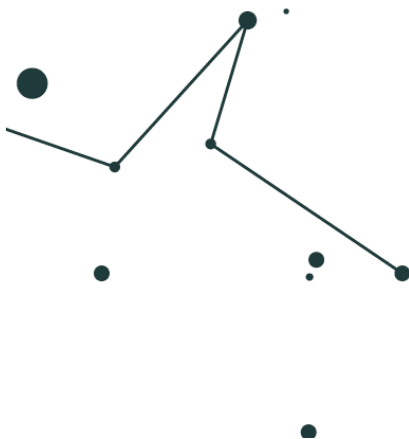White Paper

Accelerate Your Marketing Through eBrandValue's Brand-Health Framework

A method to define and track your brand health with eBrandValue's Sales-Leading Metrics

Introduction[1]

A brand and its marks help to combine today with tomorrow and create a continuity in consumer expectations and experiences. Simply, a brand name embodies in itself the meaning of the act of consumption and resulting experience. Such an important, continuity-driven investment requires a significant discipline in its day-to-day management. The brand-management principles should be well defined and understood by the brand's organization.

Traditional approaches are falling short of expectations and cannot guide brand managers (e.g., [1]). eBrandValue created a unique and powerful methodology for brand management. The brand management approach is grounded on proven research and market responses. It provides importing guiding principles for day-to-day actions. Brand-health tracking methodology uses the state of the art technology and produces meaningful metrics that can identify a brand's short-term success (i.e., brand score card) as well as its longer term health trends.

Figure 1: Our Fundamental Approach in Brand Management

TRUST-ENFORCING ORIGINALITY   TRUST-ENFORCING INNOVATION   ASPIRATION-BASED FOCUS (25-35 DEMOGRAPHIC GROUP)   STRONG (PROXY) BRAND ARCHITECTURE   SALES FOCUSED KPI

Defining the role of a brand is an important first step. Recent studies emphasize that a brand's most important role is in instituting trust. In fact, trust is the most important dimension that defines a brand's character and increases the willingness to pay amongst the consumers. Thus, instituting and building a relationship with consumers should start with gaining trust.

So how should a brand gain trust? Answering this question requires understanding the context that a brand operates in. A must have is having a quality product at the first place. Branding should start with being obsessed with quality product. Quality means quality

production processes for manufacturers. But, quality cannot be achieved without properly conveying what the product means to customers. From a consumer point of view, quality frequently requires originality, doing things different and in a unique way in a market. When a quality product is combined with the right originality, a sense of trust is easier to gain.

Mimicking and copying a brand cannot work in a competitive market where innovation acts as the driving force. The copycats are bound to compete on price and end-up with blood-filled red oceans. In such cases, where copycats gain market share, leading brands are the ones that should be blamed. When brands do not follow a meaningful innovation strategy, or the efforts fall in the valley of death without gaining any traction, price competition becomes a viable strategy. This is a sure-shot path for a commodity market. Thus, trust-enforcing innovation is the most important second element in the branding approach.

In technology-intensive sectors (e.g., telecom, banking) trust requires using technology to help consumers feel strong, feeling in-charge despite the hustle and bustle of the daily life. Identifying and removing the vulnerabilities of individuals and society at large should be an important driving force in brand actions. In sectors such as CPG, trust requires emphasizing proven track records, brand heritages, and culture while innovating in-line with consumer priorities and changing preferences. Meaningful change is a must-have. Brands can acquire a trusted-advisor role. By following the right innovation strategy brands can lead and shape consumers.

Brands are like icebergs and the part that is seen up top is what we call above the line (ATL). ATL messages are widely-seen and not customized for individuals. Mass-advertised messages, social media messages that have high visibility, or that use life-style-influencers are some of the examples. ATL strategies should have a clear attractiveness for the mass to create a synergy with the below-the-line

[1] When using excerpts, please reference as eBrandValue (2020), "Accelerate Your Marketing Through eBrandValue's Brand-Health Framework," August, available at www.ebrandvalue.com/whitepaper/

messages where customization is needed. For example, targeting audiences 25-35 years old is an example. Younger audiences would like to look older while older ones try to look younger.

Brands are built by a continuum of investments over the years. These investments create brand assets. The events, activations, campaigns are combined over slogans or hashtags that remind people the brand. These assets are called brand proxies. A strong proxy can replace a brand, its use usually has a high correlation with the brand's use. Since many of the brands are members of brand families, the use of proxies should be carefully orchestrated to create a synergy across time and within the family. We call this a strong (proxy) brand architecture.

eBrandValue combines brand affinity switching with the use of memes to create metrics to track the branding success in these first four groups. For example, successful brands are expected to gain brand affinities with product related memes or discussions. Such brand affinity gains show the superiority of product quality perception. Also see the MBNS white paper [2] and the product web page [3].

The last topic in the brand management requires sales-focused KPIs. eBrandValue presents these metrics using a one-pager Brand Score Card that summarizes the content metrics and their sales elasticities. Separately, a Brand Health model identifies the brand's health zones.

Brand Score Card

The brand score cards enable brands to see the big picture, the comprehensive set of metrics allow brand managers and CMOs to focus on the important developments and interrogate the details, enabling many drill-down opportunities.

Brands need an accountable way to connect the contents with sales. Although there are click-to-purchase metrics widely available through many e-commerce platforms, their short-term and fast cycle impact assessments are best for tactical improvements. Their short-term emphasize and zero-moment-of-truth approaches lack a true

understanding of branding. A brand-level measurement requires building an appropriate funnel with appropriate underlying brand-affinity metrics.

Figure 2 presents the underlying fundamentals of a Brand Score Card. The novel metrics combine content metrics (see the left side of Figure 2) with sales elasticity metrics. This enables brand managers to see when and how content metrics move the needle in the eBrandValue's funnel. For a more detailed analysis on eBrandValue's funnel, see [4] and [5].

### Figure 2: Brand Score Card Fundamentals
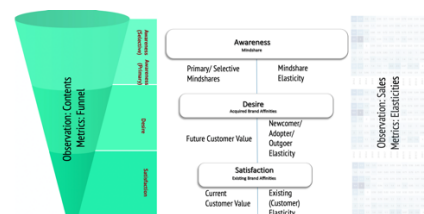
In Figure 2, the left-hand-feeded contents are measured and classified based on their impacts as measured by the eBrandValue funnel structure. These metrics are categorized based on their roles on brand-affinities, and are expected to impact sales. The sales impacts are compared and ranked using a heatmap in the category vis-s-vis competitors and across time. This is presented on the right of Figure 2.

The sales elasticities in the market may change depending on the seasonality, a brand's positioning such as a niche status, the point in the economy's expansion-recession cycle, and other macro-level trends in the category at large. Given such dynamic factors, comparing elasticities should be normalized. eBrandValue uses sales-elasticity segments and assigns each and every brand to a sales-elasticity segment. The brands that have the top 15% elasticities are classified as stars while the bottom 15% are called dogs. See Figure 3.

Figure 3: Sales Elasticity Segments

Each brand receives a Brand Score Card as in Figure 4 (the brand names are shaded for confidentiality reasons). Ideally, an increase in the content should be followed by an increase in the sales elasticity. Brand Score Card uses a content-elasticity matrix. The content-elasticity matrix enables a brand manager to quickly see whether the last period strategies are contributing towards a positive momentum in sales. This is depicted in the top part of the Brand Score Card. In Figure 4, the table in the middle and the bottom heatmaps show average yearly and monthly elasticity changes vis-à-vis competitors/ sector. A successful brand is expected to move in a positive momentum with both sales elasticity and content metrics.

Figure 4: Brand Score Card
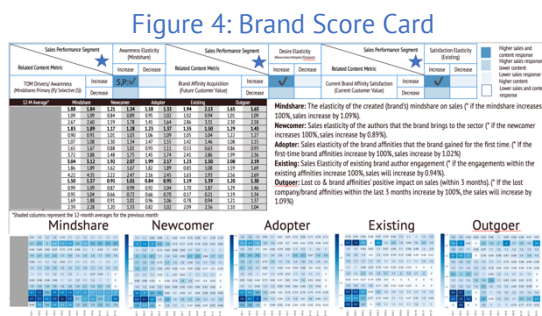
Brand Health Model

eBrandValue uses a comprehensive model that defines a brand as healthy (green zone) or not (red zone). The model relies on estimating a brand's market share based on mindshare, price, and other parameters (e.g., intercept). The model specifically accounts for causality and allows the market share and mindshare to cause each other: Market share may cause mindshare when customers use a brand and generate contents after their experiences. Alternatively, mindshare may also cause market share. That is seeing a brand, its uses and contents may result in the audience to purchase the brand. The healthy brands are expected to benefit from mindshare causing market share. This is also an antecedent for an effective advertising, or communication strategy in general.

Other estimates (e.g., intercept) capture potentially unobservable other variables such as quality perception and distribution and their cross effects on pricing and market share.

The model identifies whether and when the created mindshare and achieved quality perception/distribution are effective in market share gain. A brand is called healthy under such circumstances.

The model is essentially a signal extraction model. The estimation relies on filtering the coefficients based on the observations. [2]

Figure 5: A Brand Health Model: Brand X
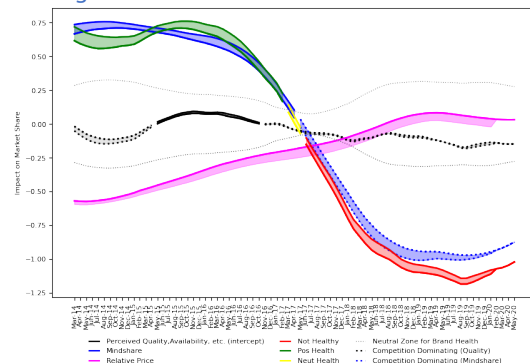
Depending on the estimated period (and the accumulation of data), the signals may point to different coefficients, creating different monthly ranges for the estimates. The accuracy of the estimates is given by estimating the past, using different data points. The parameter ranges are identified by the most recent data as well as truncated data till an earlier period, e.g., beginning of a year. Figure 5 presents an example, Brand X.

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[2] The model is a Time-Varying-Parameter Vector Auto Regression model estimated using Kalman Filter and Bayesian MCMC (the details are available upon request).

In Figure 5, the points before Feb'20 include colored intervals for any specific month. A brand that may be following a consistent path (i.e., gaining or losing market share consistently) may provide little variation for the past periods with each new data since the market responses have been as expected.

On the other hand, a brand that may be experiencing different market share impacts may be subject to different filtered values for the past period estimates. Thus, a wide range for a given parameter means signals do not point to a specific value and different values explain the past equally successful. A narrow range means signals are rather accurate and accumulation of data does not significantly change the monthly estimates (see the comparison of Brand X in Figure 5 and Brand Y in Figure 6).

A comparison of the past estimates obtained using the data available till two different most recent data points show how accurate the filtered parameters are. We use two different data ranges: (i) the data available till the beginning of a period (i.e., Feb 2020) and (ii) all the data including the most recent observations (i.e., May'20).[3] Comparing the parameter estimates obtained by (i) and (ii) help us to identify the historical parameter ranges for the period before the beginning of the period (i.e., the estimates before Jan/Feb 2020).

There may be periods where the brand may not gain market share and either mindshare or the quality perception/ distribution or both may be ineffective. We call these periods the periods where the competition dominates. The dotted lines represent such periods.

The brand health is created by summing the normally distributed variables. Ideally, these variables should point to similar signals so that a consistent market share impact can be achieved. These periods provide consistent signals. However, there may be also periods where mindshare and quality perception/

distribution may provide diverging impacts. These periods require stronger signals. To differentiate periods with differing uncertainties, and to account for stronger health signals, we require the brand health to fall outside an uncertainty range, called the neutral zone. In Figures 5 and 6, the neutral zones are shown by the grey dotted lines. When the sum of the variables are positive and above the neutral zone, we call the brand healthy (green zone). When the sum is below the range, we call the brand unhealthy (red zone), when the sum is in this uncertain range, we call it neutral (yellow zone). For Brand Y in Figure 6, brand health is in general neutral (yellow region) whereas for Brand X (Figure 5), brand health differs from healthy (green) to unhealthy (red).

Figure 6: A Brand Health Model: Brand Y
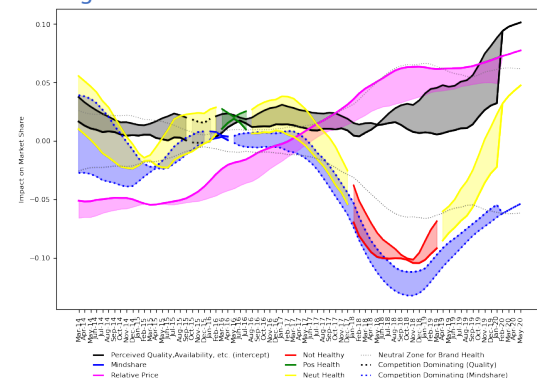
The price is used as a relative price index, i.e., relative to a reference-price brand. This helps to focus on market share by removing the macro-level cost/price impacts such as inflation.

The market definition may also change depending on the use of complete data (i.e., sellout or depletion) or partial channel data, i.e., closed channel or Nielsen. It is possible to identify channel impacts and their relative importance by separately estimating the model and comparing/ contrasting the results.

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[3] Feb'20 is taken as the beginning period since a smoothing of two months is used for Jan'20 and Feb'20. The two-month average market share operationalization accounts for high variations from month to month, and smooth out the increases and decreases due to inventory shuffles, hi-low pushes, etc.

Sources

[1] https://www.ebrandvalue.com/en/blog/why-traditional-marketing-mix-model-dead-and-how-ebrandvalue-helps/

[2] eBrandValue (2014), "Accelerate Your Marketing Through Meme-Based Netnographic Segmentation," September, available at
www.ebrandvalue.com/whitepaper/

[3] https://www.ebrandvalue.com/en/product/

[4] https://www.ebrandvalue.com/en/blog/role-brand-and-ebrandvalues-approach/

[5] https://www.ebrandvalue.com/en/blog/what-brand-value-and-how-calculate-it/

About eBrandValue

eBrandValue launched in 2012 with the mission of synthesize social data to help brands bridge the gap between social sentiment and the real-world marketing and sales strategies that govern them. Founders Tolga and Ayse Akçura bring over forty years of marketing and sales insights gathered from positions at some of the world's most prestigious firms and institutions. The Akçuras are backed by a robust team of PhDs, developers, and analysts that sift through many terrabytes of data to ensure the value of their client's brands keeps rising.

Contact us today to increase the value of your brand with eBrandValue. Visit our website at www.ebrandvalue.com.