

A Holistic View of Brand Maritz Comprehensive Brand Audit, Rationale and Case Study

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After an exhaustive review of the classic and the latest academic literature on the topic, Maritz has developed a holistic approach to measuring brand equity. This approach includes both traditional measures (the brand's position on objective and subjective attributes, brand affinity, future purchase intent) and a variety of measures that have emerged from recent academic work in various fields, including measures of brand worth, brand personality, the emotional impact of brands and the higher-order values customers seek from brands. A series of predictive models connects these various measures into a comprehensive view of a brand's equity.

A particularly useful definition of brand equity comes from Keller (2003): "brand equity occurs when the consumer has a high level of awareness and familiarity with the brand and holds some strong, favorable and unique associations."

So, to gain a complete understanding of a brand's equity, we would want to know

- Awareness of the brand
- How customers (and potential customers) perceive the brand in terms of "hard" (objective, quantifiable) attributes
- How customers perceive the brand with respect to "soft" (subjective, squishy) attributes
- Customers' perception of the brand's price
- How much value the brand itself provides, as distinct from the value its attributes provide

Lest we over-rationalize how customers relate to brands, we would also want to measure

- How brand personality contributes to the value of the brand
- How customers' emotional response to the brand supplements their rational response

If, further, we wanted to understand how all of the above combine to influence brand choice, we would also want to measure all of the above for each competitive brand with which customers (and potential customers) are familiar. And what would result would be a survey so long that respondents would become fatigued and would provide lower quality data as the survey progressed (assuming they bothered to complete it at all).

In practice, then, we typically cannot collect all of this information in a single survey. Two viable ways to make the survey manageable are to reduce its depth or to reduce its breadth. Reducing depth results in a Brand Image Study and reducing Breadth results in a Comprehensive Brand Audit.

Brand Image Surveys

Commonly researchers field Brand Image surveys. Typical measures include, for a brand and some number of its competitors, measures like:

- Brand awareness and familiarity
- Brand choice or share
- Brands' ratings on a set of attributes (hard and soft attributes, price)

Sometimes Brand Image surveys give lip service to Emotional and Personality measures and an attribute list becomes a hodge-podge of adjective ratings, but this hardly does justice to the role brand personality and human emotions play in branding.

When performed properly, and they seldom are, Brand Image studies include

- Reports of the above measures, perhaps trended over time
- Perceptual charts or profile charts showing the relative positioning of brands relative to the attributes
- Multinomial logit (MNL) models of brand choice as a function of the brands' attribute ratings
- A share simulator that brings the MNL models to life in a way that managers can interact with them and understand the sensitivity of share to the various customer perceptions captured by the attribute ratings

When conducted correctly, Brand Image studies give a lot of good information about how customers perceive brands, and how they make choices among them.

Comprehensive Brand Audit

On the other hand, a Comprehensive Brand Audit surrenders the breadth of collecting measures for multiple brands, but seeks greater depth: collecting measures about the personality and other drivers of brand worth, and about respondents' emotional reactions to brands. A Comprehensive Brand Audit seeks a holistic view of a brand.

Some of the measures required for such a study appear in most brand image studies (brand awareness and familiarity, ratings of the brand on hard and soft attributes, and on price perceptions). Others are less common. For example, a history of controversy surrounds personality: psychologists disagree about what personality dimensions exist – even for humans, much less for brands. Worse still, psychologists disagree about what emotions even are, and much more about how one might measure them.

In order to develop the Comprehensive Brand Audit, Maritz had to delve into the academic literature on these and other topics related to brands and branding. The unsettled state of some of these issues led us to design and field some primary research to test the various measures and models we would need to bring the Comprehensive Brand Audit alive.

The Comprehensive Brand Audit puts emotional and personality factors on an equal footing with rational factors in the understanding of brand equity. In addition, it allows us to understand all of the factors that affect brand equity.

Retail Specialty Clothing Case Study

Probably the best way to illustrate the outputs of a Comprehensive Brand Audit is with a case study. Using a recent Comprehensive Brand Audit of the women's specialty retail clothing market, the case study focuses on the White House | Black Market brand. White House | Black Market is a trademark of Chico's Retail Services and is known for feminine, sophisticated apparel and accessories. White House | Black Market focuses on women who are 25 years old and up who lead active work and social lives with moderate and higher income levels. Its offerings include fashion and merchandise in the classic and timeless colors of white and black and related shades.

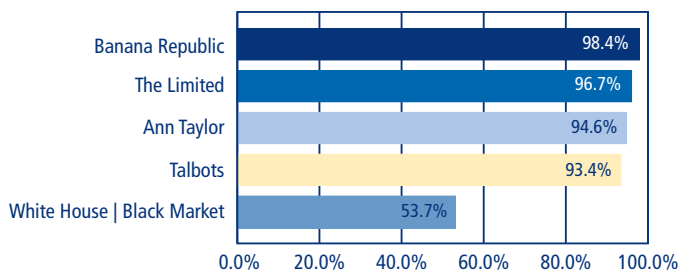
Research Design

Respondents were 1,000 women, aged 25-35, who shopped in at least one of these five women's specialty retail clothing stores in the past 90 days: Banana Republic, Ann Taylor, The Limited, Talbots and White House | Black Market. After appropriate screening each respondent evaluated one of the above brands in great depth.

Awareness

As in any brand study, an initial measure of awareness is valuable in its own right, and serves to filter which respondents can evaluate which brands. Total awareness numbers for the five brands show that Banana Republic has the highest awareness and White House | Black Market the lowest:

Awareness



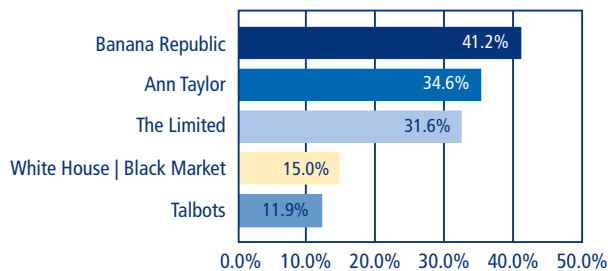
Not surprisingly, relative newcomer White House | Black Market trails the four long-standing national chains. The small chain, with 247 stores, manages to generate a higher awareness number than might be expected, likely a result of its successful direct business.

Behavioral Measures

Shopping

Respondents needed to have shopped in at least one of the five stores to qualify for the research. In this sample, Banana Republic also has the highest proportion of shoppers, and Talbots has the lowest:

Shopped At, Past 90 Days

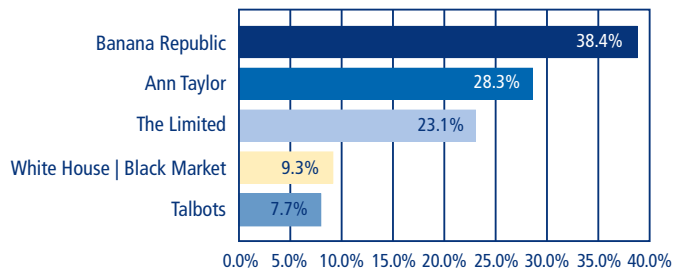


As noted, White House | Black Market has a limited number of locations, which likely kept some respondents from being able to shop at its stores.

Purchase

Closely related to shopping is actual purchase in the past 90 days, again highest for Banana Republic and lowest for Talbots:

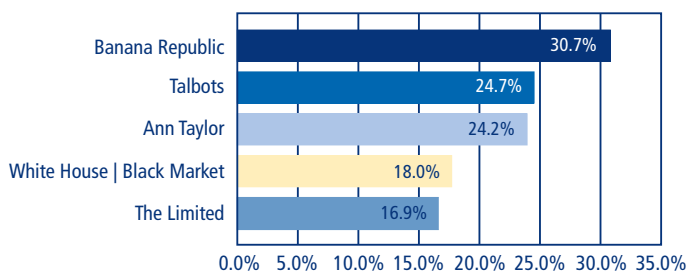
Purchased From, Past 90 Days



Share of Wallet, Among Purchasers

Among purchasers, things even out a bit in terms of share of wallet: Banana Republic accounts for over 30% of spend among Banana Republic purchasers, with Talbots and Ann Taylor following at around 25% and White House | Black Market and The Limited not far behind at under 20%.

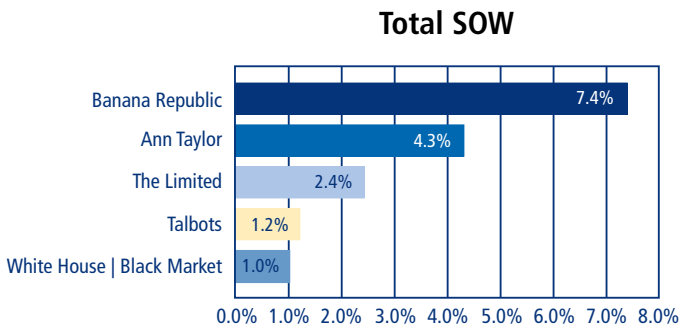
SOW, Among Purchased From



The fact that Banana Republic, Talbots and Ann Taylor are complete outfit stores with higher price points may explain the higher share of wallet for these stores than for lower-priced The Limited and than White House | Black Market, where customers may go just to buy a single item.

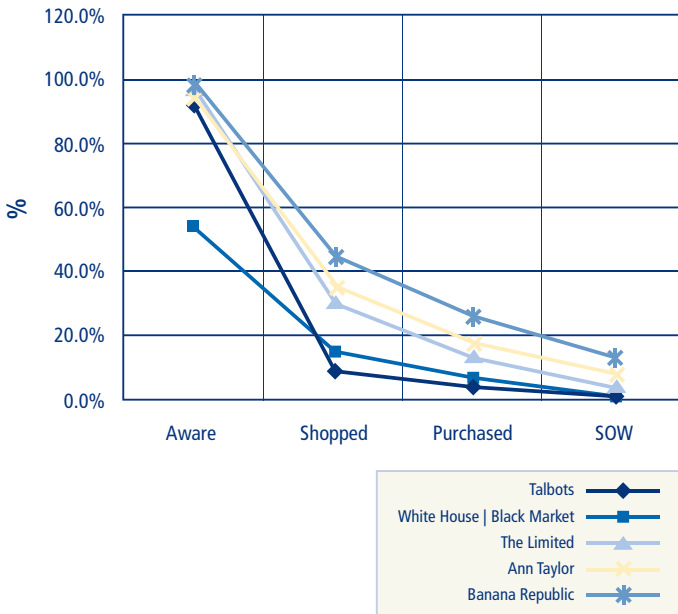
Total Share of Wallet

Combining the percent purchasing with the share of wallet among purchasers yields share of wallet overall, where Banana Republic leads and White House | Black Market trails:



Maritz uses a “waterfall” chart to explain the movement from awareness to shopping to purchase and finally to share. This chart shows how the percentage falls slower for some brands than for others, and at different places for the different brands:

Waterfall Chart



Talbots falls sharply in the move from awareness to shopping, and then only slowly from shopping to purchase and share of wallet. It is interesting that nearly all of the 25-35 year old respondents were aware of Talbots, even though Talbots target customer is the 35+ female. It is possible that Talbots could cash in on this high awareness and build a funnel into its traditional strengths by creating a brand and/or boutique within a store (e.g., Pink at Victoria’s Secret) that is focused on this younger segment.

White House | Black Market doesn’t fall quite as much from awareness to shopping, and exhibits strength at converting shoppers to purchasers – the need to get more shoppers into the store, or open more stores seems to apply to White House | Black Market.

Ann Taylor and The Limited have similar patterns of sharp declines from awareness to shopping, but they also show steady declines further from shopping to purchase and from purchase to share of wallet. These brands could benefit from improvements at every stage of the waterfall. Given their decrease in promotional intensity, these brands may still have a base of customers that has been trained to wait for a sale, resulting in these lower conversion rates.

Similarly, the frequency of promotions at Banana Republic means there is almost always something on sale, so a different conversion pattern occurs: it loses customers at a fast rate from awareness to shopping and again from purchase to share of wallet, but it does a better job than any other brand of converting shoppers to purchasers.

While the above discussion suggests the brands should all have the same objectives in converting customers at the various points in the waterfall, it seems likely that the brands’ different positions imply different levels of conversion at various stages: for example, a brand positioned as a store with elegant, special occasion styles may have lower traffic than a store with lower priced everyday styles.

Higher Level Attitudinal Equity Measures

In addition to purchase behavior, the questionnaire collected two attitudinal measures of brand equity: affinity and brand value. Mean ratings (5=highest) for these two factor scores by brand:

Worth & Affinity Table

	Worth	Affinity
Ann Taylor	3.03	3.13
Talbots	2.85	2.67
The Limited	2.67	2.85
White House Black Market	2.81	3.05
Banana Republic	2.93	3.11

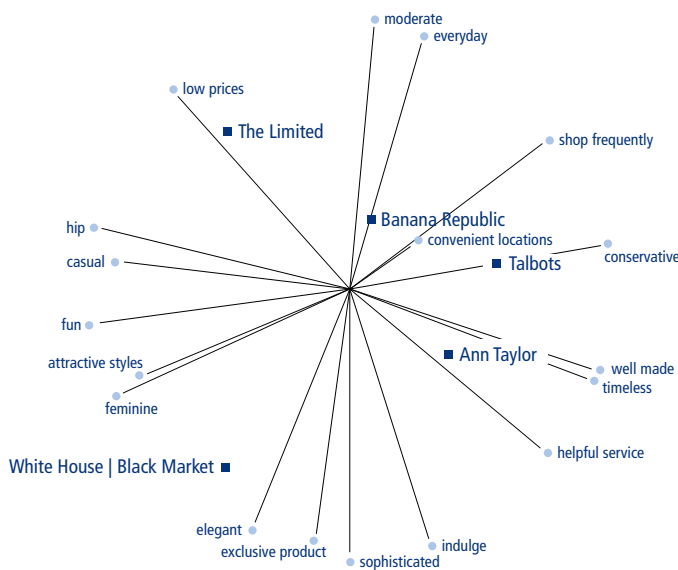
White House | Black Market fares well on affinity and brand worth. It is in the top tier, but not alone there, on both.

Brand Image

The questionnaire had respondents rate their given brand on 20 image attributes. Avoiding the lazy convention of using simple Likert (5-point agree-disagree) scales, the Comprehensive Brand Audit uses semantic differential scales to collect brand perceptions. On a semantic differential scale attribute adjectives anchor both left and right ends of the scale, and to the extent attributes might be positive or negative, random left-right rotations discourage any left- or right-hand bias in ratings. Indeed, Maritz has found that semantic differential scales improve the construct validity of attribute measures, and greatly ameliorate the otherwise common agreement bias that affects Likert scales.

This perceptual map shows how the brands compare in terms of the 17 image attributes on which the brands differ significantly:

Perceptual Map



White House | Black Market has a unique position on the map, more strongly associated than any other brand with several attributes: "attractive styles," "feminine," "elegant," "exclusive product," "sophisticated," "fun" and "indulge."

Of these, correlations with the two higher-order brand equity measures, brand worth and brand affinity, are highest for "attractive styles," "elegant" and "fun." Because, they are competitive advantages that also impact the overall appeal of the brand, these three brand image attributes contribute to White House | Black Market's brand equity.

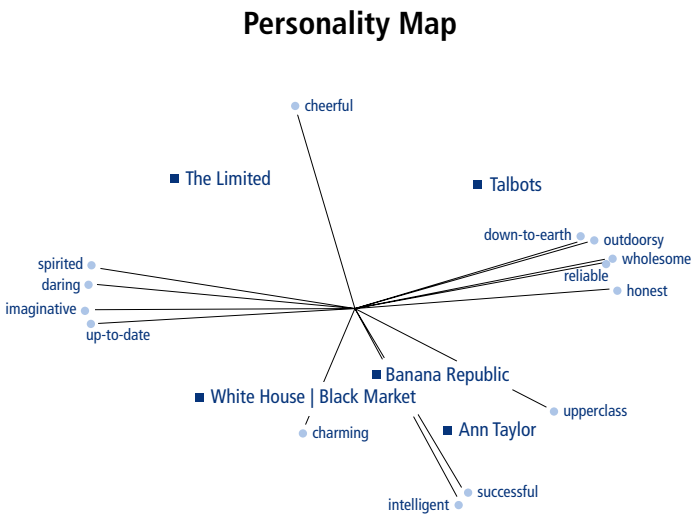
So far, all of the metrics have been those common in any reasonably well done brand image study. The remainder of this document covers the measures and models that are unique to the Maritz Comprehensive Brand Audit.

Brand Personality

As noted above, many brand image studies give lip service to brand personality and end up including a token set of personality attributes in a "brand image" section unscientifically agglomerated through some idiosyncratic historical process

that may or may not include management judgment, qualitative research and prior quantitative research.

Maritz opted to build into the Comprehensive Brand Audit a validated personality scale from our review of the academic literature on branding. Specifically we use Jennifer Aaker’s 15 dimensional personality scale. To encourage respondents to differentiate, we use a Q-sort rating technique which we know from past research provides highly discriminating measures. The brands differ significantly on 13 of the 15 personality dimensions. This personality map shows how the five brands have distinctly different personality profiles:



Again White House | Black Market has a differentiated position. It shares with The Limited strength in some attributes: “up-to-date” and “imaginative.” It further shares the attribute “charming” with Ann Taylor.

“Up-to-date” and “imaginative” are two of the personality attributes most associated with brand worth and brand affinity, and this, combined with the relative advantage White House | Black Market possesses make them elements of the White House | Black Market brand equity.

Brand Signals

Our review of the academic literature also uncovered an econometric perspective about the impact of “brand signals” on brand worth and brand choice. Adapting measures from the work of Erdem and Swait, we measure five dimensions of brand signaling. Mean ratings (1=strongly disagree, 5=strongly agree) for the five brands are:

Brand Signals Table

	Quality	Credibility	Consistency	Clarity	Investment
Ann Taylor	3.98	3.86	3.53	3.53	2.62
Talbots	4.03	3.85	3.67	3.56	2.56
The Limited	3.57	3.64	3.46	3.35	2.61
White House Black Market	3.83	3.62	3.36	3.33	2.29
Banana Republic	3.87	3.84	3.61	3.50	2.83
Total	3.85	3.76	3.53	3.46	2.59

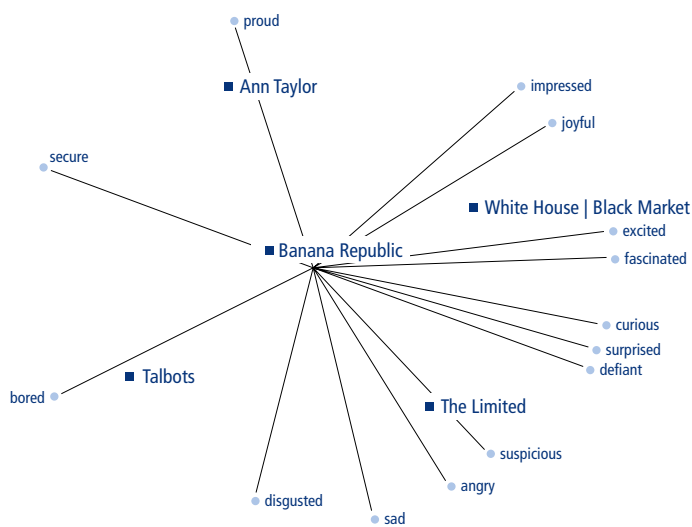
White House | Black Market performs well on having respondents perceive it as a quality brand and on credibility, but trails the competition by a greater or lesser extent on all of these measures. Thus, none of these contributes to the White House | Black Market brand equity. Its position doesn’t seem as clear or as consistent as the other brands, and it isn’t perceived as investing a lot in advertising or other marketing programs. One might conclude that White House | Black Market has low signal strength, but that it communicates the right things.

Emotions

Although survey research is almost surely not the best way to measure emotions, until brain scans become routine in marketing research, and until (if ever) we can reliably map activity in specific regions of the brain to specific emotional states, survey research will provide the best measures available to us.

For our survey-based emotional measures we re-analyzed some data presented by Russell and Mehrabian, using hierarchical cluster analysis to reduce his set of 151 emotional states to a manageable list of 16 that brands might be thought to elicit. Using a pick-any measurement approach (one that allows the list of emotions to be augmented in future studies) respondents reported which emotional reactions they have to their given brand. This map summarizes the emotional reaction data and shows substantial between-brand differences on 14 of the 16 emotions:

Emotional Map



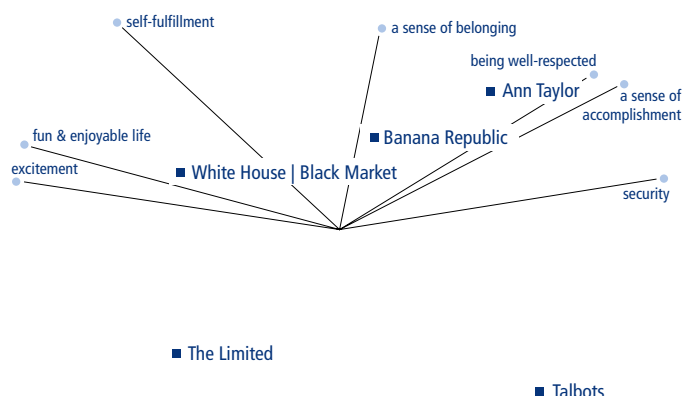
As with image, White House | Black Market has a distinct and enviable position in terms of the ways respondents relate to it emotionally. It leads the pack in terms of several positive emotions: “impressed,” “joyful,” “excited,” “fascinated,” “curious,” and “surprised.” In addition, it scores the lowest on the negative emotion “bored.”

Four of these attributes also show strong correlations with brand affinity and brand worth, so they also contribute to the overall White House | Black Market brand equity: “Impressed,” “joyful,” “fascinated,” and “excited.”

Values

A final set of measures we include for the sake of completeness. Many researchers think consumers buy brands to fulfill higher-level needs, and qualitative researchers use “laddering” techniques to identify the linkages to those needs. Based on the work of psychologist Maslow and his famous “hierarchy of needs” Kahle devised a standard “list of values” instrument he calls “LOV.” Again the brands differ greatly from one another in terms of the values respondents expect them to satisfy, on 7 of the 9 values:

Values Map



White House | Black Market does a better job supplying “excitement,” “a fun, enjoyable life” and “self-fulfillment” than do the other brands. Moreover, both of these attributes affect brand worth and brand affinity, so they are also components of the White House | Black Market brand equity.

Summary of Brand Equity Analysis

In summary, the brand associations that characterize the White House | Black Market equity are:

- The image attribute having to do with style: “elegant” and “attractive styles,” plus the image attribute “fun”
- Personality attributes “up-to-date” and “imaginative”

- Emotional linkages to “impressed,” joyful,” “excited” and “fascinated”
- The brand’s ability to satisfy higher-order values “self-fulfillment” and “a fun, enjoyable life.”

References

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Russell, James A. and Albert Mehrabian (1977) “Evidence for a Three Factor Theory of Emotions,” *Journal of Research in Personality*, 11, 273-294.

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