

# Building the **BRAND** **SCORECARD**

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Numerous measures have been suggested and used to monitor the health of a brand. Are all of these measures really necessary? Is there a smaller group of measures that can form an effective brand scorecard?

For the past year, I have been working with the Conference Board's Council on Corporate Brand Management to build a brand scorecard. Over the same time period, I have discussed these ideas with numerous brand managers while making presentations and chairing panel


discussions on monitoring brands for organizations such as the Association of National Advertisers and the American Management Association. This article describes some of what I learned during this process.

## **Steps in Building the Brand Scorecard**

In the scorecard-building approach followed with the Council on Corporate Brand Management, the first step was constructing an inventory of the many brand measures that

have been proposed. A review of the publications of brand consultancies, advertising agencies, industry organizations, academics, and business magazines produced nearly 100 measures. Members of the Council also added suggestions. Many of the measures found were arguably similar and eventually the more than 100 measures were reduced to a working list consisting of the thirty-two measures in Exhibit 1.

The second step was to develop a framework to organize all these mea-



asures. Many companies were found to be using several brand measures but few reported using any overall model to pull all the measures together. Lack of an overall framework can easily lead to a plethora of brand measures where more than one measure may be used to monitor the same brand phenomena — increasing information costs without necessarily increasing insight.

One dimension of the framework was chosen to be the components of a brand. To be useful, a brand scorecard should inform managers as to how their brand is performing on its key components. While there are several brand models available, one that is both powerful and parsimonious derives from the work of Farquhar and others. In this model, the key components of a brand are:

- Identifiers — name, logo, color — anything that cues the brand attributes in the customer's mind.
- Attributes — benefits, needs, features — any characteristic that a customer associates with the brand.

- Association — the relation between the identifier and the brand attribute.

The second dimension of the framework was the purchase cycle, including after-purchase behavior. Using the purchase cycle model allows one to include different measures in a scorecard depending on the brand objectives at a given time. For example, if one is launching a new brand, measures corresponding to earlier stages in the purchase cycle such as attitude formation may be of higher interest. For more mature products, monitoring the ongoing customer relationship may be more important.

Considerable research has focused on the purchase cycle model and it should be stressed that the purchase cycle may not be as straightforward as shown in Exhibit 2. In particular, the order of the stages of the cycle may vary depending on the type of product or service. For example, for important consumer purchases such as an automobile or most business-to-business purchases, there may be substantial

information-gathering before purchase. However, for relatively less important purchases — including many consumer purchases such as razors or magazines, customers may simply make the purchase on a trial basis and do their information-gathering after the purchase. The purchase cycle model in Exhibit 2 must be tailored to a specific product or service and that in turn may have an impact on the measures included in the scorecard for a particular brand.

When the suggested brand measures were organized in this framework (Exhibit 3), there appeared to be multiple measures available for many aspects of a brand.

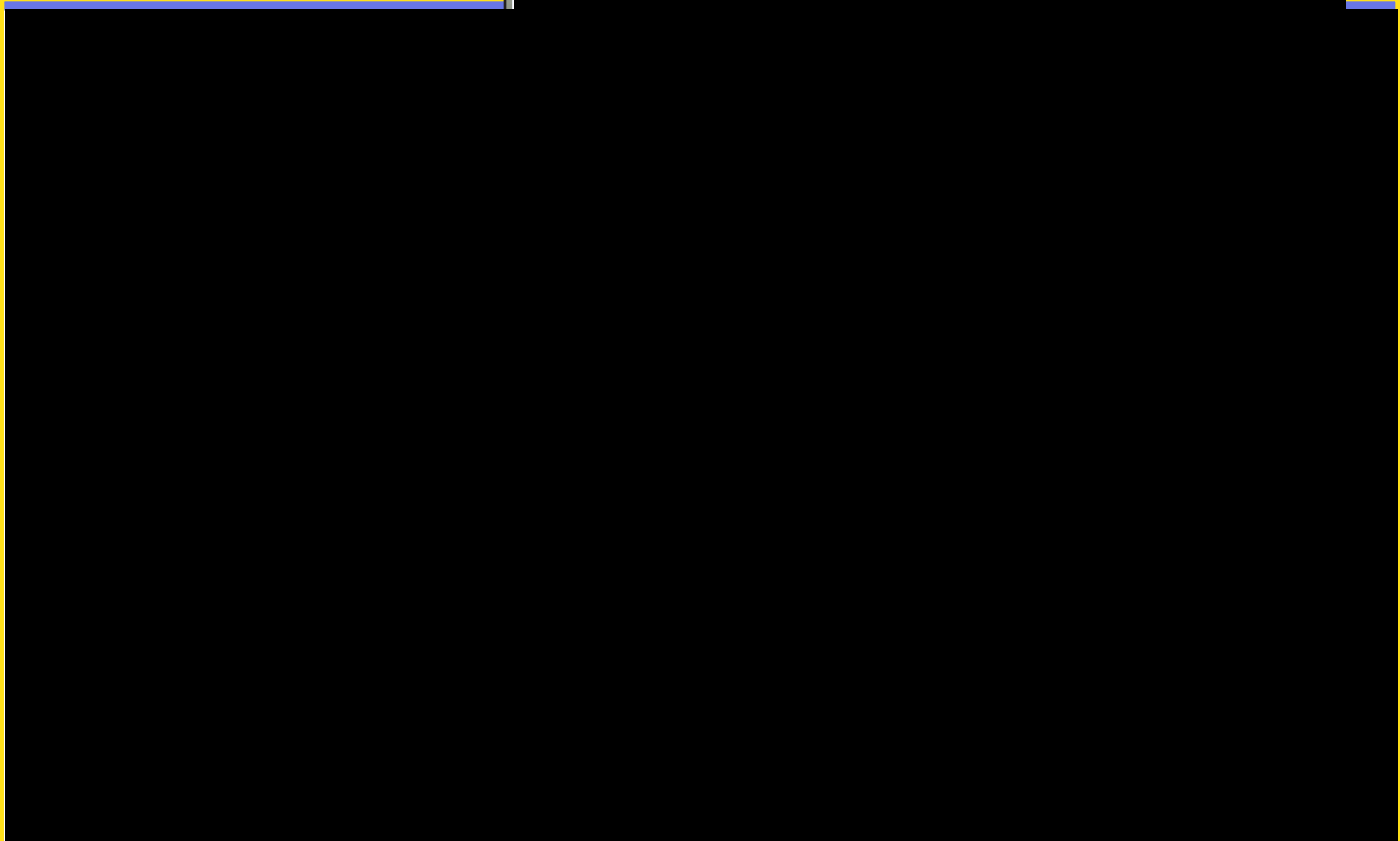
The third and final step in developing the brand scorecard was to select the measures to include in the scorecard. Brand managers were polled as to which measures they considered to be “most important” to include in the scorecard and which measures they considered “absolutely essential” to use in the scorecard.

Respondents were chosen oppor-

tunistically, not scientifically, and therefore their opinions cannot be considered representative of the opinions of all brand managers. However the twenty survey participants manage many of the most significant and valuable consumer and business-to-business brands in the world and their opinions should be of considerable interest.

#### **Brand Scorecard Measures**

The measure rated most highly by the survey participants was “perceived value”. That finding is quite consistent with many studies by organizations such as CoreBrand, Young & Rubicam, EquiTrend, and the Strategic Planning Institute that have found perceived value or closely related mea-



sures to be a leading indicator of profits, cash flow, and shareholder value. The selection of perceived value is also supported by my own work on valuing brands which shows Customer Value Added (CVA®) to be a main determinant of brand value - perceived value being a key component of CVA®.

Lesson: If you have to choose just one measure to monitor your brand, chose perceived value.

As shown in Exhibit 4, other measures to consider for inclusion in a brand scorecard are:

- Name recall
- Differentiation
- Relevance
- Trust
- Brand trial
- Customer satisfaction
- Recommend

The first four measures focus on the components of a brand. "Name

recall" measures the strength of the identifier. "Differentiation" and "relevance" measure the strength of the attributes (and combine as perceived value). "Trust" measures the strength of the association.

The remaining three measures focus on different stages in the purchase cycle. "Brand trial" measures impact on initial purchase. "Customer satisfaction" measures performance of the product or service in use. "Recommend" measures the post-purchase willingness of the customer to suggest the product or service to someone else.

Conspicuous by their absence are popular measures such as "ad recall," "price premium" (which may reflect pricing strategy as much as brand strength), and "purchase intent."

### Conclusion

From the many measures suggest-

ed, we were able to identify eight measures. These measures:

- are linked in an overall logical framework.
- are supported by several diverse studies.
- provide insight into the development of key brand components at different stages of the purchase cycle.
- are related to profits, cash flow, and shareholder value.

These properties would appear to be desirable for the measures in any brand scorecard. ■

**To request more information on any of this brand scorecard work, including the use of perceived value and CVA®, or to receive an occasional email newsletter on branding issues, please email: [donsexton@mindspring.com](mailto:donsexton@mindspring.com).**