

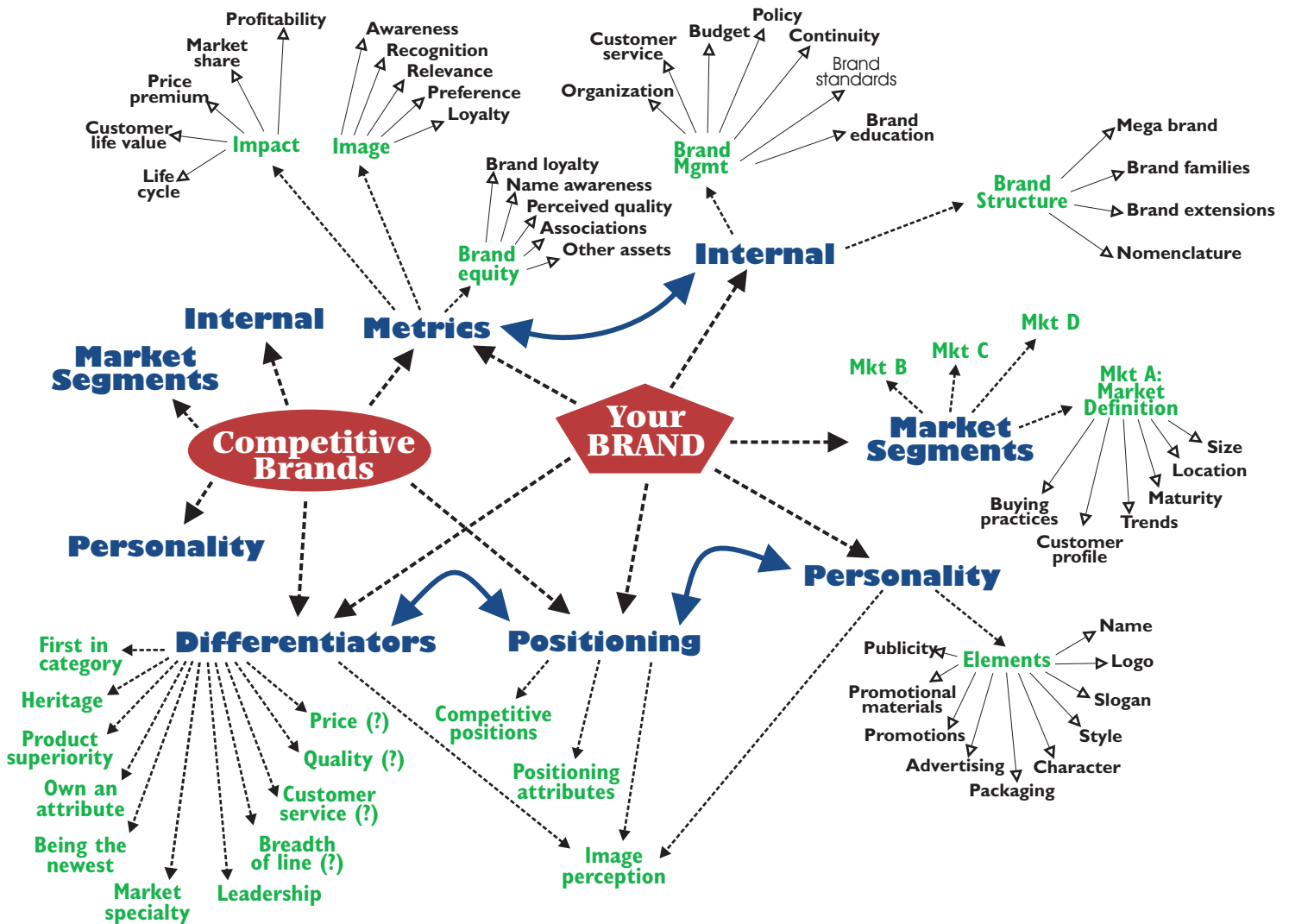
Performing the Brand Audit

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Before you chart a course, it's a good idea to know where you're leaving from. The need to know where you are now is a major reason for performing a brand audit. In addition, many companies today actually value their brand(s) as a quantifiable asset. A brand audit is required in determining this value.

The six areas described below are the major elements of an audit. All six need to be applied whether it's a corporate (company) brand or a branded product or service. For strategic purposes, the same exact elements need to be applied to the four or five major competitors as well. As you determine the competitive practices, brand personalities, segments served, etc., You will be better armed to determine precise and effective countermeasures, and chart courses that will outflank, or possibly evade competitive threats.

The chart below visualizes the six major elements and their sub elements, and to some extent, the relationships between them. The narrative that follows defines each element and sub element, and to some extent, explains how their performance may be measured.



Two categories of metrics are explored in measuring the effectiveness of brands, Image and Impact. Together, they comprise the elements by which brand equity can be measured. Metrics are tied closely to Brand Management. They are the score cards of past performance and the indicators of future activity.

Image Metrics: These are the measurements of a brand's ability to raise above the static of the marketplace and carve out a position in the collective minds of prospects and customers. It has to do with communication programs and the extent to which the product or service fulfills the promises of those programs.

Awareness: Within each market segment, what percent of buying influences are even aware the product exists. Awareness is usually determined through unaided recall with a question like: "What products come to mind when I say (category)".

Recognition: Similar to awareness, recognition is usually determined through aided recall, usually a list of products from which research respondents pick those they recognize.

Relevance: This is a measure of the importance of the product or service to respondents' life style or work. In B-2-B environments, the relevance of both the product category and the product are important in determining the type and tenor of promotional programs. Also issues of price elasticity, distribution channels and sales approaches can be realistically developed once relevancy is determined.

Preference: In research, asking a customer an open-ended question like "Which supplier's product do you prefer?" will suffice if the respondent doesn't know who is doing the research.

Loyalty: Here we want to determine what activities would have to take place before customers would switch from their existing supplier. The best way to ascertain this information is through in-depth interviews and through industry observation. For any product category, loyalty can be relative

Impact Metrics: These measurements determine performance and are critical elements in determining Brand Equity.

Market Share: For each market segment, determine the brand's share of market as well as the shares of competitive brands to assess relative market strengths. The larger the market share, the more a brand can assume a leadership role and realize economies of scale.

Profitability: The bottom line. The ultimate measure. As a brand contributes to the company's profit, the more it is likely to be granted the attention needed to continue its contributions.

Price Premium: Tied to Profitability and Market Share, this is a measure of the amount over the average price your brand can command. It is a measure of leadership in the brand's category as well as a source of increased revenue.

Life Cycle: Within the life cycle of a product category are the life cycles of the brands themselves. Determining where your brand is along its life cycle is vital because it dictates how it will be marketed. Is it time to bring a "new, improved" version to market? Is it time to retire a mature brand? Is it time to "milk" a cash cow? Should the present brand be replaced entirely? Yes, this is impactful.

Customer Life Value: Determine the value of a customer over the life of their average tenure as a customer and utilize this information to determine how much you are willing to spend to get a customer, how vital it is to hold on to existing customers, and how you will position the brand to attract those customer types representing the most value.

Brand Equity: This is a relatively new measurement concept - assigning a dollar value to a brand. It has been introduced into accounting practices to determine the value of the asset called brand during the 1990's. It helps determine the actual value of a business. The elements listed below define the assets most used to establish brand equity. There may be others.

Brand Loyalty: This asset combines characteristics associated with Image (Brand Loyalty, Name Awareness) and Impact (Customer Life Value and Price Premium).

Name Awareness: This is the spectrum of Awareness, Recognition and Preference and also measures relative confidence and commitment on the part of market segments. Brand Personality and Differentiators, as they are communicated along with the name, also play a part in establishing a brand's equity.

Perceived Quality: Here, Brand Personality, Differentiators and Positioning have a strong place in the mix, for they are the attributes customers use to make judgments about products - your and your competitors. Price and Loyalty play a role as well.

Brand Associations: Though often difficult to quantify, associations with which the brand is consciously linked - say with a sports event, a charity, a celebrity, a joint venture - can enhance a brand's perceived image.

Other Proprietary Assets: These will vary depending upon product, market and situation. Examples include trademarks and patents, strong distribution relationships, corporate integrity.

Determining a brand's equity is a complex activity which needs to involve accounting as well as marketing experts. Most likely it will be tackled if a brand or a company is going to be valued for acquisition or merger.

These elements have to do with the internal structure and decisions that support and implement the brand. Responsibilities include strategic goals and their expression internally and externally, implementation of tactical programs and activities, measurement and adjustment of tactics as required.

Brand Structure: What is the designated role of the brand? How does that role fit within the organization? Does the brand represent the company, a family of products, a single product with or without extensions, models, flavors or styles? What is the relationship of this brand with others in the company's portfolio?

Megabrands: Are all your brands under the umbrella of a single brand like Microsoft XXXXX or GE XXXXX? Why and how is this helpful to individual brands and to the company's success? Is the megabrand appropriate for all your products, and especially for the brand being audited?

Brand families: Have you a group of related products intended for common markets? If so, have you established a family of brands that are promoted together and have a common name and graphic similarity? If so, are you auditing the brand family or single product to determine its appropriateness as a family member?

Brand extensions: Have you extended a successful brand name to other, non-related markets and applications in hopes the success will carry from one product, market, application to another?

Stand alone brand: Does the brand, either corporate or product/ service, stand upon its own merits as a unique and separate offering? If a product, could the business be sold to another without initial loss of brand perceptions and equity?

Nomenclature: Have you developed a method of designating different models or style of product that make sense to buyers and do not lead to confusion in ordering or fulfilling shipments? Has this been a marketing decision?

Brand Management: This function may be called many things and perform various duties. In many organizations, brand management falls under the purview of several functional groups within the organization. For our purposes we won't get into internal organization except to say that the elements listed here need to be performed, coordinated and measured.

Organization: It is important to assess the functions of different internal departments in establishing and maintaining brand integrity. Often the organization is not organized or equipped to manage brands most effectively. Once effectiveness is measured, it is up to corporate management to determine brand management structure.

Policy: Are there internal policies that prevent the brand from achieving the goals set for it? Have limitations been imposed that are detrimental to the branding process? Is the brand in compliance with all regulations, external as well as internal? If conflicts arise, how can they be arbitrated?

Customer service: Is customer service adequately staffed by knowledgeable personnel? Are they empowered to solve unique customer problems and satisfy reasonable requests? Are all personnel within the organization oriented to be of service to customers? What must be put in place to establish the expected brand position?

Budget: Have adequate funds been earmarked for the establishment and marketing of your brand? Is there any flexibility or contingency if things don't go exactly to plan?

Consistency: Is there anyone within the management structure assigned the ongoing task of making sure the brand stays focused? Does this person have the backing of top management to "raise hell" when needed?

Brand standards: Have standards for the brand's "personality" been developed and communicated throughout the organization? Is someone responsible for this activity? Is it a consistent effort?

Brand education: Closely tied to brand standards, education goes beyond internal marketing personnel responsible for producing materials, packaging and promotions. Does your distribution chain understand and comply with brand standards? Are suppliers cognizant of your standards?

Tied closely to Internal Elements are Metrics, the measurements of how well a brand is performing. We treat Metrics as a separate major element just after Market Segments.

A particular product, service or company may serve multiple market segments, but each segment should be analyzed individually. There are differences between segments based on needs, traditions, structure, and buying cycles. All of these need to be considered when establishing a brand identity.

A market segment should meet three basic criteria: 1) Can it be identified and profiled so messages can be efficiently directed toward it, 2) Is it large enough to generate enough revenue to be worthwhile, and 3) Does the market desire the benefits the product or service delivers? This adds up to an answer to the all-important question, "Is the market real?"

In addition, market intelligence gleaned from both primary and secondary research and reports of sales activity can help qualify and prioritize market segments. For each segment that is or could be profitable, the following are minimum secondary criteria for B-2-B market segments.

Market Definition: Defining a market segment is almost an art form. There are a great number of possible criteria, and each segment may need to be judged using a different mix of criteria. Some small markets in terms of number of establishments may be highly lucrative because they buy frequently and few are serving their needs. On the other hand, many large markets are not so desirable if your product or service is purchased infrequently and many competitors have made price the most significant purchasing criteria. Below are some of the criteria that most B-2-B markets will be judged by.

Segment size: This is not always the number of buyers in the segment. Several other measurements of size include average order size and frequency of purchase. So the questions really become, "Can this segment support the number of suppliers serving it?", and/or "Can we realistically capture enough share to make the venture successful?"

Location: This is not just a matter of regional marketing, although this is a major consideration for most distributors and wholesalers. International markets should also be considered and taken into account as the branding process is utilized. Starting with product name, international implications complicate branding because in every country there are national brands, international brands, various customs, languages and buying patterns. Should a product assume a different personality based on culture? Must a name be international or can you rename a product for specific markets? Even within the United States differences in regional perceptions and traditions should be accounted for in developing a brand personality.

Maturity: Markets have life cycles as well as products do. Needs change, fashions come and go, technology changes markets. Introducing a new brand into a relatively mature market is entirely different from establishing a new market through the introduction of a brand. Often new products must be accompanied by massive educational efforts because no one perceives a need to change. Branding strategies will be affected by the market's acceptance of change and need for a new entry into an established market.

Industry trends: Is the need for your product or service growing or waning? Has technology, deregulation or environmental concerns affected the industry, and especially the projected consumption of your product? Have innovators developed new approaches and solutions to ongoing problems that may mean less reliance on the product or service you provide? Have cost considerations, manufacturing processes or labor shortages caused your product to become obsolete? Is the bulk of the industry's sales concentrated in two or three major customers or are customers widely diversified? Each market or industry you serve will have its own set of trends that may impact your current brand and future product introductions. Your competitors may also be having an impact on industry trends through innovative products and policies.

Buying practices: How does each market purchase your product or service? Are specifications derived internally? Are qualified suppliers asked to bid? If so, how often and in what quantities? Are you expected to participate in electronic purchasing programs and/or just-in-time deliveries? Can you profitably participate as a second source supplier? Are there industry standards associated with your product and are you involved in developing those standards?

Customer profiles: In most B-2-B markets, there are several tiers of customers and prospects based on potential revenue. There are also, within your customer base, various types of organizations that can be profiled by many different criteria. By what criteria have you classified your customer and your prospects? Have you identified the buying influences within customer and prospect locations, and how do they interact internally and with their suppliers?

Once Market Segments are profiled they need to be analyzed for differences and similarities. This information is one factor in determining how you will develop the brand personality. In addition, performance as measured by the criteria delineated in the section on Metrics which follows.

These are the brand attributes, characteristics and situations that differentiate one brand from another. More important is the way brand management utilizes Differentiators. By definition, a Differentiator will be an attribute or condition not easily duplicated by competitors. They are often barriers to market entry for potential competitors. They can also be called competitive advantages. Sometimes Brand Personality and/or Positioning will evolve out of Differentiation. Just as often the Brand Personality or the Position will become the Differentiator. Those listed below were gleaned from the Trout/Rivkin book, *Differential or Die*.

Price(?): Many brands attempt to Differentiate by being the lowest priced provider. This is seldom a good Differentiator because there's always someone else who will try competing with you on price. When they succeed there is no differentiation. Becoming the high-priced alternative can be a good Differentiator if it is coupled with other Differentiators like Quality and Leadership. In other words, if value is perceived for the premium price.

Quality(?): When Quality alone is thought to be a Differentiator you are not on strong footing. Others can offer Quality as well. Also, Quality is hard to define and for customers to comprehend and value. In today's environment, all players can and will claim Quality. It has become a product "given" in most categories.

Customer Service(?): Here is another attribute that has been adopted as a Differentiator which no longer has the same power it once did because almost everyone is providing it to some extent or another. It is not a Differentiator if others are doing it.

Breadth of Line(?): Advertising that Lowes carries 24 brands of hammers does not motivate people to switch from Home Depot. Breadth of Line can be a convenience but it won't Differentiate you from other broad line competitors. And broad line competitors can pop up at any time in any growing market segment.

Leadership: This Differentiator must be earned. It is usually combined with other Differentiators: the Differentiators that are the reason for the Leadership role being bestowed on a brand. The Leadership role is bestowed by the market, and once the mantel is assumed, the brand can exploit its position.

First in Category: By being the first to introduce a product in a new category, your brand is the leader unless you lose momentum as others begin to compete. But for them it's uphill to overtake the position you have established. By staying innovative and aggressive you have a competitive advantage others will find almost impossible to overcome.

Heritage: Serving a market for a long time, helping that market evolve over time, and making a point of having been there for customers can be a very powerful and often unique claim. It carries with it the feeling of trust and stability, knowledge and devotion.

Product Superiority: Although Quality may be a part of the superiority mix, it is usually performance that is claimed under Product Superiority. First are the specs, then the design, the materials and components, the features and ease of use. This Differentiator is susceptible to competitive inroads unless the product has patent or trade secret protection.

Brand "Owns" an Attribute: Ivory soap owns "It Floats". Volvo owns "Safety". Ella Fitzgerald owns scat singing. Through persistent and consistent messages a brand can preempt a certain attribute if others aren't also battling for that same attribute. Once owned, that attribute can trigger thoughts of the brand by word association. If the attribute is not a motivator or at least a strong distinguisher, brand management can either promote the advantage of the attribute or find another Differentiator.

Being the Newest: Here a brand will take the precarious route of eternal product development and introductions. A good example of a company that has excelled as an innovator is Intel. They seem always to be one step ahead, even obsoleting their own products to be the first with the fastest. This option is not for the faint-hearted.

Providing a Market Specialty: When a brand is specifically designed for a specific market, that brand can become a big fish in a little pond. By focusing on particular and peculiar needs of a market, the brand becomes respected as an industry/market member and leader. It will become part of the industry's fabric with participation in standards development, legislative concerns and industry public relations activities.

In the realm of Positioning, brand management isn't the final arbitrator. Customers and prospects actually Position the brand in their collective consciousness based on multiple impressions, experiences and values. A brand's Position is relative to the market segment, the competitive environment, and the efforts made by brand management to Position the brand.

Brand management can direct a brand toward a particular Position through its Differentiators and its Personality. Normally, the Position will be defined in terms of “attributes” - those factors important in customer and prospect buying decisions.

Although competitive brand personalities, differentiators, market emphasis, metrics and organization are all important information to acquire for the brand audit, it is absolutely essential to know what Positions competitors occupy in the collective minds of buying influentials. Competing head-to-head with an established brand for a Position that brand already owns is folly. Mapping the territory to find strong, unique and positive Positions not well occupied is a key strategic goal for any brand being introduced or repositioned. Information about the three elements below is vital to the Positioning process, and is usually gleaned from the two-step research process described in [Positioning Research](#).

Positioning Attributes: Again, go to the marketplace to first identify important attributes, and then establish an order of importance for the top eight to ten. These may be Differentiators but others will also be discovered. Once Attributes have been determined, your research should explore how your competitors (and you if you are already a player) perform according to the Attributes - in isolation and in pairs.

Competitive Positions: We know what competitors strategic and tactical planning is trying to accomplish. One promotes low price: “won't be undersold”. Another heritage: “in business since 1955”. Another customer service: “24/7 hot line help”. These are clues to competitive positions, but the important information must be gathered from prospects and customers who have formed opinions based on many sources of communication in the marketplace. Go to the source to learn which positions are held, how strong those positions are, and where there are opportunities to occupy strong positions now vacant. Do your research.

Image Perception: Through Positioning research, brand management will know the Positions of the Brand and of competitive brands. Also through the audit process information about the Personality of the Brand and competitive brands, and about the Differentiators various brands have adopted. Through a rigorous, objective analysis, brand management will have a clear profile of each competing brand as well as their own brand as seen by buying influences in various market segments.

Personality:

The brand's personality is almost totally in control of the company owning the brand. These are the elements that have normally been used to identify a brand, but in today's marketing climate, the term “personality” has come into vogue. Market researchers have begun asking questions such as “What animal does the brand remind you of?”, or “What movie celebrity would you associate with this brand?”. Indeed, the word personality best describes brands better than any other. Brands do take on a persona based in part on the brand's application, but also on the attributes and elements associated with the brand.

In audit mode, it is important to make sure all they all reflect the desired personality, and that they are all working together. Any contradictions will cause confusion and blur identity. The personality should be delineated and described by brand management in such a way that all employees and suppliers can express and contribute to that personality.

The major elements that contribute to brand personality are listed below.

Name

Logo

Slogan (meme)

Style - graphic, vocal, musical, pace

Character - celebrity spokesperson, cartoon icon, etc.

Packaging

Advertising - message, media, presentation

Promotions - events, activities, cause mktg, etc.

Promotional materials

Publicity

Martin Jelsema founded Signature Strategies in 1994 to help smaller companies profit from the power of branding and positioning. He has been a marketing consultant and freelance promotional writer and graphics designer since 1983. For more than 40 years, Martin has contributed to the marketing successes of dozens of businesses as an employee or advisor, particularly in the areas of strategic communications and new product introductions. He is a visionary and innovator, a practical planner and researcher, a skilled writer and graphics designer.



Over the years, Martin has personally...

- Named 25-plus companies or products,
- Participated in over 30 major new product introductions,
- Created more than 60 business/product/service logotypes,
- Performed or managed at least 100 market research studies,
- Developed more than a hundred marketing plans,
- Created several hundred promotional items - ads, brochures, direct mail packages, presentations, exhibits, manuals, articles, newsletters, videos, films and web sites.

He has served IBM, Coors Ceramics, Information Handling Services, Hewlett-Packard, duPont, Dow Chemical, Mosler Safe, Service Bureau Corporation, TransLogic, Quick Pen International, Gallagher Byerly, GE Ceramics, Micro Motion, OmniVision, H&R Optical, IT-Dynamica and many others.

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