



Georgia State University - Economic Forecasting Summit  
May 23, 2007

## BUILDING & MANAGING YOUR BRAND VALUE INDEX

# | Today's Discussion

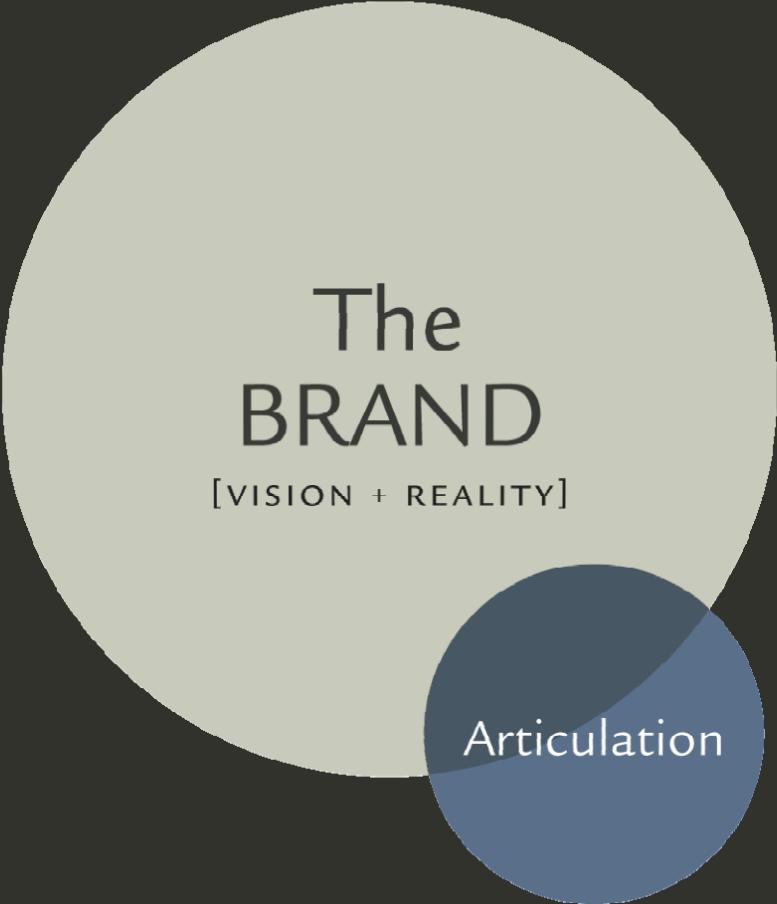
- What is Brand versus Branding?
- How do you measure your Brand's value? Why is it important?
- How does it impact a company's performance?
- Real world examples ...



The  
BRAND  
[VISION + REALITY]



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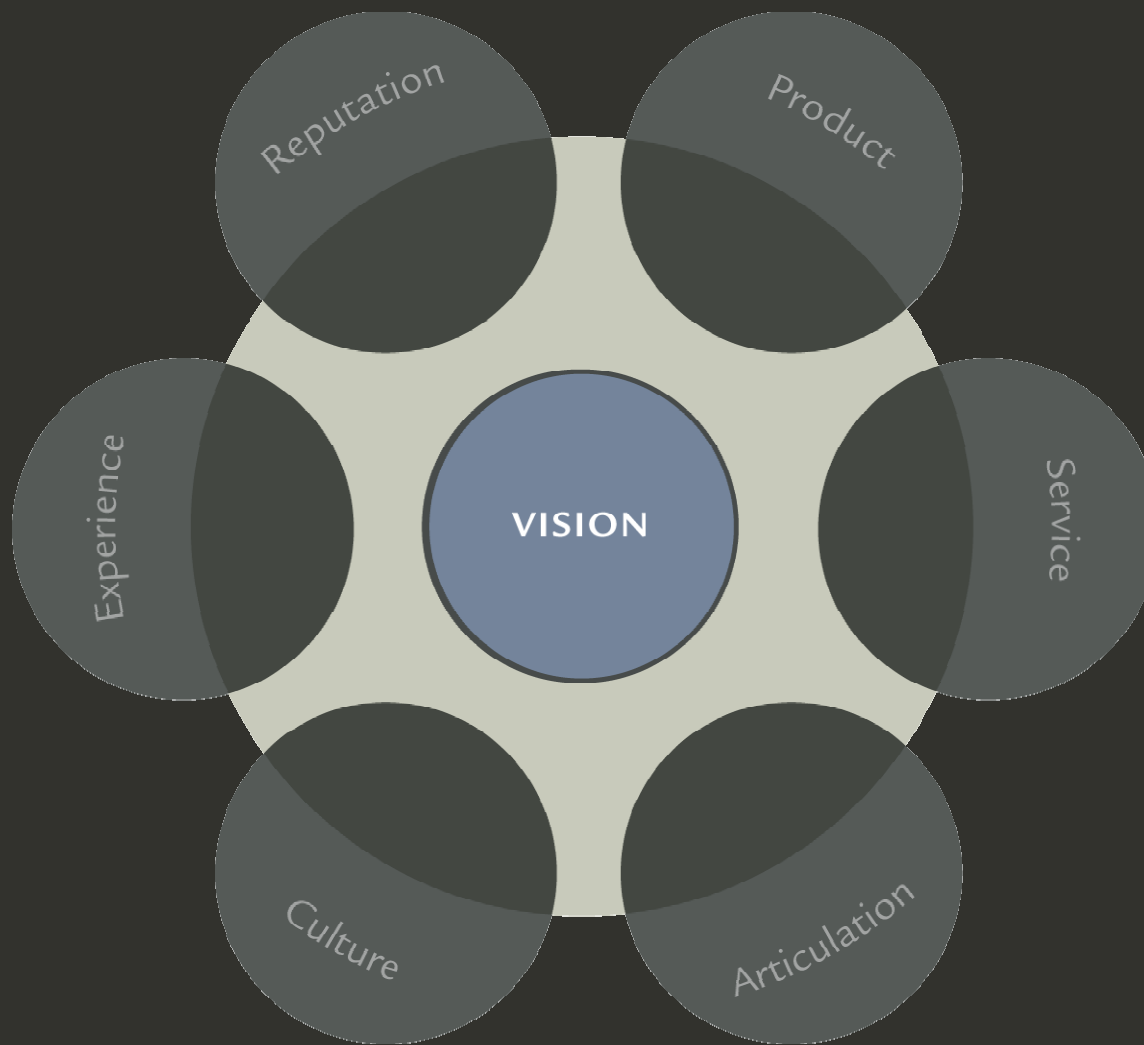


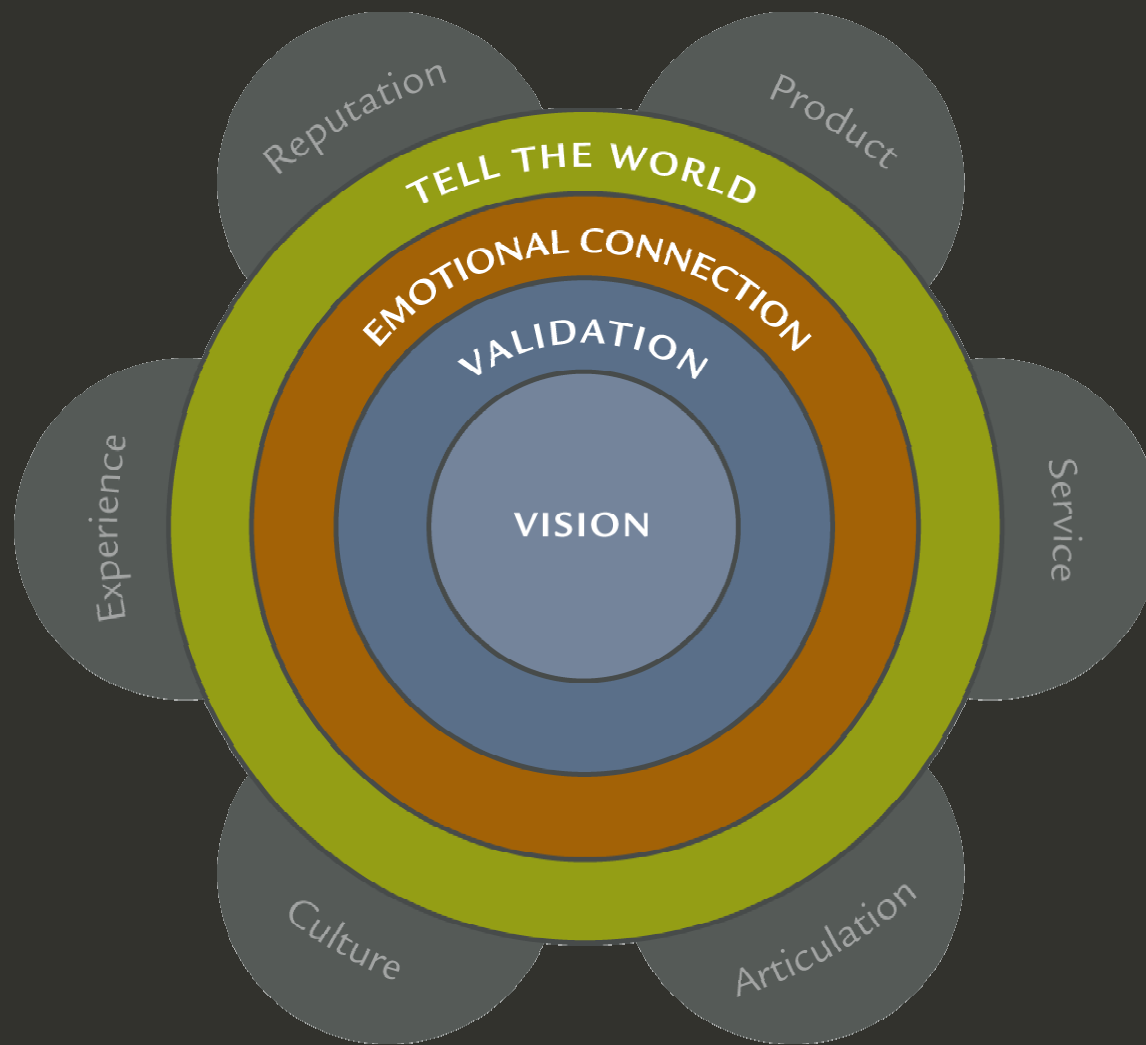
The  
BRAND  
[VISION + REALITY]

The diagram consists of two overlapping circles. The larger circle on the left is light beige and contains the text 'The BRAND [VISION + REALITY]'. The smaller circle on the right is dark blue and contains the text 'Articulation'. The overlapping area between the two circles is a darker shade of blue.

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)

## I How Can Companies Better Manage Their Brands?

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

*Source: “Better Branding,” McKinsey & Co.*

$$bvi = \frac{re^2}{p}_{SM}$$



## 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)*
- **E<sup>2</sup> = Emotional Connection:** *Inside E (E<sub>i</sub>)* is the strength of your employee culture and its commitment to the cause. *Outside E (E<sub>o</sub>)* 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?

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

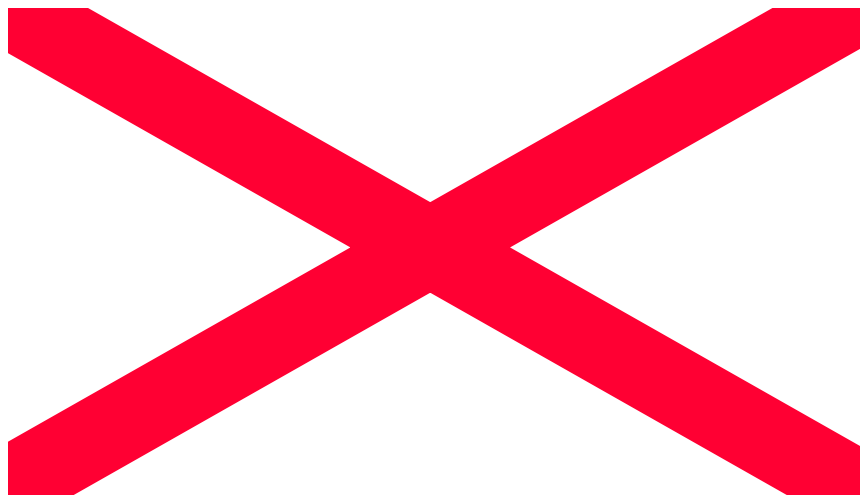
Nirvana BVI = 125

## A BVI Example

BVI	Kroger®	Publix®	Whole Foods Market®
Rational	2	3.5	4
Emotional: inside	2	3.5	4.5
Emotional: outside	3	4	4
Perception	3	2	1
TOTAL	4.2	24.6	72.3

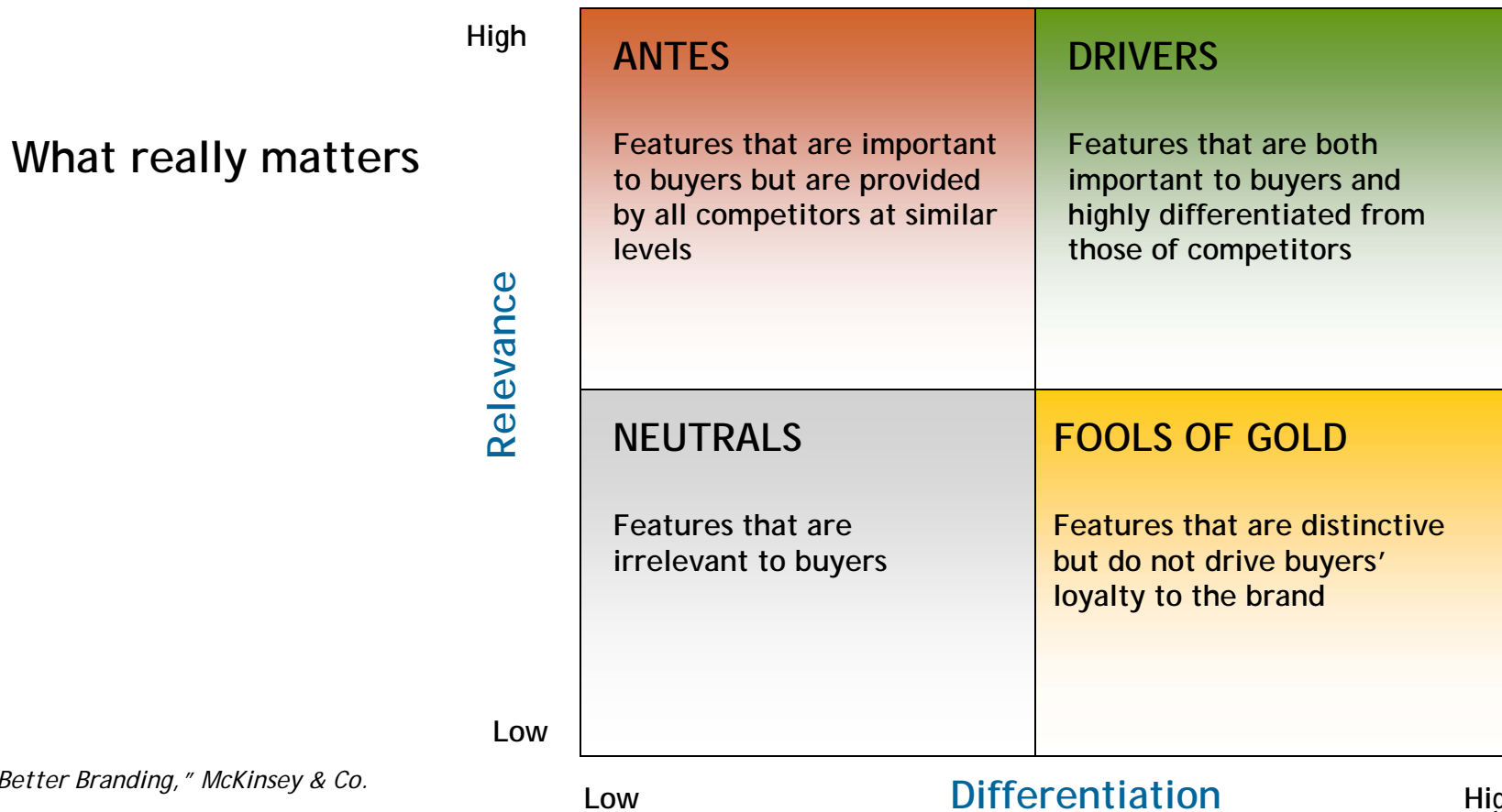
*Index Data (Source: 2005 Annual Statements,  
Food Marketing Institute "Top U.S. Supermarket & Grocery Chains")*

## BVI Bottom Line



# Impacting the R (Rational)

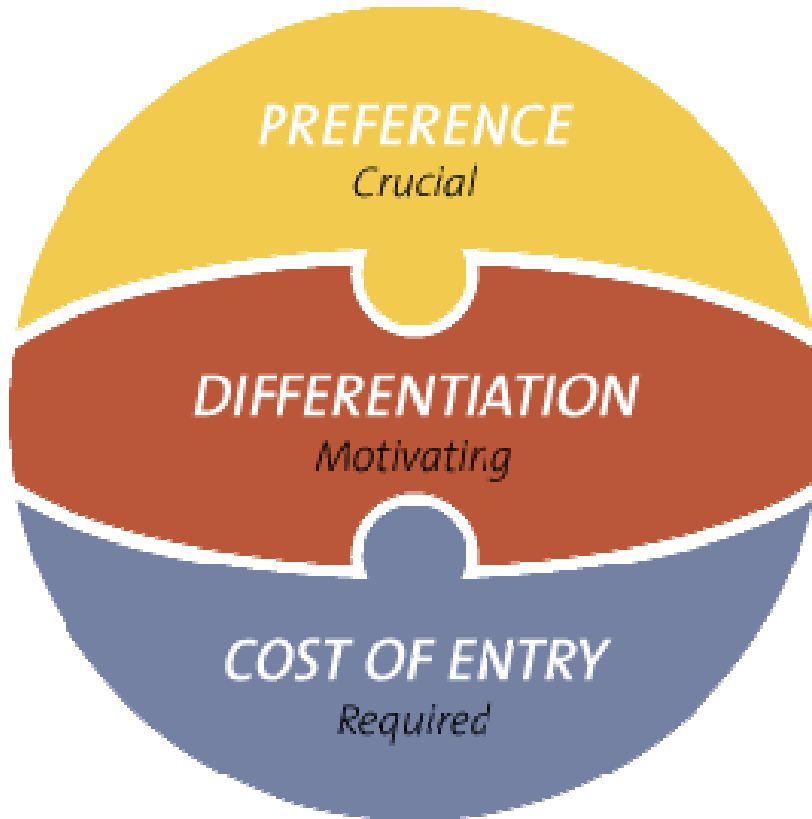
- Uncover the relevance of each buyer and the degree to which it helps distinguish the brand from those of competitors



Source: "Better Branding," McKinsey & Co.

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# 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”

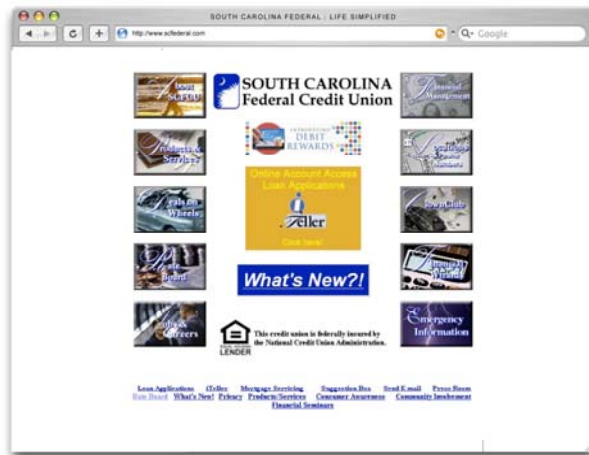
Hypothetical Positioning	Fond Family Memories	Garden Lovers Paradise	Rejuvenation for Stressed Execs
Description	Rustic environment, family reunions, Halloween parties	Courses, Master Gardner certification, cross-pollination experiments	Spa, fine dining, romantic get-aways for execs who want quick trips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

# 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.



BVI: 5.4

### AFTER

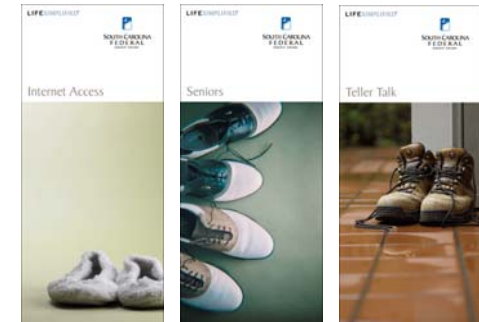
"I am South Carolina Federal and I walk in my members' shoes. I know what it's like to be busy and need convenience. I understand the need to plan ahead, and take pride in being the one who knows the next steps to take. I am an anticipator, navigator, facilitator. I simply. I am one step ahead of life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



BVI: 22.6 (w/n 4 months)

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# The Whole Package



LIFE SIMPLIFIED<sup>SM</sup>

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## 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.