

# “Measuring brand strategy - can brand equity and brand score be a tool to measure the effectiveness of strategy?”

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## Measuring brand strategy – can brand equity and brand score be a tool to measure the effectiveness of strategy?

### Abstract

Measuring the effectiveness of brand strategy is a difficult task. This paper examines the approach to measurement of strategy through application of brand score and brand equity as a tool.

The study was done in two phases. In the first phase brand score was calculated by 150 post graduate management students. The second phase of the study was to calculate brand equity using the same respondents for the same brands. Top three brands in food, cold drink and telecommunication service provider segments were selected for the study.

Higher McDonald's brand score also had higher brand equity index when compared to Domino and Pizza hut. It means strategy is working quite well as reflected in two measurable tools. Individual component study for exploring the brand score and brand equity index can give insight into impact of strategy on these two measurable approaches of strategy. It can also help in reducing wastage of promotional expenditure. This could give a scope of further research due to less work done in this area.

**Keywords:** brand score, brand equity, brand image.

### Introduction

In a growing economy, the importance of assets like brands is increasing. Brand represents very important asset (Günter and Kriegbhaum-Kling, 2001). Therefore, understanding of brand is an important step in building the brand and equity. Though brand equity can be affected by many factors, its valuation on yearly basis may be difficult and time consuming.

According to Andrew (2003), there is greater enhancement of gap between perception and reality caused due to promotion of a brand. The higher the share of consumer mind is, the larger brand equity and market share can be. However, how mind share and brand equity can be transferred to tangible market share?

Brand strategy could affect the same. Brand management strategy should be used for initiating and maintaining a continuing dialog with the customers and for enhancing relationships (Vargo and Lusch, 2004). There is ample evidence in the literature that suggests that various marketing communications influence brand equity, including advertising (Aaker and Biel, 1993; Cobb-Walgren, Ruble and Dontha, 1995), sponsorship (Cornwell, Roy and Steinar, 2001), and various alternative communication options (Joachimsthaler and Aaker, 1997).

Brand score could be one of the tools to measure the effectiveness of brand strategy (Srivastava, 2005). Brand score is the score provided by consumers on different parameters. It incorporates ranking according to customer, brand at delivering the benefit customers truly desire, brand staying relevant to customer, perceived pricing in customer mind, brand portfolio and customer service expectation calculating the brand score. Brand score can reflect the im-

age of a brand in customer mind in a measured approach. This could be affected by brand image as perceived by consumer. Image is important as brands are competing in the international arena and therefore it becomes essential to maintain core essence of the brand across boundaries (Pappu et al., 2006). Stern et al. (2001) suggest that image is generally conceived as the outcome of a transaction whereby signals emitted by marketing unit are received by a receptor and organized into mental perception. Therefore, perception that consumers hold about brands referred to collectively as the brand image is an important part of equity (Driesener and Romaniuk, 2006). There are many different methods of measuring brand image but scaling technique determines an association between a brand and attribute but also the strength of that association. It is effective in capturing brand attribute linkage. However, a brand score technique not only covers the perception but also takes care of perceived benefit, relevance of the brand, pricing perception and service expectation etc. Therefore, brand score could be the key driver to develop brand strategy and develop better brand equity.

Hence, challenges that marketers face are to optimize the brand score and convert it into tangible market share. Branding score can help in formulating and determining the impact of strategy. It can also be linked to brand equity as higher brand score can enhance brand equity (Srivastava, 2004).

### 1. Problems and issues

The challenges that marketers could face are to optimize the brand score and to find the key drivers of brand score, profiling it accordingly and developing the core strategies. Pre-purchase, purchase and post-purchase experience can play an important point in building up the brand score and image. Number of

studies has been conducted on brand image (Shiva, 2004). *Measurement of image can be perceptible but it is not a comprehensive approach*. Similarly, *brand equity* can be used to measure the effectiveness of strategy but its *usage is occasional*. Therefore, brand score could be a tool to measure the impact of brand strategy on a brand. Will the brand score go up with higher brand equity? How a brand strategy can affect brand score? How brand score and brand image are related to each other? Therefore, we assume that impact of brand strategy is an independent variable, and brand score is a dependent variable. Consumer's images of a brand and brand equity are also dependent variables for the study. This paper tries to study how brand score and brand equity can be used to measure the effectiveness of brand strategy.

**1.1. Literature review.** It was divided into three segments based on variables. It can be strategy as an independent variable with brand equity and brand score as dependent variables were considered for the study.

## 2. Impact of brand strategy on a brand

Much attention over the years has been paid to the development of effective brand strategies for acquiring and retaining customers (Knox and Freeman, 2006). Customer retention and acquisition will depend on how brand is projected through marketing strategies as consumers tend to engage for partnership with a brand (Marianne, 2007). Winning strategy will lead to better understanding of brand and developing a robust personality. At the same time, in order to enhance brand benefit compared to others, a comparative advertising according to Jain et al. (2004) has led to lower brand attitude score. No doubt, a right strategy has helped to make a successful brand due to building up the positive brand image. Strategy forms the basis for the firms and, hence, contributes to the firm's brand equity. The brand strategist can ensure a more synergistic and effective communication (Sreedhar et al., 2005). Therefore, companies that manage a successful brand can enjoy higher sales, repeat purchase and help to meet consumer expectation (Gibson, 2003). A good strategy not only helps in building brand equity and image but also helps in improving brand score – the barometer for measuring effectiveness of any strategy.

## 3. Impact of consumer image on brand measurable as brand score

Brand image is created due to total experience of a customer. It is essential that a brand must make meaningful connection with its customer (Display and Design 1, Dec., 2007). However, only 8% customers rated their most recent experience as superior and therefore, one must understand brand image (Marianne, 2007). Brand image relates to consumer's

perception of the brand (Shiva, 2005). Positive experience with the brand creates positive word of mouth. Generating a positive word of mouth (WOM) among consumers has become a very important tool for marketers (Browman and Narayandas, 2001). This is possible if brand has a positive image. It is well-known that word of mouth (WOM) plays a significant role in influencing perception (Plummer, 2007). Same time, impact of consumer image of a brand is such that national brands are perceived to be superior to international private labels (Sung et al., 2007). Asian Paints is a national brand in India and has overtaken in sales and market share when compared to international brands like Godless-Nerolac, Berger Paint in India. Similarly, GSK, Pfizer, Merck are far behind in pharmaceutical segment compared to CIPLA in India. Consumers in India have positive image for these brands but on relative measures Indian brand is on higher side. Brand score could be a tool to compare and assess the image on a comparative scale. It is possible that brand score may be higher if the image of a brand is higher.

A study of brand score could give an insight on brand image and suggest the ways to improve image. Image can influence brand score. Comparative study of brand score can help in studying the brand image in the market and can play a role in measuring the effectiveness of strategy. Brand image and strategy can have a direct relationship to brand score.

## 4. Brand equity and its interface with brand score

Keller (1993) defines brand equity as the differential effect of brand knowledge on consumer response to the marketing of the brand and suggests brand awareness and brand image as the constructs related to customer based brand equity. In contemporary marketing, brand equity has emerged as key strategy asset that needs to be monitored and nurtured for maximum long-term performance (Srivastava, 2008). Customer equity and brand equity are the most important topics to academic researcher (Leone et al., 2006). Brand equity as a central business concept for organization has recently emerged. Brand score and brand equity can be interdependent as higher brand equity means brand score could be on the higher side. Brand score could be easier to calculate and for linking strategy and brand equity. In the earlier study (Srivastava, 2004) brand equity for Lux was higher and brand score on over all performance compared to others soaps was on also higher side. Brand equity should correlate with the brand score. Brand score technique could be one of the alternatives to measure the strategy impact on the perception and can be correlated with brand equity.

Share of equity provides a customer based understanding of brands position in customer mind

(Srivastava, 2008). Therefore, interface with brand score could be one of the alternatives for assessing strategy on brand equity.

### 5. Construction of the concept and research proposition

The paper thus would illustrate how brand score can be the mirror image of the implementable brand strategy. The flow of the concept for this research could be:

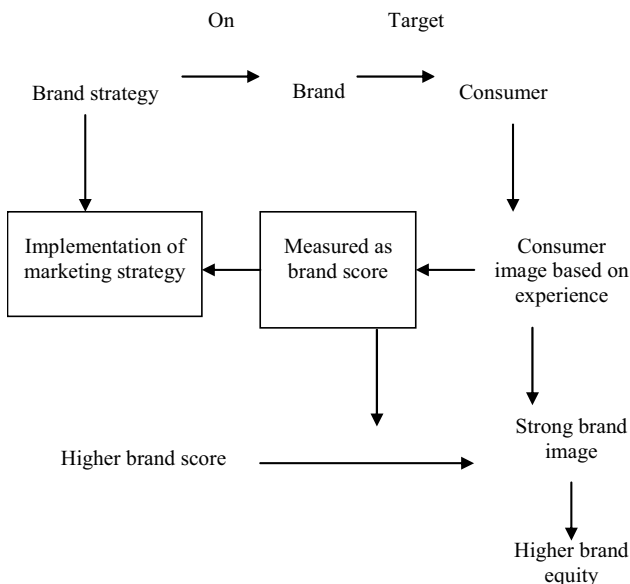


Fig. 1. The flow of the brand score and brand strategy concepts

Thus, this paper will try to correlate the independent factor – brand strategy with three dependent factors like brand score, brand image in consumer mind and brand equity. The focus area will be brand score and brand equity as image developed in the consumer mind could influence the brand score and equity.

### 6. Hypotheses

Business that intend to reap the benefits of using brand as a driver of business success needs to begin the process by identifying and managing in a more systematic and structured way. The association that contributes to brand score, image, and equity could affect business financially. Therefore, right strategy implementation could enhance brand image and equity. The impact of strategy could be directly measured by brand scores. Therefore, our hypotheses are:

*H1: Brand score is the key driver to brand strategy assessment and improvement. Higher brand score means higher brand equity.*

*H2: Strategy could influence brand score and brand equity.*

Brand scores – the key driving area for measurement – are linked to image and strategy.



Fig. The linkage between brand score, image and equity

A proper scoring can help in measuring the effectiveness of strategy, finding out the image of the brand as higher image could enhance brand score. Similarly higher brand equity could mean higher brand score. There should be strong correlation between strategy, image and equity which can be assessed by brand score. The present study tries to probe into this hypothesis.

### 6. Objectives

The objective of the study, therefore, is to investigate and find out:

- ◆ whether impact of strategy on brand image and equity can be measured by brand score;
- ◆ how brand score can be correlated to brand equity;
- ◆ whether successful strategy implementation mean higher brand score?

Right blend of brand score could serve as the central core in developing brand strategy in the right direction.

### 7. Research methodology

Brand score exercise was performed to evaluate the *performance of brands* in different categories. Brand measurement exercise can give insight also on brand weakness compared to competitive brand. It was a perception metrics wherein factors like salient brand relevance, perceived quality, consistent brand image, credibility and brand support and development were measured based on earlier study (Srivastava, 2004). A set of six questions comprising various parameters of a brand was used to collect the primary data. The study was based on two phases. In the first phase brand score was calculated. In the second phase non-financial brand equity index was calculated based on RKS model (Srivastava, 2004) for the same brand.

### 7. Sample size

A set of five questions comprising parameters based on earlier study of Srivastava (2004) like rank, brand excelling in delivering benefits brand stays relevant, consumer perception of value and brand portfolio and service expectation was selected while framing questionnaire. Each respondent related each parameter for a particular brand on a 0-5 scale. Thus,

maximum possible score for a brand was  $5 \times 6 = 30$ . Top three brands in food, cold drinks and telecommunication service provider (TSP) segments were selected. Their average mean data were taken for analysis ( $n = 150$ ). This was the *phase I study*. It was administered to 150 post graduate management students of SIMSR Top Management Institute, University of Mumbai. Their profile is given in Table 1.

Table 1. Profile of respondents

Age (yrs)	Without work exp.	With work exp.	Total
21-25	112	15	127
>25	-	23	23
Total	112	38	150

This was followed by the second phase of the study. *Phase II*. The same respondents were taught on calculating non-financial brand equity index using RKS Model (Srivastava, 2004) in the second phase of the study. The following parameters were used to measure brand equity: product offers something more to consumer, product will improve or change the habits like usage or buying pattern, product offers an advantage over existing competitive products, perceived benefits score over the price, product matches with current requirement of consumer which is not fully met, product profile can be communicated in media effectively and there is no concept selling for products. Each parameter was evaluated on a scale of 0-5. The maximum possible brand equity index can be  $7 \times 5 = 35$ . Top three brands in three segments which were studied in *phase I* participated in the second phase of the study too. The respondents of phase I participated in phase II of the study. Average mean data were taken for analysis.

### 8. Results and discussions

In the earlier study by Srivastava (2004), in case of television and pharma products categories, those products which scored highly on brand score performance also scored high on brand equity index. It means the higher the brand scores are, the higher the brand equity index will be. This could be due to higher image of the brand in the customers mind developed due to right brand strategy. This could lead to belief in the customers mind (Kotler, 1988).

It could be also due to right implementation of the strategy. Marketing communication may provide the means for developing strong, customer based brand equity (Keller, 2003). Brand score and brand equity index in the current study are given in Table 2.

Table 2. Brand score and brand equity index in 3 segments

Brand	Segment	Brand score (N=150)	Brand equity index (N=150)	Rank
McDonald's	Food	4.5	29	1
Domino	Food	4.2	27	2
Pizza Hut	Food	3.8	23	3
Coca-Cola	Soft drink	4.6	30	1
Pepsi	Soft drink	4.0	28	2
Reliance	Telecom. service provider	4.0	27	1
Airtel	Telecom. service provider	3.8	25	2
Hutch (Vodafone)	Telecom. service provider	3.4	22	3

Source: Pearson's test = -0.15020802.

A comparative study of two competitive products can definitely give an idea on impact of strategy on brand score and brand equity index. *Individual point analysis under each phase can give insight into customer rating, and weakness of individual brand can be identified as for taking further action*. A brand, which should give benefits to consumer he truly desires, is a part of the study linked to brand score. A clear implementable strategy could lead to better brand score and equity index. Thus, brand strategy could be measured through brand score and equity calculation. These data give the effect of brand strategy on the dependable variables like brand score and brand equity. Study can give weakness of the brand based on other parameters while calculating the brand score and equity. Thus, it can be said that brand strategy could influence brand score and brand equity. The effectiveness of brand strategy can be measured using these two criteria. The brand score is given in Table 3 using two parameters to make understanding clear.

Table 3. Brand score. Average mean score

	Food segment			Cold drink		TSP segment		
	McDonald's	Domino	Pizza Hut	Coca-Cola	Pepsi	Reliance	Airtel	Hutch
Ranking according to customer	4.3	4.0	3.7	4.5	4.3	4.0	3.7	3.5
Brand excels in delivering the benefit customer truly desire	4.5	4.0	4.0	4.5	4.5	4.0	3.7	3.7
Brand stays relevant	4.5	4.0	3.5	4.2	4.0	4.3	3.7	3.5
Pricing strategy is based on consumer perception of value	4.7	4.0	3.7	4.3	4.0	3.7	3.5	3.5
Brand portfolio make sense	4.0	3.5	3.0	4.7	4.5	4.3	3.7	3.5
Service expectation	4.7	4.3	4	4.5	4.5	3.7	3.7	3.5

Thus, Domino or Pizza should work harder in improving total customer experience as customers get better value with McDonald's compared to Domino or Pizza hut. *This could be one of the reasons for lower brand equity index for Domino or Pizza Huts.*

Individual component study for brand score and brand equity index can give better insight into impact of strategy on these two measurable approaches of strategy. *It not only can help in improving brand image but also in reducing the wastage of promotional expenditure.* Brand image is one of the inputs and should be an integral part of strategic brand analysis wherein the brand strategists carefully analyze their own exiting brand image and competitors brand images to help them determine their own brand identity (Shiva, 2005).

### Conclusion

The present study confirms the earlier finding of Srivastava (2004). However, present study covered TSP, food and soft drink segments which were not covered in earlier study. The study confirms the

hypothesis that brand score is the key driver to assess and improve brand strategy (H1) at the same time will influence brand score and brand equity (H2) and thus confirms H1 and H2 hypotheses. The role of brand strategy was not studied in earlier study and for the first time an attempt is made to measure the effectiveness of the strategy by using brand score and brand equity index as measurable tools. *This was not died till now as per published and available literature on the subject.* It also suggests ways to improve strategy effectiveness in a competitive environment for brand with usage of brand score and brand equity.

### Limitation of the study and scope of further research

This study was conducted in metro city which may represent different culture but not rural marketer B class town population. It was done with MBA students whose experience was limited, however, their knowledge was superior due to their background. It will be good to explore the same with consumers and industry personnel doing the same exercise in future.

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**Appendix**

**RKS index and calculation of brand equity**

	Factors	1	2	3	4	5	Total score
1	Does it offer something new?				√		4
2	Will it alter the habits like usage, buying pattern?				√		4
3	Does it offer advantages over the existing competitive products			√			3
4	Whether perceived benefits scores are over the price?			√			3
5	Matching of product profile with current requirements of consumer which is not yet fully filled.		√				2
6	Can product profile be projected in communication effectively?				√		4
7	Does product profile require concept selling?			√			3
	Index score: (total score / 35) x 100						

**1. Brand score:** *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 customer’s product and service experience?
- ◆ Do you have a system in place for getting comments from customer to the people who can effect change?

*Rate each point on scale of 1-10.*

**2. Brand score:** *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’ perception of your brand’s value?
- ◆ Have you estimated how much value your customers believe the brand adds to your product?

*Rate each point on scale of 1-10.*

**3. Brand score:** *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?

*Rate each point on scale of 1-10.*

**4. Brand score:** *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 the portfolio hold individual niches?
- ◆ How extensively do the brands maximize market coverage?
- ◆ Do you have a brand hierarchy that is well thought out and well understood?

*Rate each point on scale of 1-10.*

**5. Brand score:** *The brand makes use of and coordinates a full repertoire of marketing activities of brand 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?

*Rate each point on scale of 1-10.*

**6. 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 association 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?

*Rate each point on scale of 1-10.*

**7. 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?

*Rate each point on scale of 1-10.*

**8. The company monitors sources of brand equity.**

- ◆ Have you created a brand charter that defines the meaning and equity of the brand 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?

*Rate each point on scale of 1-10.*