



Brand management (IEBM II module)

Section 2: Strategic Brand Management

Presentation 4: Brand value chain

In this presentation we will discuss...

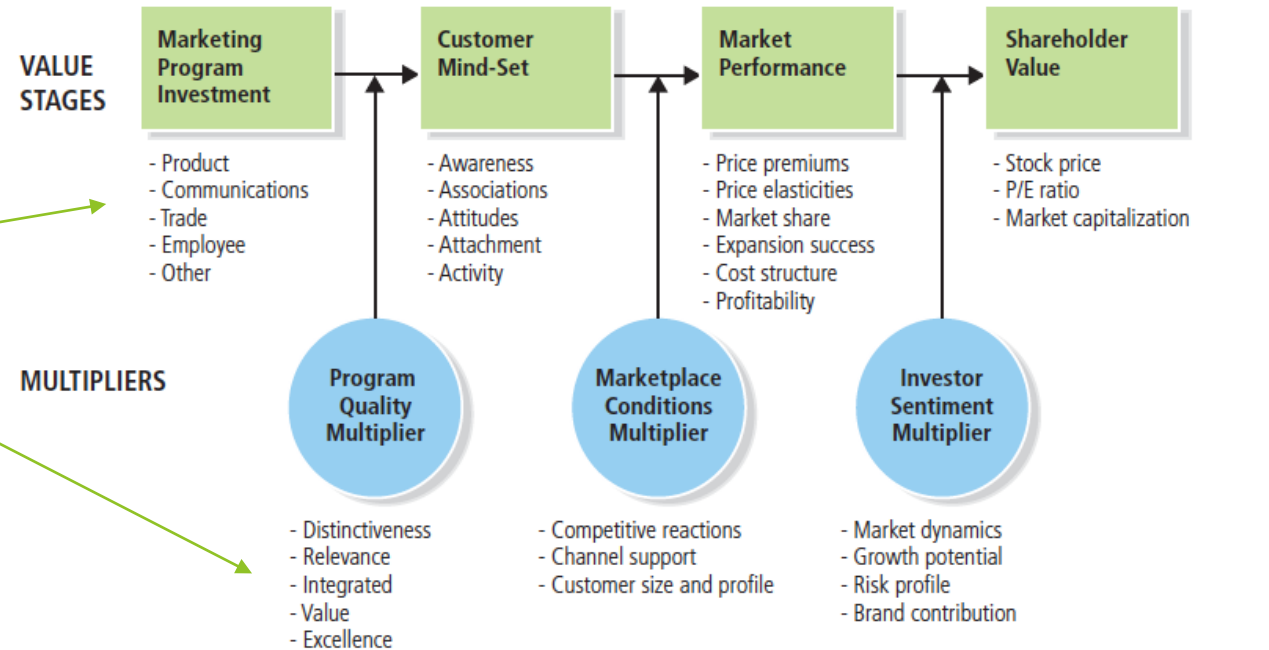
- ▶ Brand value chain
 - ▶ The model purpose and rationale
 - ▶ Stages and multipliers
 - ▶ Brand Metrics: some examples

The model purpose and rationale

- ▶ This model tracks the brand value creation process to understand and assess the impacts of marketing investments and expenditure
 - ▶ A model to assess the sources of brand value creation and the outcomes of brand equity
 - ▶ A model for the diagnostic of brand management to identify bottlenecks and issues
- ▶ The model represents a chain of brand value creation steps:
 - ▶ Different stakeholders play their roles over this process such as marketing managers, employees, customers, intermediaries, competitors, investors
- ▶ The model supports brand managers, marketing directors, CEOs, general managers to make their decisions

Stages and multipliers

- ▶ **Value stages:** phases of brand value creation process from the first investment in brand value creation to the formation of shareholder value
- ▶ **Activated value sources:** bases for measuring the created brand value (brand metrics)
- ▶ **Multipliers:** moderators and boosters of value transfer from one stage to another, which means linking factors connecting one stage to another determining how and how much value created at one stage is transferred to or “multiplied” for the next stage



Source: Keller, 2013

Brand metrics: some examples

- ▶ **Stage 2 - Customer mind-set**
 - ▶ **Awareness:** brand recall and recognition
 - ▶ **Activity:** loyalty (repeat purchase, incidence of 100%-loyal buyers, share of category requirement which is the brand's % share of purchases in its category), seeking information attitude, active engagement
- ▶ **Stage 3 - Market performance**
 - ▶ **Price premium:** customers' willingness to pay "extra" money (premium price) compared to the average price in the market (or compared to the price of the key competitors)
 - ▶ **Market share:**
 - ▶ **Absolute market share:** company's (brand) sales over a specified period of time (year or quarter) over total sales in the (brand) market (%)
 - ▶ **Relative market share:** company's (brand) sales over a specified period of time (year or quarter) over sales by the leading competitor (%)
 - ▶ **Price elasticity:** % variation of the quantity of the demand (sales) determined by 1% price variation. It is a measure of customers' sensitivity to price as variable influencing purchase decision-making