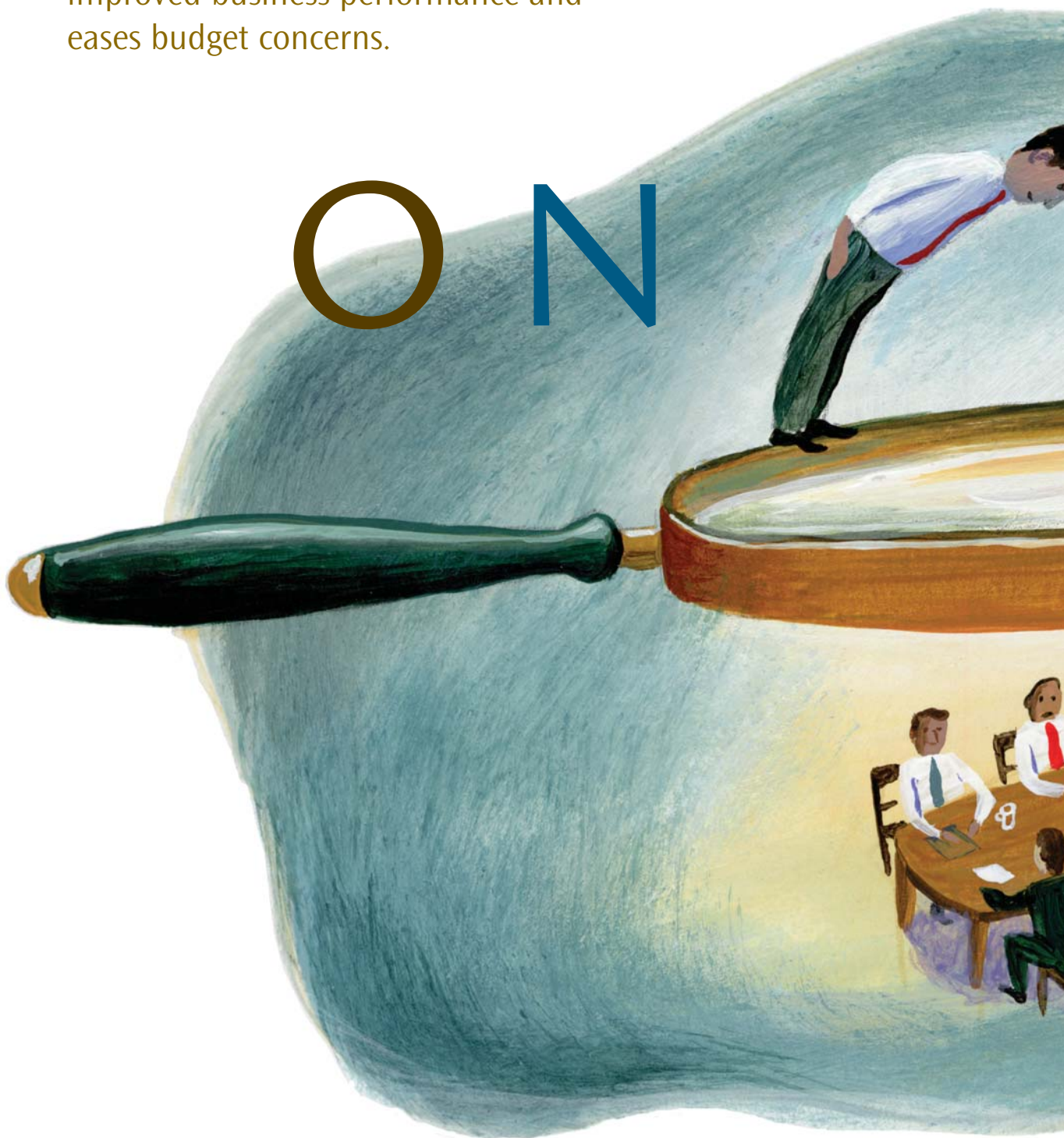


The next generation of brand tracking offers improved business performance and eases budget concerns.

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BY JOHN COPELAND AND JUDY HOPELAIN



# TRACK

With the current business environment emphasis on doing more with less, most senior management is placing growing pressure on marketing executives to justify their budgets. They are increasingly demanding to see the payoff of marketing's investments for the top and bottom lines. And, indeed, marketers have been able to make compelling cases for many of their efforts, because of advances in data collection and analytics, and use of scanner data, media exposure data, and market mix models to optimize each year's promotional calendars.

Despite such advances, however, marketers continue to struggle with quantifying longer-term brand building investments and the contributions of non-marketing initiatives—such as product development, sales force training, and pricing—to the brand's overall health.

Although many executives outside the marketing suite now recognize the value of creating a compelling, distinctive brand—increased share of wallet, ability to price at a premium,

## EXECUTIVE briefing

Senior management is placing increased pressure and scrutiny on marketers to justify their budgets, and is continually looking for the bottom-line benefit of brand building investments.

At the same time, current brand tracking tools are offering organizations limited value. By delving into the next generation of brand tracking, marketers can improve both business performance and ease senior management's concerns.

and stronger competitive defense—in many organizations, the “brand fact base” hasn't painted a convincing portrait of return on brand investments.

It's not for lack of trying. Data indicate that of the more than \$12 billion spent on global market research in 2003, 1%-5% (or roughly \$300 million) was used for “brand tracking.”

Although well intentioned, most brand tracking—in its current form—is a waste of money. It may show that customers are increasingly associating selected attributes with the company's brand, but it doesn't correlate to the brand's health or its ability to drive revenue and market share. The reality is that unless brand tracking ties such brand metrics to business performance, its value to the organization is limited at best.

### The Road Needs Repair

At the heart of brand tracking is a battery of attributes, which respondents rate in terms of association with the brand in question. Respondents may indicate the extent to which they think a particular credit card brand, for example, is friendly, helpful, or aggressive. They may also assess specific product or service attributes (e.g., has the lowest interest rate, has knowledgeable customer service, lets me customize the look of my card). Results often focus on the percentage of respondents who associate the attributes with each brand in the competitive set and the degree to which those “association scores” have changed since the last brand tracking. The results also show levels of aided and unaided brand awareness and usage, along with their scores from the prior wave of brand tracking. Additional analyses may include each attribute's level of ownership, often determined by the gap in association scores between the highest-scoring brand and the other brands in the competitive set. Marketers may also perform some form of correlation analysis: looking at the relationship between attributes (e.g., friendly service) and respondent behavior (e.g., brand awareness, usage, share of wallet).

One leading electronics manufacturer approaches the process using brand tracking to collect respondent awareness of the brands in the category, respondents' high-level usage history, and a series of yes and no attributes on brands for which respondents had at least a minimal awareness level. The attribute list primarily focuses on relatively higher order perceptions and benefits, such as being a leader in technology, selling a reliable product, and providing helpful after-sales support. However, the company tracks the customer experi-

ence elements likely responsible for these perceptions in an entirely different set of brand tracking. The set examines issues such as ease of purchase, ability to customize the product, and successful resolution of a technical problem on a single call.

Although the company knows the enormous impact these elements have on customer retention, it makes no effort to understand their effects on more abstract brand associations. This calls into question the value of the company's brand tracking—and more broadly, its brand building efforts—and makes the argument for investing in brand building activities more of a challenge.

Although more consumers perceive an electronics brand as providing “expert customer service,” the company may not be doing its best job of attracting or retaining profitable customers.

### Finding a Better Route

A more elevated approach to brand management and tracking starts with a deep understanding of the perceptual and tangible drivers of customer behavior in the category. The next step is determining which important drivers a brand can and should own. After that, marketers must build brand associations with those drivers, at key customer touch points such as channel, product usage, and customer support.

The next generation of brand tracking aims to measure the brand's ability to drive customers from awareness through purchase to advocacy, relative to the competition. It also aims to evaluate the effectiveness of marketing tactics in moving customers along this path.

Marketers must understand a critical component of brand tracking: the purchase funnel. There are important differences by category, in the steps customers take to decide on a purchase and in the order they take them. For example, it's not surprising that consumers follow a different process for purchasing ready-to-eat (RTE) cereal than for purchasing personal computers (PCs). (See Exhibit 1.)

In the RTE cereal process, category dynamics suggest consumers move from awareness to consideration to trial. If they have a positive experience, then they make the brand part of their stable or “repertoire” of cereals. In the PC process, given the added risk and other category dynamics (e.g., high purchase price, channel intermediaries), consumers move from awareness to consideration to preference to purchase—

although they may not be able to afford what they prefer.

Marketers must discern what drives movement, or conversion, from one stage of the funnel to the next. Conversion drivers can range from tangible product or service attributes and benefits (e.g., customer service representatives know my name and my account, tellers always smile when they see me) to their abstract functional, emotional, and self-expressive associations (e.g., customer service is friendly). In RTE cereal, these may include the product's texture, taste, packaging, and price. These may also be consumers' perceptions of how wholesome or indulgent the product is, and how healthy it makes them feel.

In addition to these more product-based elements, conversion drivers can be dimensions of the brand's personality, its symbols, and its user imagery: customer perceptions of the kinds of people likely to use the brand. In RTE cereal, these may be consumer perceptions of the brand's authenticity, its heritage or point of origin, and its characters (e.g., Tony the Tiger, Cap'n Crunch). Ethnography, focus groups, and other forms of qualitative research are helpful in identifying the full set of potential conversion drivers.

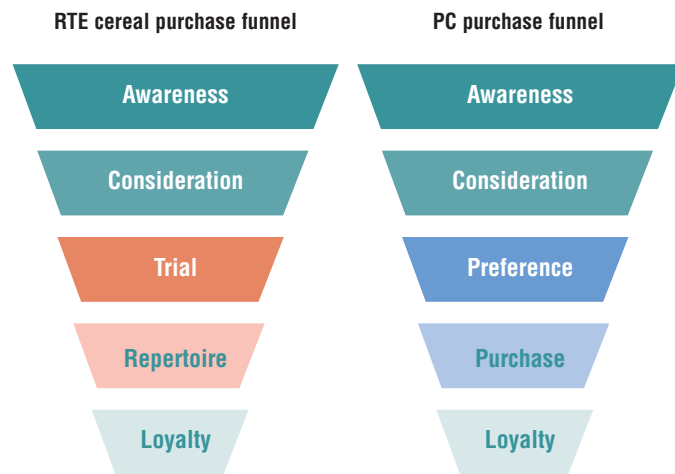
In the new evolution of brand tracking, marketers will use a custom, quantitative survey to capture customer perceptions of the brands in the competitive set against the full set of potential conversion drivers. More importantly, they will use

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this to capture respondent purchase frequency, category spend levels, and other economic factors—information critical for linking brand to business impact.

Next, across the category or competitive set, marketers will evaluate the effectiveness of each conversion driver. Although marketers can conduct this "driver analysis" across the entire sample, it's preferable to pre-define or develop each customer segment from the sample. This analysis can take many forms, but the underlying goal is to analytically identify conversion drivers more at one stage of the funnel (e.g., preference) than at the immediately preceding stage (e.g., consideration).

**■ Exhibit 1**  
Purchase funnel examples



Marketers will perform this analysis for all key customer segments. Often, different segments will have different conversion drivers, but segments will have at least a few in common.

Marketers will then monetize the conversion drivers by determining the revenue associated with each segment, figuring out the average revenue for each customer in that segment, and identifying the revenue potential for increasing conversion from one stage to the next. They will incorporate respondent category purchase levels and the number of brands involved at each stage of the funnel. This amplifies those conversion drivers responsible for purchase related conversion (e.g., trial, repertoire, loyalty).

Next, marketers will rank the brand's funnel stages and assess how strongly and uniquely the brand is associated with conversion drivers at the more important stages. To measure association and uniqueness of each conversion driver, marketers will evaluate conversion performance vs. competitors (to identify conversion gaps), and the magnitude of the difference between their brand's rating on each conversion driver and the highest scoring brand in the competitive set's rating. The resulting priority conversion drivers encompass both the tangible and abstract.

Marketers then determine which funnel stages and perceptual gaps to address, and develop strategies and programs for alleviating shortfalls through product, messaging, and execution. They will integrate these programs into the overall brand strategy along with an assessment of the brand's positioning.

## Next Generation Brand Tracking

1. Define the category's purchase process.
2. Identify conversion drivers by customer segment.
3. Quantify the value of increasing conversion.
4. Evaluate your brand's conversion performance vs. your competitors'.
5. Develop strategies and programs to address gaps.
6. Link metrics to increased revenue and market share.



examination of its performance on the strongest drivers revealed that, although the brand's abstract associations performed well, there were deficiencies in the company's call center. Through modest investments in technology infrastructure and customer service training, the company improved inbound close rates by more than 12%.

### Paving the Way

Better brand tracking monitors changes in customer perceptions of the brand's most important conversion drivers, both tangible and abstract. It also continues to study conversion rates for the brand and its competitors, so marketers can align changes in these metrics with changes in the key conversion drivers. Lastly, it constructs the sample to be representative of the brand's market, in total and for each segment.

This way, changes in conversion rates or conversion drivers are less likely to result from sample fluctuations across tracking waves—because the sample's structure, in terms of demographics or category involvement, is stable over time.

Eli Lilly and Company is a good example of the improved process. In 2003, as part of its brand evolution, the pharmaceutical company identified the brand attributes most responsible for creating customer—physician and patient—perceptions that would improve relationships and sales, including aspects of Lilly's products, its product development, its medical expertise, and the behavior of its sales force and other customer touch points.

Lilly then developed marketing and employee activities to bolster perceptions of these attributes. (As part of its brand tracking, Lilly now monitors both the desired perceptions and respondent exposure to the different activities.)

Additionally, it integrated business performance metrics—such as the time it takes a physician to prescribe new Lilly drugs—into its analysis so it could make the linkage between marketing activities, brand perceptions, and business performance within the same data set. Lilly also follows this process on a number of its leading compounds.

### Reaching Our Destination

Next generation brand tracking promises to answer questions about brands and their return on investment. Because it more rigorously draws meaningful correlations between brand building strategies, customer behaviors, and business results, it elevates marketing's role within the organization, and changes internal dialogue about brand value—for the better. ■

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Again, it is best to do this at the customer segment level. The more conversion drivers the target segments have in common, the easier the marketer's job of brand building and measurement. Furthermore, having monetized each stage of the funnel, marketers have a much better sense of the "size of the prize" for improving association scores among key conversion drivers. A marketing team able to show senior management that 5% conversion driver improvement can yield \$50 million to top line revenue is a team with vastly improved justification of budgets and allocations.

One European financial services provider, for example, found it was not as successful as its competition in converting potential mortgage customers from consideration to inquiry. The company monetized each funnel stage by looking at the average number of providers at each one. The ratio of "considered" providers to "inquired" providers was greater than 4:1, much larger than the ratio of inquiry to purchase. The company's calibration of these ratios to total product market size, or revenue, indicated it did need to focus more on improving conversion rates from consideration to inquiry.

To assess the relevant conversion drivers, the company examined the correlation among respondent conversion across these two funnel stages with ratings on a number of attributes, including both the abstract (e.g., is a reliable institution, is a provider I trust) and tangible (e.g., has a competitive interest rate, makes the closing process easy). The company's