand Asset Valuator, we can identify opportunities for leveraging a brand's Esteem.

Knowledge is the extent of the consumer’s awareness of the brand and understanding of its identity. The awareness levels about the brand and what it stands for shows the intimacy that consumers share with the brand. True knowledge of the brand comes through brand-building. If a brand has established its Relevant Differentiation and consumers come to hold it in high Esteem, brand Knowledge is the outcome and represents the successful culmination of building a brand. Knowledge means being aware of the brand and understanding what the brand or service stands for. Knowledge is not a consequence of media weight alone. Spending money against a weak idea will not buy Knowledge. It has to be achieved.

BRAND STRENGTH = Relevance and Differentiation
Brand Strength, an important indicator of future performance and potential. Relevant Differentiation is the major challenge for all brands and a leading indicator of brand health. The relationship between a brand's Relevance and Differentiation represents brand strength, which is a strong indicator of future performance. Relevant Differentiation - remaining both relevant and differentiated - is the central challenge of every brand. It is critical for all brands and all over the world.

BRAND STATURE = Esteem and Knowledge
As Brand Strength was found in the relationship between Relevance and Differentiation, Brand Stature is discovered in the combination of Esteem and Knowledge. Brand Stature indicates brand status and scope - the consumers' response to a brand. As such, it reflects current brand performance and is a strong strategic indicator. For example, Esteem rises before Knowledge for a growing brand. If rankings show the opposite relationship, a problem may have been identified.

The combination of Esteem and Knowledge form Brand Stature, a more traditional measure that Brand Asset Valuator has determined to be a lagging indicator of brand health.

Brand Development cycle – Strength and weakness
As part of the diagnostic process for managing brands, Y&R plots brands on a "Power Grid" reflecting each brand's Strength and Stature. The Power Grid sets the strategic process by identifying the strength or weakness of a brand. On the vertical axis we plot the brand strength - its relevance and differentiation, while on the horizontal axis, the brand stature - esteem and knowledge.
Quadrant I (Unfocused): Weak brands that could not leverage their strengths.
Quadrant II (Unrealised potential): Here the brand managers have not been able to realise the true potential of the brand. The strategy should be to build the stature of the brand.
Quadrant III (Leadership): The challenge for the brand here would be to continue being a leader.
Quadrant IV (Eroding): The last quadrant spells “Danger” for the brand, an indicator of eroding potential. These brands have failed to maintain their Relevant Differentiation (their core strength). If unattended, their Stature will also begin to fall. Unless steps are taken to stimulate the differentiation and relevance, these brands will lose Esteem and could eventually fade from consumers’ consciousness.

The value of a brand depreciates if there is no continuous value addition. This is critical for the brand to be a source of competitive advantage. The task of a marketer is to go beyond measuring and leveraging the value of the brand and add perceptible value continuously.

**Financial Implications of Brand Management**
Brand Asset Valuator is unique in that Y&R’s findings have been substantiated by tracking the real-world financial performance of companies. This performance illustrates the implications of how companies manage their brands. Brands managed properly, in accordance with Brand Asset Valuator theory, have systematically demonstrated that they yield, on average, higher margins, profit, growth and lower risk.

**Percentile rank metric**

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<th>Percentile rank</th>
<th>Differentiation</th>
<th>Relevance</th>
<th>Esteem</th>
<th>Knowledge</th>
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<td>0</td>
<td>Brand Strength</td>
<td>Brand Stature</td>
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Y&R’s Brand Asset Valuator data are reported as percentile rank among all other brands measured. This comparative metric allows for the diagnostic assessments necessary to truly benefit from the cross-category, global perspective.

**Conclusion**: Developed brands that have been managed for consistent meaning, compared with those that have inconsistent meaning, tend to have better financial performance: higher margins, better return on assets, and stronger growth. Consumer satisfaction is driven by the same perceived benefit structures that they have been leveraging for brand success. An economy in which consumers desired any product made available has been replaced by an economy in which consumers require the brand to be distinctive, even before they consider its relevance. Today, brands must stand out when they start out. Understanding How Great Brands Got to Be That Way is a story worth telling. Understanding How Brands WILL BECOME GREAT - that's a story worth living. There is definitely proven link between brand voltage and market share.