

Brand Risks & Opportunities in a Dynamic Marketplace

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Brian Cash

VP, Research Services Ironwood Insights

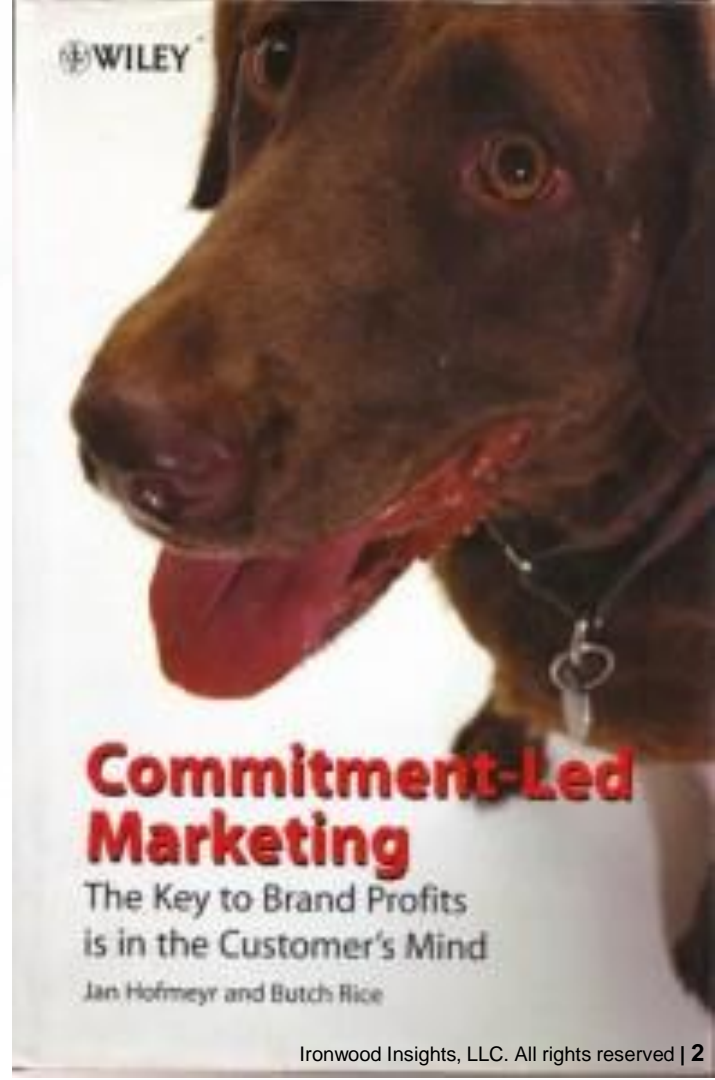


Brad Larson

Founder & CEO, Ironwood Insights

Our Philosophy

Our IronBrand Brand Equity model is grounded in the principles of **Commitment-Led Marketing**; a seminal model developed by Hofmeyr & Rice.

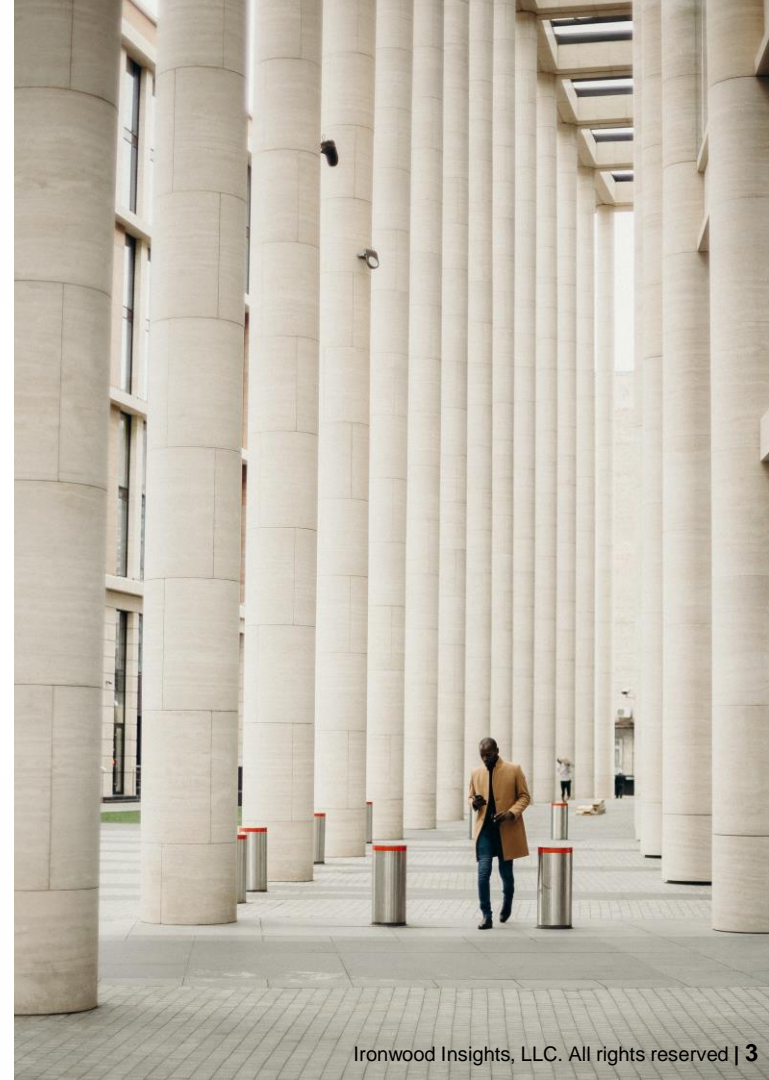


Key Pillars of Commitment-Led Branding

Brand health includes psychological *commitment*, or bonding, as well as the influence of *market factors*

Commitment is a psychological construct and a stronger predictor of current **AND** future brand performance than satisfaction or even loyalty

Market factors may work in favor of or against a brand's performance in the marketplace



What is the value of commitment to the brand?



If a consumer is committed they...

- 1 Are willing to pay more for the brand
- 2 Stay with the brand longer (tenure)
- 3 Spend more of their share of wallet on the brand
- 4 Attend to/recall the brand's advertising
- 5 Act as advocates, even evangelists for the brand

An Illustration

This is the story of...

A Man



His Favorite
Soda

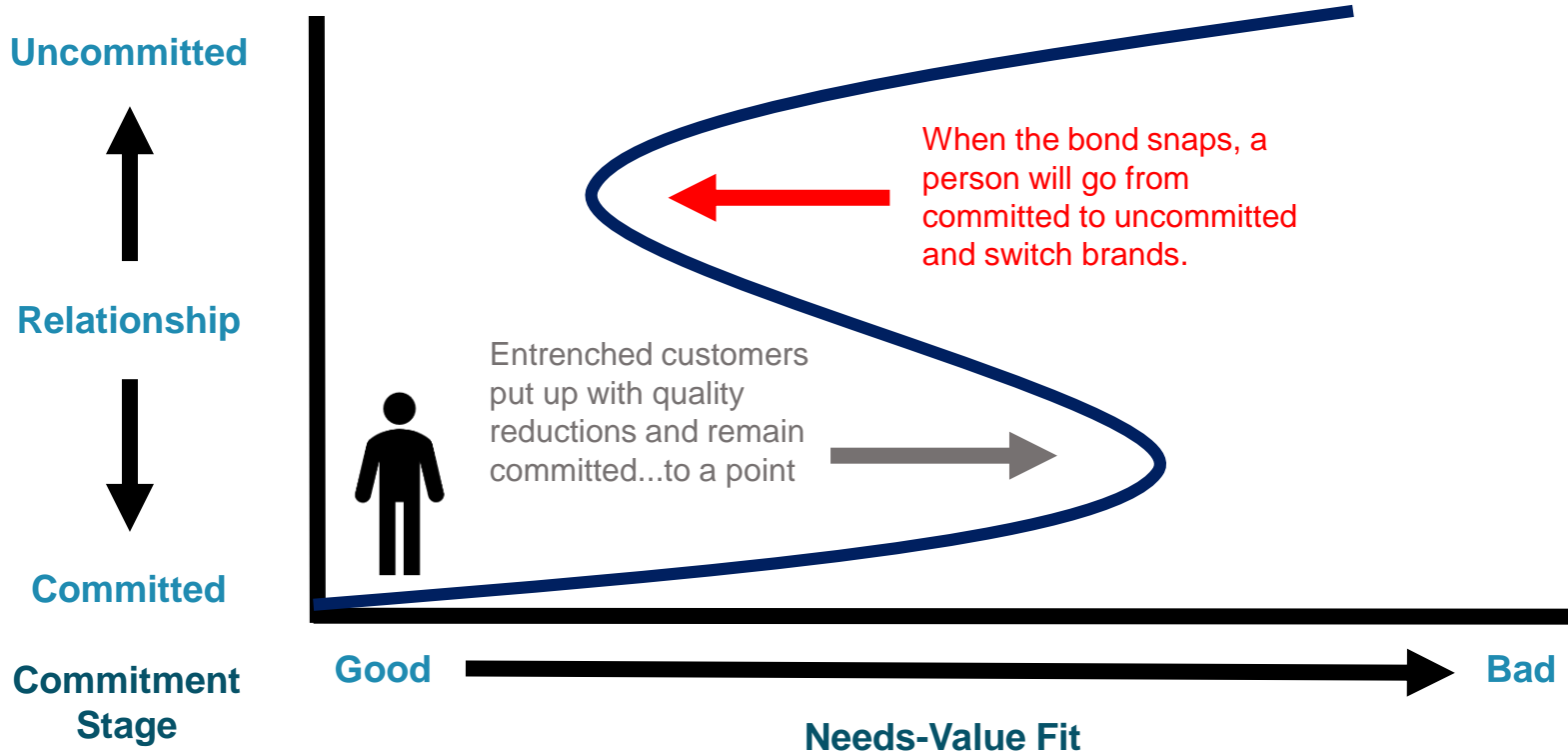


His
Commitment to
a Brand

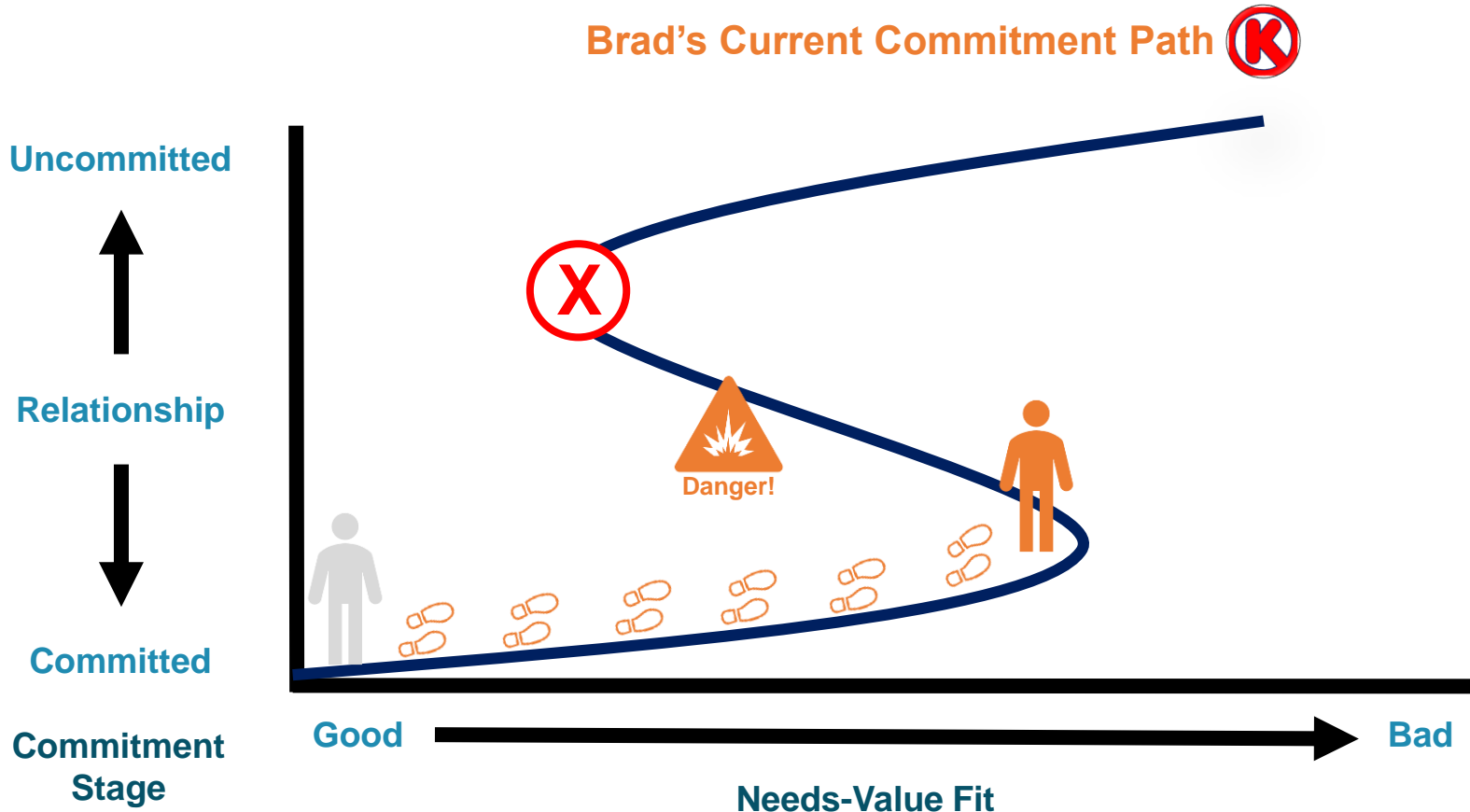


How does Brand Commitment Work?

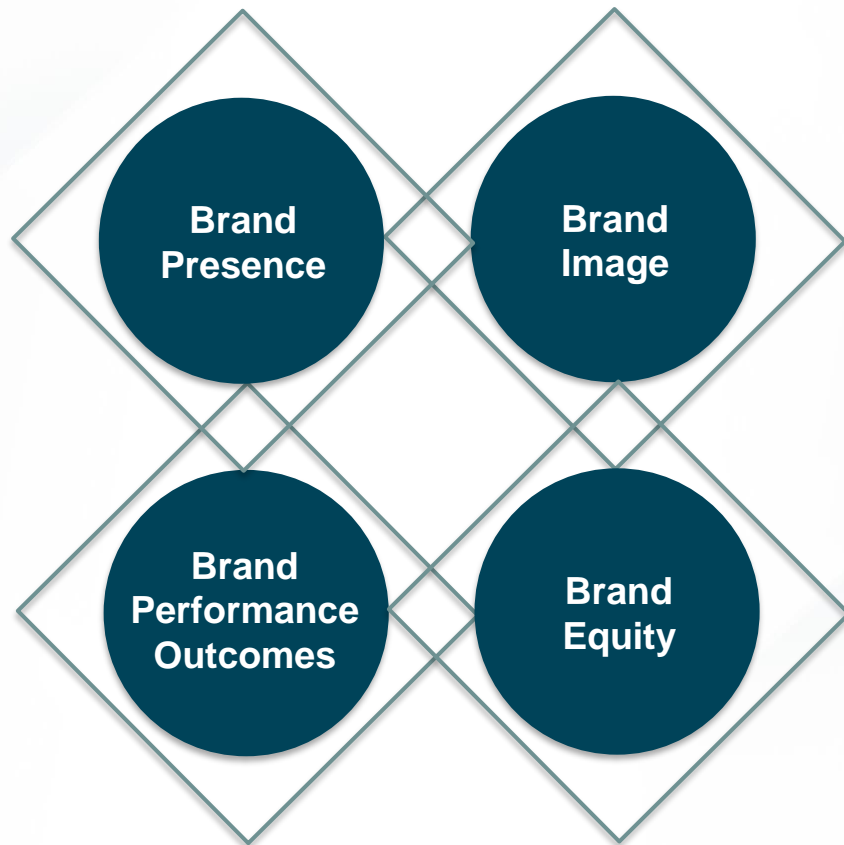
The Customer Commitment Path



What does Brad's Level of Commitment Look Like?



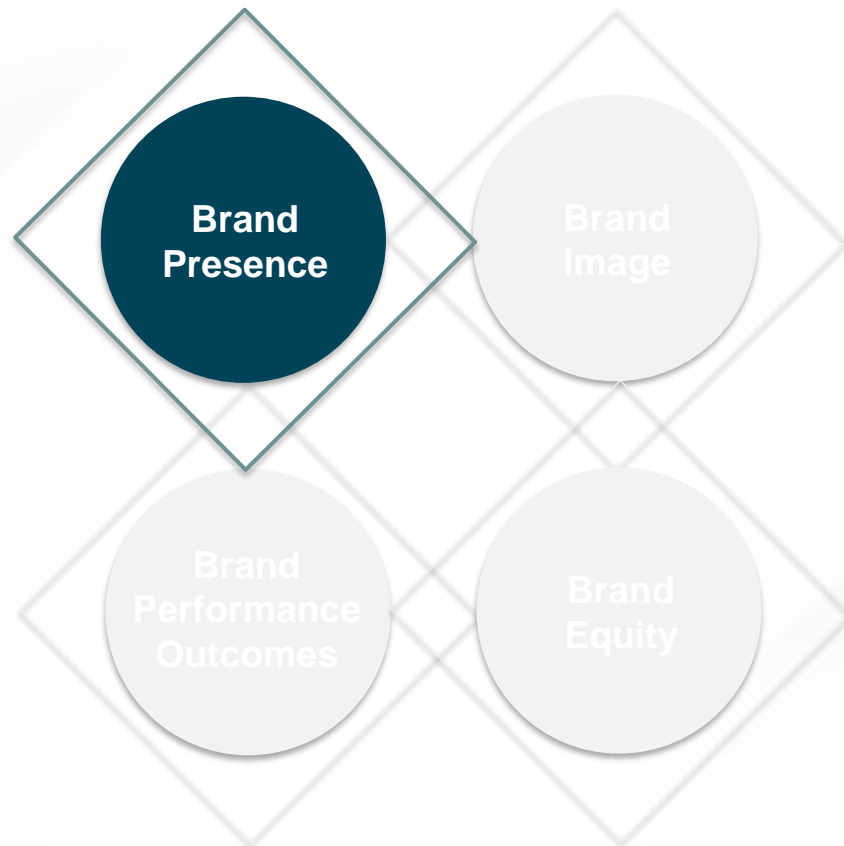
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Key Measures

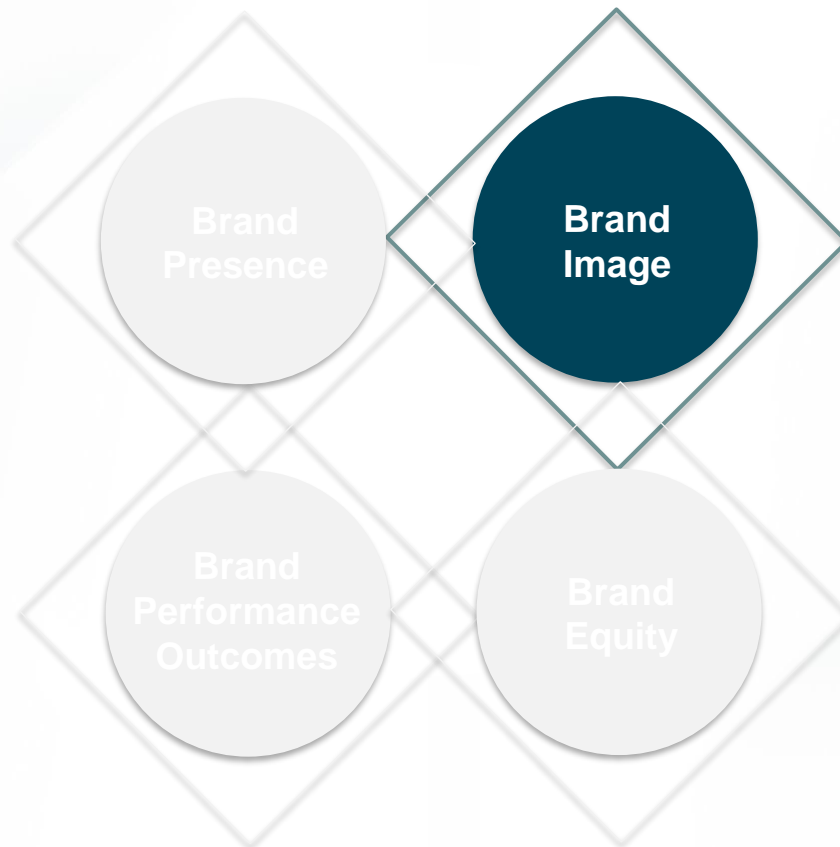
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- Usage/tenure
- Spend/share of wallet
- Etc.



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- Functional benefits (“offer” attributes)
- Emotional benefits (“feeling” attributes)

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Key Measures

- Awareness, familiarity
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- Etc.

- **Advocacy**
- **Preference**
- **Future spend/ share of wallet**
- **Consideration**
- **Etc.**



Key Measures

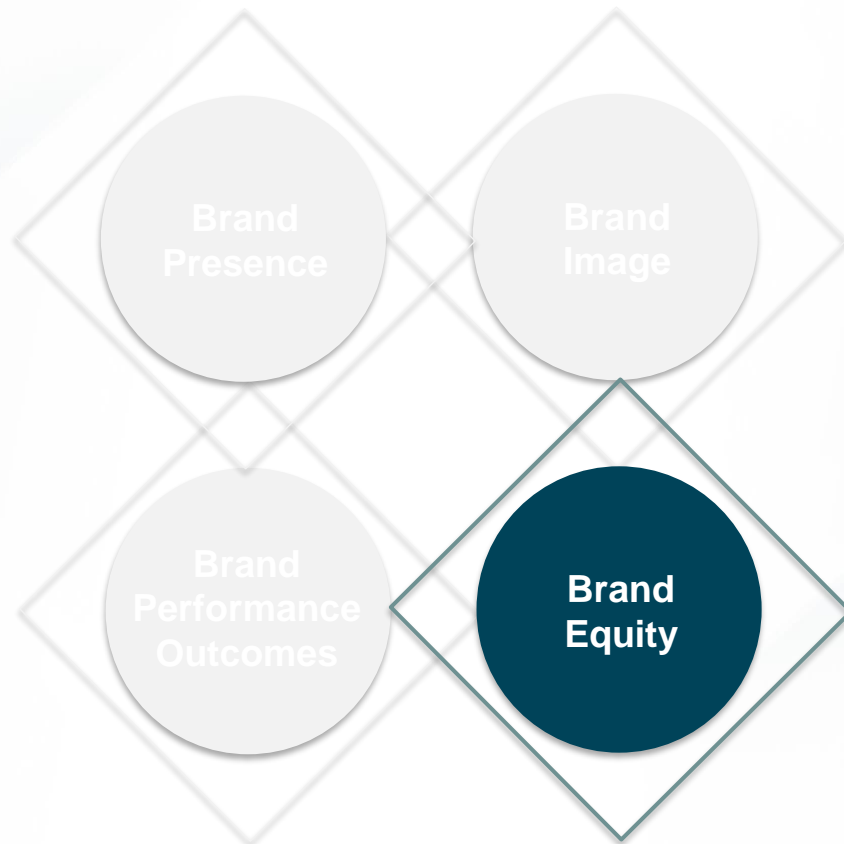
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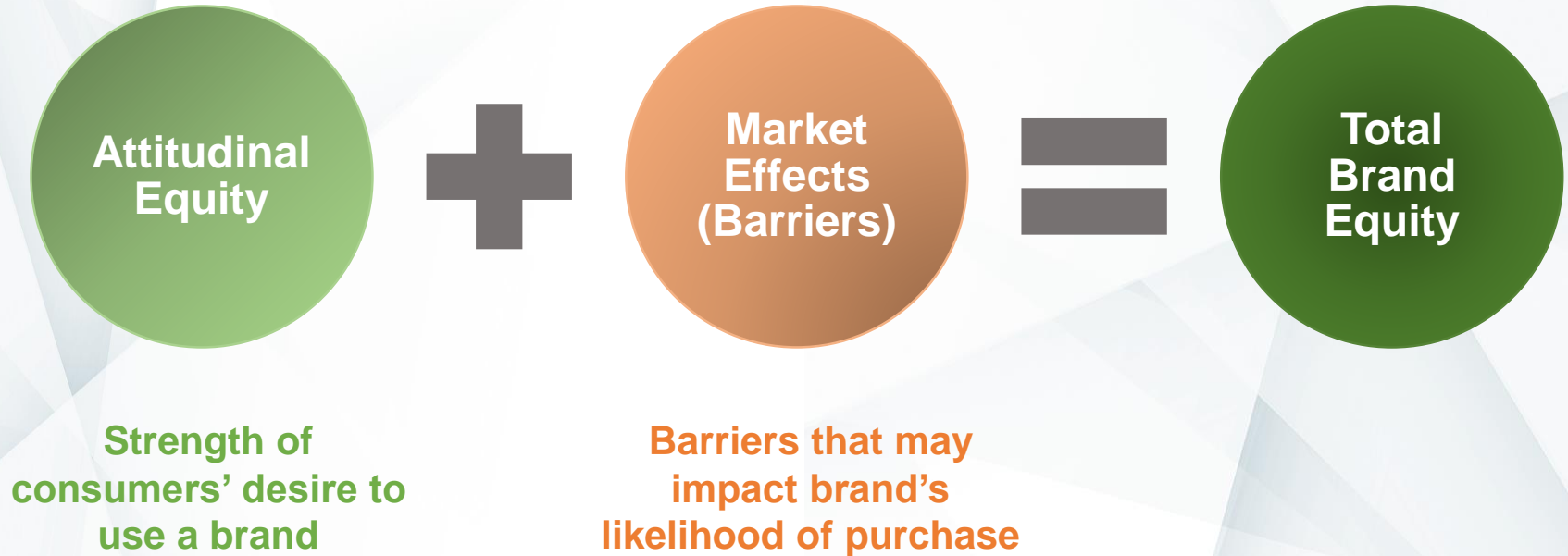


Key Measures

- Functional benefits (“offer” attributes)
- Emotional benefits (“feeling” attributes)

- Attitudinal equity (brand relationship)
- Market effects (+/- market circumstances)

Brand Equity Model: Structure



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Attitudinal Equity

Illustrative Measures

- *Which brands are familiar*
- *Which brands are considered*
- *Importance of relationship*

Market Effects (Barriers)

Illustrative Measures

- *Product/service quality*
- *Delivery—the WAY the product is experienced (i.e., caring)*
- *Price*
- *Distribution/product availability*
- *Reputation/image*
- *Etc.*

Total Brand Equity

What is the Process used to Determine Brand Equity?

Step 1: Define Consideration Set

- # of consumers in market that have the brand in their consideration set

Step 2: Determine Attitudinal Equity

- Measure of share of desire/brand involvement among considerers/users

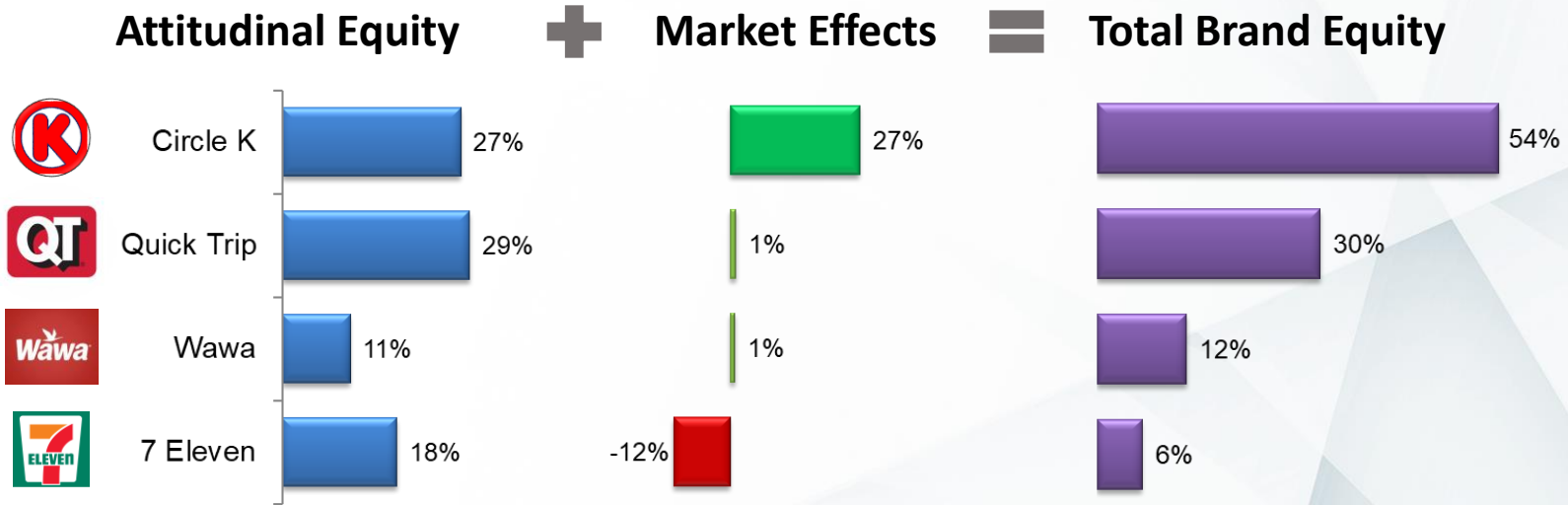
Step 3: Incorporate Market Effects

- Algorithm incorporates barriers to estimate +/- impact on likelihood of brand purchase

Step 4: Calculate Brand Equity

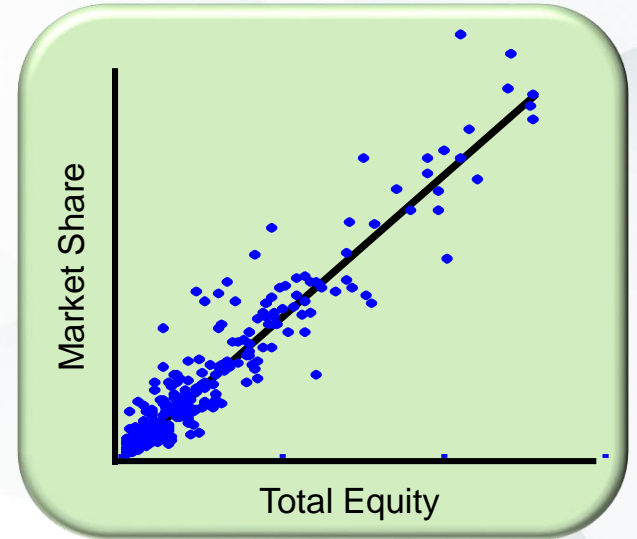
- Sum of a brand's Attitudinal Equity (Share Of Desire) adjusted for Market Effects (Barriers)

Illustrative IronBrand Output



Circle K enjoys a Total Brand Equity higher than their attitudinal equity because of the strong market effects. This is due to the large number of stores and proximity to consumers' homes.

Brand Equity Model: Outcomes



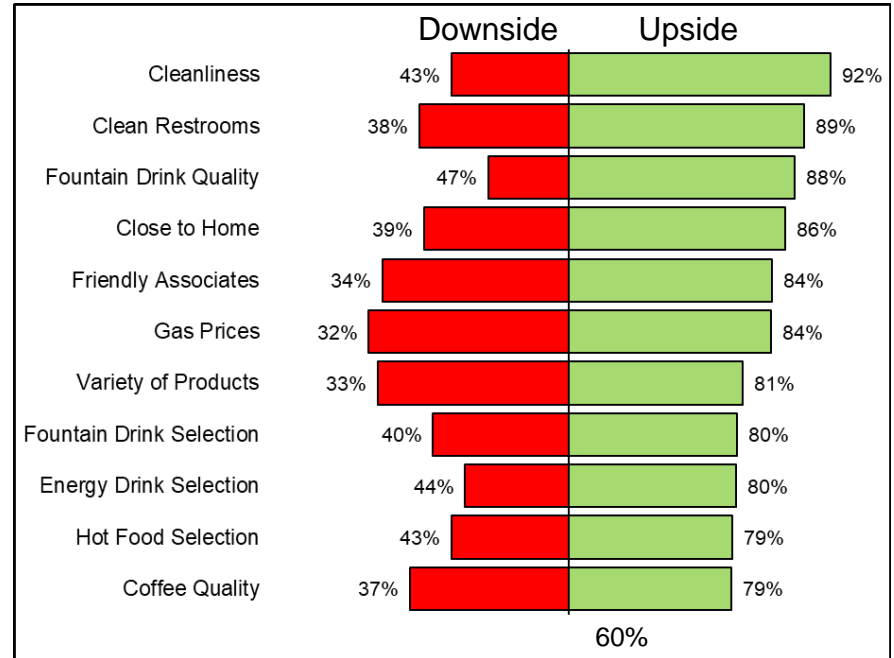
Roadmap for Improvement: Attributable Effects



Attributable Effects is a probability-based analysis that partitions the impact of each possible attribute into two components: *upside* and *downside*

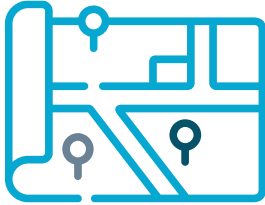
The goal? Identify areas of *greatest opportunity (upside)*, and areas of *greatest risk (downside)* to the brand

Example



Data is hypothetical

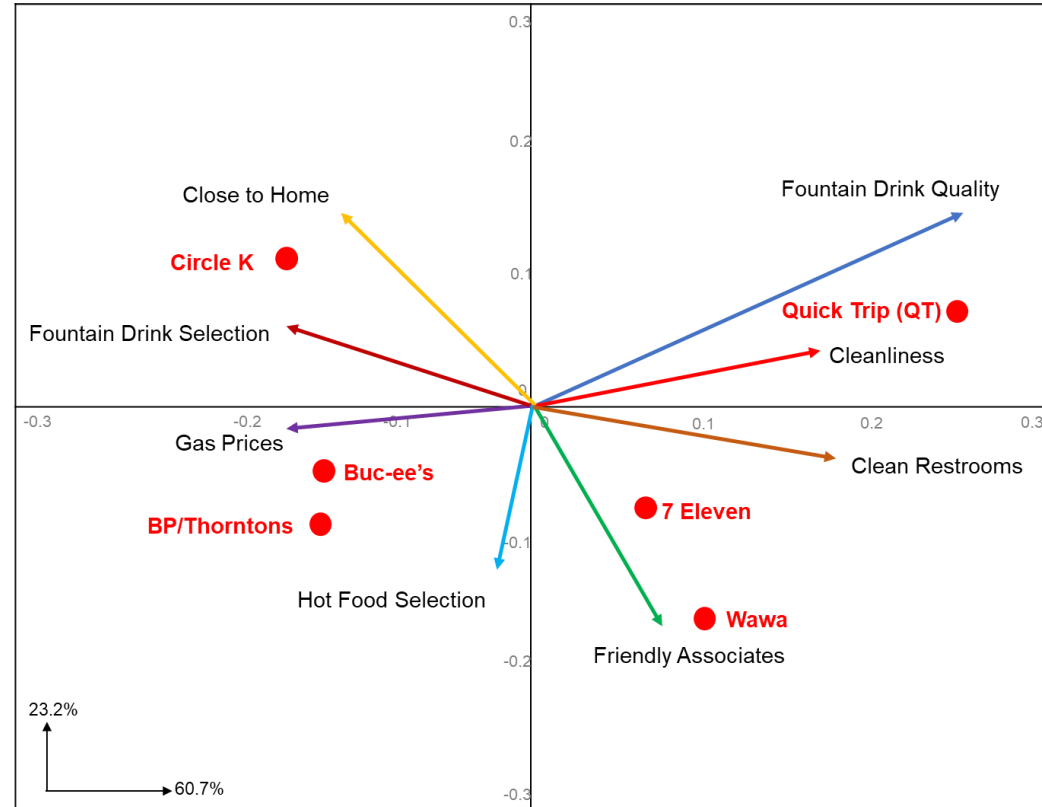
Mapping the Landscape: Bi-Plot Analysis



Biplot Analysis is a form of perceptual map that provides a visual summary of how your brand is positioned vs. key competitors in the market based on key product attributes

The goal? Determine positioning and differentiation on functional and emotional brand attributes that matter.

Example



Data is hypothetical

In Summary...Advantages of the Approach

Forward Looking

- The brand equity score is a reflection of what the market could be under certain conditions (if market barriers effectively addressed)

Actionable & Immediate ROI

- Most impactful market barriers are identifiable and effective management can produce immediate dividends in brand equity *AND* share of wallet

Segment Focused

- Attitudinal Equity calculated at the respondent-level, allowing decision-makers to identify key segments where the brand is strong or weak

A Competitive Advantage

- Pull market share from key competitors through effective management of market barriers—mitigate risks to your brand

