BUILDING & MANAGING YOUR BRAND VALUE INDEX
Today’s Discussion

• What is Brand versus Branding?
• How do you measure your Brand’s value? Why is it important?
• How does it impact a company’s performance?
• Real world examples ...
The BRAND

[VISION | REALITY]

Articulation
The BRAND
[VISION + REALITY]

- Reputation
- Products
- Experience
- Service
- Culture
- Articulation
Why is Brand Value Important?

- Strong brands generation 1.9% better total returns to shareholders (TRS) than weaker brands, who lag behind the average by 3.1%, according to a recent study by McKinsey
- They provide tangible benefits to companies:
  - Higher price points
  - Great sales volume
  - Shorter sales cycles
  - Stronger customer loyalty
  - Longer business relationships
  - Competitive insulation
- They benefit buyers, as well:
  - Simplify everyday choices (Crest vs. agonizing over toothpaste)
  - Reduce risk of complicated buying decisions (IBM vs. “unknown/untested”)
  - Provide emotional benefits (Tiffany vs. jewelry)
  - Offers a sense of community (Apple vs. nothing)
How Can Companies Better Manage Their Brands?

“(Companies) must recognize that a brand consists of more than a bundle to tangible, functional attributes; its intangible, emotional benefits, along with its ‘identity,’ frequently serve as the basis for long-term competitive differentiation and sustained loyalty.”

bvi = \frac{re^2}{p^{SM}}
How Does the BVI Work?

• **R = Rational (or Functional Benefits):** This is where most companies focus their efforts, especially B2B. It’s the stuff you sell, the checked boxes in an RFP, the better/faster/cheaper offer you make. *(Rated on a 1 - 5 scale, 5 being best)*

• **E² = Emotional Connection:** *Inside E* (*E₁*) is the strength of your employee culture and its commitment to the cause. *Outside E* (*E₀*) is the emotional connection you have with your customers/strategic partners. *(Rated on a 1 - 5 scale, 5 being best)*

• **P = Perception:** Where does the market rank you compared to competitors? *(Rated on a 1 - 10 scale, 1 being best)*
What is BVI Nirvana?

\[
BVI = \frac{5r \times 5^2e}{1p}
\]

Nirvana BVI = 125
A BVI Example

<table>
<thead>
<tr>
<th>BVI</th>
<th>Kroger®</th>
<th>Publix®</th>
<th>Whole Foods Market®</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rational</td>
<td>2</td>
<td>3.5</td>
<td>4</td>
</tr>
<tr>
<td>Emotional: inside</td>
<td>2</td>
<td>3.5</td>
<td>4.5</td>
</tr>
<tr>
<td>Emotional: outside</td>
<td>3</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Perception</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>TOTAL</td>
<td>4.2</td>
<td>24.6</td>
<td>72.3</td>
</tr>
</tbody>
</table>

*Index Data (Source: 2005 Annual Statements, Food Marketing Institute “Top U.S. Supermarket & Grocery Chains”)*
Impacting the R (Rational)

• Uncover the relevance of each buyer and the degree to which it helps distinguish the brand from those of competitors

What really matters

<table>
<thead>
<tr>
<th>Relevance</th>
<th>Differentiation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>High</td>
<td>High</td>
</tr>
</tbody>
</table>

- **ANTES**
  - Features that are important to buyers but are provided by all competitors at similar levels

- **DRIVERS**
  - Features that are both important to buyers and highly differentiated from those of competitors

- **NEUTRALs**
  - Features that are irrelevant to buyers

- **FOOLS OF GOLD**
  - Features that are distinctive but do not drive buyers’ loyalty to the brand

Getting to Preference: Connecting R to E

Preference (Crucial)
• You are the solution/service of choice because you solve an emotional and practical need
• Your offering is a repeatable selection
• Your competition must invest heavily to win your customer over

Differentiation (Motivating)
• Can position you as a viable alternative
• If you can do something better/faster/cheaper then you may win
• No loyalty to a better offer the next time

Cost of Entry (Required)
• Must have to be considered an option
• Will hurt you if you don’t
• Puts you in the position to be “out-sold”
• Can position your offering as a commodity
### Focusing on E (Emotional Connections)

**Impacts Everything – Example for “Vacation Destination”**

<table>
<thead>
<tr>
<th>Hypothetical Positioning</th>
<th>Fond Family Memories</th>
<th>Garden Lovers Paradise</th>
<th>Rejuvenation for Stressed Execs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description</strong></td>
<td>Rustic environment, family reunions, Halloween parties</td>
<td>Courses, Master Gardner certification, cross-pollination experiments</td>
<td>Spa, fine dining, romantic get-aways for execs who want quick trips</td>
</tr>
<tr>
<td><strong>Facility</strong></td>
<td>Keep existing cabins, create more lodge-like areas, bike trails</td>
<td>Garden-themed hotel, cabins. Workshop areas, walking gardens</td>
<td>High-end luxury suites, bungalows, top spa facility, romantic</td>
</tr>
<tr>
<td><strong>People</strong></td>
<td>Hire grandparents &amp;/or college students to lead family events</td>
<td>Hire Master Gardners, horticulturists, landscape architects</td>
<td>Health &amp; wellness experts, top chefs, personal concierge</td>
</tr>
<tr>
<td><strong>Target Market</strong></td>
<td>Southeast focus, women, 35+</td>
<td>National vertical market, men &amp; women, 40+</td>
<td>Major Georgia markets, CEOs, high-wealth, women, 40+</td>
</tr>
<tr>
<td><strong>Alliances</strong></td>
<td>Walmart, Kodak, schools, religious organizations</td>
<td>Pikes, Home Depot, HGTV, gardening magazines</td>
<td>Canyon Ranch, Aveda, Chambers of Commerce</td>
</tr>
<tr>
<td><strong>Messaging</strong></td>
<td>“Reconnect with the people you love”</td>
<td>“Put your passion to work”</td>
<td>“2-hours away, 2-days of pampering ... a new you”</td>
</tr>
</tbody>
</table>
Moving the P (Perception) Requires Positioning & Promotion!

South Carolina Federal Credit Union

BEFORE
South Carolina Federal Credit Union is a 70-year institution that provides financial services to its members in 16 locations across the state.

AFTER
“I am South Carolina Federal and I walk in my members’ shoes. I know what it’s like to be busy and need convenience. I understand the need to plan ahead, and take pride in being the one who knows the next steps to take. I am an anticipator, navigator, facilitator. I simply. I am one step ahead of life for our members.”

BVI: 5.4

BVI: 22.6 (w/n 4 months)
The Whole Package

South Carolina Federal Credit Union

The BRAND
[UNION • REALITY]

- Reputation
- Products
- Experience
- Service
- Culture
- Articulation

LIFE SIMPLIFIED™

abovo group
South Carolina Federal: Results

- New member application requests were 79 for October, 2006 (external launch began mid-October) and were 311 for November, 2006.
- 7,561 new checking accounts opened between November 1, 2006 and January 26, 2007.
- Visits to scfederal.org went from 154,283 in February, 2006 to 364,742 in February, 2007.
- 26,463 pairs of shoes donated for civic outreach campaign (donate 2 pairs of shoes and South Carolina Federal buys a pair of shoes for a needy child). Campaign ran from November - December, 2006. Goal was to get 10,000 pairs.
- Memberships at an all-time high ... still benchmarking results.