

CATALYST

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Brand Equity

What goes around, comes around...

by Tom Marx and Tom Herndon

The old topic of branding has been coming up a lot lately.

Why? Like most things, branding has its own cycle. You could say that branding has come full circle.

In the madcap days of the late 90's and up through the turn of the century, branding was very much in vogue. Marketing budgets became swollen with branding initiatives. Entire campaigns were conceived and executed based on the trendy branding principles of the day.

With the business downturn of 2000-2003, marketing budgets were drastically cut. The pendulum swung the opposite direction, fists grew tighter, and the money being spent on marketing – branding initiatives in particular – had to be justified by proving ROI, often on a quarter-by-quarter basis. We watched patiently as the new trend of computer applications, seminars, workshops and public speaking around the topic of 'ROI Metrics' for branding began to grow.

During this same time period, the Aftermarket had seen a rapid growth in acquisitions, consolidations and line extensions. In our observation, for many companies, short-term growth – fueled by the need for a competitive edge – had taken precedence over long-term branding initiatives. The pendulum had swung too far.

All this had occurred in spite of the time-proven fact that when it comes to immediate proof of value, branding has always been...slippery at best. The cumulative value of branding takes a while, often paying dividends far downstream -- certainly not within the current quarter!

By the time 2004 ended, companies began to realize the error of their ways. They began to notice the effects of having all but abandoned their branding initiatives. There was brand confusion, inequities between the existing brand and its desired attributes, inconsistencies in messaging, and a lack of leverage of what brand equity they did have.

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One way that companies figured out they were NOT leveraging their brand equity, was by listening to their customers:

"I didn't know that brand A was related to brand B."

"I didn't know you sold that, too."

"I really like the products from Brand C – I didn't realize that was your company."

"I am not really sure what Brand X stands for – is it the lowest price? The best quality? The best package?"

If you are confused or at least unsure, you can bet your customers are, as well. But, first, let's pause here a moment and take a look at what we mean by brand equity.

Marty Brandt, author of "[PowerBranding](#)," defines a brand this way:

"A brand is the tangible product plus the intangible values, associations and expectations attached to the product by the customer or prospect."

Keith Bates, of Keith Bates & Associates, Inc. defines brand equity as:

Those activities of customers, channels, and company that enable a brand to achieve greater margins than it could without the brand. The qualitative dimension delivers values and beliefs, while the financial dimension increases valuation of assets.

Tangible attributes include the hard-copy stuff that you and your customers can see, feel and hear, i.e. advertising, collateral, catalogs, commercials, websites, annual reports, letterhead, invoices, business cards, signage, POS, customer service, and more.

Intangible attributes are those perceptions and characteristics of a brand that are more emotion-based, such as quality, reliability, values, reputation, trust, strategy, and more.

The integrity of these attributes gives strength and longevity to a brand and ultimately brand equity (that seemingly immeasurable, but very real, perception of your company and its value proposition driving the activities of all stakeholders – from the Chairman to the consumer).

We have put some of the intangible and tangible attributes of a brand into a clear, easy to understand graphic called "Brand Equity." We hope that this will give you a better picture of what's at stake when building your brand. See end of article.

Equity, by its nature, is earned...over time. Paying attention to building your brand and strengthening your brand's equity is constant. Every attribute that touches your customers, whether intangible or tangible, communicates your brand equity. If these attributes are ignored long enough to become outdated, stale, inconsistent, etc., it affects the entire system – your brand equity becomes eroded.

In upcoming issues of Catalyst we'll talk more about building brand equity, developing a branding strategy, establishing a baseline, conducting a brand audit, the role of your brand in integrated marketing -- and the key to powerful branding: **It's all about execution!**

Credits:

Marty Brandt and Grant Johnson's book [PowerBranding](#)

Keith Bates & Associates, Inc.

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