

## Creating a “Simple” Brand Scorecard

Tracking the brand equity dimensions of marketing effectiveness is a highly variable process that differs substantially from one company to the next. Industry or category dynamics define many of the requisite parameters, and company cultures (or management decision protocols) establish the rest. As a result, two companies in the same industry competing against one another are very likely to use two completely different methods of tracking and monitoring brand equity health. And both would likely be “right.”

Problem? Not necessarily, unless you’re a Wall Street analyst trying to establish an apples-to-apples comparison. Sure, the financial community would prefer a universal algorithm to quantify brand strength differentials between competitors. And that day may well arrive, eventually. But for now, the often intangible and always multivariate nature of the role of brands in business today defies standardization beyond any basic means test à la price premium comparisons.



This very customized nature of the role of the brand asset(s) in the eyes of management permits multiple commercial methodologies to co-exist. Interbrand, CoreBrand, Y&R, Millward Brown, and a dozen other service companies offer brand marketers variations on the theme of brand asset measurement. Some emphasize strength of brand attributes, while others seek to ascribe a portion of shareholder value to the brand through subtractive methods or analysis of financial statements. And somehow all these providers make a decent living by finding the fit between their methodologies and the decision culture of senior executives in major brand marketing companies.

In this environment, one would naturally assume that any hope of a common approach to a brand scorecard would be fruitless.

But hold on a minute ...

There are some common foundations we can build upon to reduce the infinite dimensions of confusion and debate down to a more manageable few.

### Common Foundations

To begin, there may well be a common objective.

Here's a starting point: The primary purpose of brand equity measurement is to monitor the strength of the brand asset and link it back to the creation of shareholder value over time. An appropriate metaphor is provided by Tim Ambler of the London Business School, who says that brand equity is "a reservoir of potential earnings not yet released to the financial statements."

The objective of brand equity measurement should be to monitor the depth and quality of the water in that reservoir, and the likelihood that it will eventually flow into the company's financial statements. In other words, brand asset measurement should result in sufficient insight to facilitate intelligent and timely decisions about how and when to invest in further developing the brand asset vs. when to harvest some of that value and release it to the income statement.

So if that's the objective, how do we proceed?

Academic and private sectors both have long sought to identify effective approaches to measure and forecast the value of brand equity. That "best practice" is alarmingly simple in concept: Find the salient attitudinal/perceptual/emotional elements of the brand that result in a significantly higher probability of purchase (verified through behavioral analysis) amongst the right group of customers and then drive those associations to comparative advantage. These are the brand's "driver attributes." There is near-universal recognition of the importance of uncovering these driver attributes and continually revalidating their relevance in pursuit of business objectives.

Of course, the devil is in the details. There is still quite a bit of disagreement as to *how* to define those "driver attributes" and *how* to track them thereafter. The "right" approach for Brand A may be very different from Brand B. This is a topic on which many thousands of articles have been written, including some [in our own pages](#).

At the risk of oversimplifying the issue even further, in practice it seems clear that as long as you select an approach that is scientifically rigorous and focuses on obtaining valid and reliable results, methodology is less important than process continuity over time and consensus amongst your key management stakeholders. As one wise marketing researcher was recently heard to say, "I'll take management commitment over  $R^2$  any day."

This is precisely where the opportunity for a simple, standard approach to the brand scorecard comes into play.

### The Simple Brand Scorecard

The brand scorecard example above incorporates the following elements:

1. The ability to select a particular geographic territory and/or specific segment of the market by highlighting the "slice" you're interested in seeing.
2. The ability to select one or more brands for comparison. These can be all your own brands, or a combination of your brands and competitive brands.
3. The ability to identify how each brand is performing across the stages of the brand evolution chain. You may subscribe to the traditional awareness > consideration > preference progression, or you may have a completely non-linear model. Regardless, the simple brand scorecard permits time-series comparison on one or more dimensions simultaneously.
4. A summary heatmap that at-a-glance distills the performance of each combination of brand and driver attributes against target performance levels. In this example, red, yellow, or green are determined by how well a given brand performed against its target on a raw score basis, or alternatively how it scored relative to a competitive index.
5. A time-series display of data underlying one or more cells in the heatmap.

(To experience a live, interactive demo version of this brand scorecard, [click here](#).)

There are a few keys to the success of this simple model:

1. The ability to view brand evolution progression in time series helps to establish correlations with the timing of marketing activities or marketplace events. This underscores the importance of continuous sampling

techniques over the annual or semiannual efforts most firms still employ. Even quarterly readouts can limit the ability to correlate changes in brand performance with marketing variables.

2. The heatmap provides a means of quickly assessing brand health on multiple dimensions and homing in on those in need of attention for rapid recalibration of tactical execution. This is particularly relevant if your brand health is comprised of a cocktail of emotional and functional attributes (e.g., “trustworthy” and “fast acting”). At a glance, you can see how each brand is performing across the relevant mix of attributes, or how a set of brands compares on any particular attribute dimension. And of course the actual attribute set can vary by geography or by segment, depending upon the drivers of each.
3. The comparative structure provides insights into brand health in the context of competitive benchmarks and/or defined targets. The color of each square can trigger based on variation from expectation or from competitive goals. The length of the bar can indicate how the raw score compares to previous periods or the actual numerical value. By aggregating all these dimensions into a single visual snapshot, we can ensure that the interpretation of “success” is always relative to some specific (and preconceived) benchmarks.

Probably most important and least obvious of the benefits of this brand scorecard is going through the process of implementing it. Filling in the pieces requires key constituents of the information (product marketing, brand marketing, finance, sales, etc.) to collaborate on defining the right benchmarks and identifying the implications of performance at/above/below those targets.

So the goal is simple. It's the path to achieving it that takes diligence and persistence — not magic, not rocket science, just equal doses of technical common sense and organizational alignment savvy.

In the final analysis, any company that can implement this structure is well on its way to understanding its brand drivers and understanding the tradeoffs between building brand equity and harvesting it. Either way, management and shareholders will realize far better outcomes, while some of the more subtle aspects of marketing's responsibilities will become increasingly clear to more people in the organization.

