What is a brand, and why do brands matter? What is brand equity or a brand franchise? And how do you measure and manage brand equity to maximize profits over the long-term? Let’s first explore the notion of a brand and speculate about its origins.

Brand Defined

The word “brand” is most often defined as a symbol, name, and/or sign that identifies and distinguishes one product or service from competitive products and services. We might think of “identifies and distinguishes” as the practical or tangible functions of a brand, but these are only the visible tips of the iceberg. Below the surface, the brand may perform other functions and convey other meanings.

A brand might convey or evoke associations, memories, experiences, emotions, colors, sounds, symbols, values, and images. We might think of these latter properties as intangibles.

Trademark law gives us another way to think about these intangibles. Courts and lawyers use the term “secondary meaning” to refer to the associations and values that accrue to a brand. For example, the word “caterpillar” is the name of an insect, but “Caterpillar” has acquired secondary meaning as a
brand of earthmoving equipment with images of power, strength, durability, high quality, hardness, diesel clatter, yellow, construction, building, and progress.

**Origins**

The origin of “brands” is lost in the mist and fog of history, but it certainly traces back thousands of years to Mesopotamia, ancient Egypt, and other long-ago cultures. The term “brand” apparently comes to us from the Old Norse word brandr, meaning “to burn.” As the ownership of domesticated animals spread, the issue of who owned an animal was increasingly resolved via some type of hot-iron branding symbol.

With the rapid expansion of trade over the past 10,000 years, various goods and products might have been shipped to distant markets or distant lands—where the maker or producer was totally unknown. It’s easy to imagine some of these artisans and producers “branding” pottery, jewelry, jars, bags, and barrels with some type of identifying mark or symbol, so that future buyers would know of the products’ quality and trustworthiness.
The modern development of brands roughly parallels not only the growth in world trade over the last 300 to 400 years, but also the tremendous expansion in centralized production of goods, wares, and products brought on by the industrial revolution after 1750.

**The Importance Of Brands**

Why do brands matter? Strong brands can:

- Command higher prices.
- Withstand economic downturns and economic adversity.
- Improve the return on marketing and advertising investments.
- Partially shield a product or company from adverse publicity.

While businesses cannot control the economic environment, industry upheavals, competitive forces, or the news cycle, they do have considerable control of their brands (although social media and instant messaging pose enormous future risks to brands). A strong brand is a constant in a world of change, like a beacon or lighthouse shining through the dark and stormy seas of upheaval and adversity. So what makes a brand “strong” and how can it be measured?

**Awareness**

The first measure of a brand is *awareness*. Typically, this is measured by two questions: the first to measure *unaided brand awareness*; followed by a question to measure *aided brand awareness*. *Total brand awareness* is the combination of the two measures with any duplication eliminated (i.e., a net result). These measures are generally reported as the percentage of the population or target market that is aware of the brand.

Unaided brand awareness is reported first (and unaided brand awareness always understates actual brand awareness), followed by total brand awareness (unaided plus aided), but this measure tends to overstate a brand’s awareness. So true brand awareness falls somewhere...
between unaided and total brand awareness, but typically closer to the total brand awareness number. A best practice is to use total brand awareness instead of aided brand awareness in reports (this avoids a possible error, since some people count unaided brand awareness as a part of aided brand awareness, while other people do not).

Awareness alone is an extremely important measure. The higher a brand’s awareness, the more favorable consumers’ perceptions and associations related to the brand tend to be (there are rare exceptions to this rule, but it’s almost always true).

Awareness is typically measured as a two-dimensional variable—think of a graph showing height of awareness, or percentage of awareness, by time period—but we should think of it as three-dimensional: time by percent aware by depth of awareness. That is, a consumer can be aware of a brand (and count as part of that brand’s awareness), but that awareness might be shallow and fleeting, or that awareness could be deep and abiding. We might think of this third dimension as depth of awareness or strength of awareness. Awareness is so important that measuring its depth and strength, this third dimension, is requisite.

**Consumer Knowledge**

The second important measure of a brand is consumer knowledge. How much do members of the target market actually know about a brand (and the accompanying product or service)?
Knowledge overlaps depth of awareness to some extent, but it goes beyond amount of awareness into the character and makeup of that awareness.

**Image**

The third measure of a brand is *image*, an extension of the knowledge dimension. Image is a reference to all of the associations, values, feelings, emotions, perceptions, mental pictures, smells, sounds, and colors linked to a brand. These image dimensions are typically measured with some type of sensitive scale, such as semantic differentials or anchored grid scales. And other measures of brand equity and brand health exist, and they can be incorporated into brand tracking as appropriate.

**Maintaining Brand Awareness**

It is very difficult to build and maintain brand awareness—and strengthen its depth and character—without ongoing media advertising. This advertising must be effective and “on strategy” (i.e., must communicate the brand’s strategic positioning and core messages, themes, and images). Television commercials and radio commercials tend to be the most effective, but online “television” commercials are becoming a major factor. Outdoor advertising (the old-fashioned billboards, not the electronic ones) tend to be very effective in building and maintaining awareness. Print and direct mail also have roles to play, depending on the target audience. But we get ahead of ourselves.
Building a winning brand strategy is the starting point. In-depth qualitative research is always the first step (focus groups, depth interviews, mobile ethnography, online forums, etc.). Good qualitative research helps define where the brand is now (in terms of consumer knowledge, associations, imagery, values, perceptions, etc.) vis-à-vis major competitive brands.

The qualitative explorations help identify the target market’s vocabulary and language relative to the product category and the brand, help determine the brand’s perceived strengths and weaknesses relative to competitive brands, and help identify the range of possible positionings, messages, themes, imagery, and symbols that could form the basis of a brand strategy. The qualitative research also helps reveal consumer motivations (both obvious and covert) and perceptual patterns, as well as other issues that brand strategy must address.

Often, psychographic segmentation studies follow the qualitative research, to help measure the brand equity landscape, to identify optimal target market segments, and to profile the core dimensions of a brand’s equity. Segmentation studies can be valuable in quantifying the importance of various brand attitudinal variables.

An alternative to segmentation research is some type of AAU (awareness, attitudes, and usage) survey to precisely measure existing brand and advertising awareness, the depth of awareness, the consumers’ experience with the brand, and the brand’s current equity (associations, image, values, perceptions, etc.) relative to competition.

Regardless of the research methods, the final step is condensing all of this research knowledge about the brand into brand strategy concepts. These brand strategy concepts are then tested among the target market, to identify the brand strategy that most resonates with the target audience.
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The winning brand strategy concept becomes the blueprint for all commercials and ads, and the template for all brand planning and brand decisions. Brand strategy is the overarching vision that guides all corporate decisions related to the brand.

For a brand to get the most out of media advertising, commercials and ads must be tested before running them. Roughly half of all ads (regardless of the reputation of the ad agency) are ineffective. Without consistent testing of commercials and ads, much of the value of media advertising can be unknowingly lost. No matter how clever the marketing director, no matter how smart the creatives, no matter how big the reputation of the ad agency, consistently effective advertising cannot be created without testing every ad, using a solid, reliable copy testing system (not “Likes” on Facebook or feedback on YouTube or Twitter). This copy testing system must measure all of the elements that make up the brand strategy—to ensure each commercial is consistent with the brand strategy and is highly effective.

**Tracking Surveys**

A best practice is to use tracking surveys to monitor brand strategy execution and brand health over time. Brand equity tends to change very slowly (think of water dripping on a rock), so an annual survey is normally recommended. For brands in slow-moving industries, a survey every two years might be sufficient.

Brand tracking is very important, however, because it’s the ultimate measure of how all the pieces of brand strategy (and the strategy’s execution) are playing out in the real world. The tracking research
can identify potential problems or deficiencies in execution, or indicate how a major change in a competitor’s strategy is impacting your brand strategy. The tracking results can provide an objective basis for strategic fine-tuning.

**Brand Equity Modeling**

A final best practice is to use advanced analytics to build a *brand equity model* for your brand. The model would roll up the various measures of brand equity into a composite score. This composite score would be an overall measure of brand equity and brand health to monitor over time. A good brand equity model provides an accurate measuring stick to track your brand’s progress.

Brands are valuable strategic property, like real estate, factories, patents, copyrights, and trademarks. The financial value of brands is seldom shown on a company’s balance sheet, unless reflected as “goodwill” resulting from an acquisition or sale of a company. Very often a firm’s brands (if we could accurately measure their monetary value) would dwarf other assets listed on its balance sheet. A brand strategy is a blueprint to build the market value and the financial value of a brand over the long-term. It’s a compass to guide the brand through the stormy seas of economic upheaval and competitive onslaught.

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