

Understanding the value of memory metrics in brand health tracking research

by

Malgorzata Ludwichowska-Alluigi

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Supervisors:

Mars Professor **Magda Nenycz-Thiel**

Associate Professor **John Dawes**

Professor **Byron Sharp**

University of South Australia

School of Marketing, Division of Business



University of South Australia, North Terrace, Adelaide, SA, 5000

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Abstract

To account for marketing performance, marketers need reliable and valid metrics to monitor progress on their brand building activities. Hard metrics (e.g. behavioural, sales and transaction measures) remain the key measures of brands' current in-market performance, but are still far from perfect diagnostics of how a brand is poised for future growth (Ailawadi et al., 2003). Hard metrics are influenced by short-term strategies, such as price promotions, which add little to the long-term performance of the brand (Scriven and Ehrenberg, 2004). For large, established brands sales are often insensitive to advertising changes. So, marketers consult memory metrics (i.e. consumer-based brand equity metrics) for better understanding of the effects of marketing activities on consumers' memories and how they translate to brand performance. Consumer-based brand equity (CBBE) is 'a set of perceptions, attitudes, knowledge, and behaviours on the part of consumers that result in increased utility and allows a brand to earn greater volume or greater margins than it could without a brand name.' (Christodoulides et al. 2010, p. 5). Hence, there is also the belief that 'brand value' can be measured with memory metrics.

Many marketers of large brands spend a considerable amount of time and portion of their research budget measuring and monitoring CBBE to inform their brand managerial decisions. The challenge however is that CBBE is multidimensional (Aaker, 1996), and there are many traditional and proprietary metrics proposed to capture this concept (Pappu et al., 2005, Baalbaki and Guzmán, 2016, Datta, 2017). Much remains to be uncovered on the optimal metrics for tracking CBBE over time. More evidence is needed to advance knowledge on the meaning and value of the memory metrics, how they inform tactical and strategic decisions and how they relate to other metrics (e.g. brand equity and behavioural).

This thesis aims to increase understanding in this area by investigating the metrics' diagnostic and prognostic ability from two perspectives: (1) interviewing expert practitioners on their views, experiences and practices regarding the value of these metrics and (2) a quantitative assessment of the performance of memory metrics using a commercial, longitudinal brand tracking data from two consumer packaged goods categories. The findings from these studies are triangulated and interpreted in light of the current brand equity literature.

The focus of this research is on measuring brand awareness (Assael and Day, 1968), attitudes towards brands (Axelrod, 1968) and brand's mental availability (Romaniuk and Sharp,

2004c). All three CBBE components are embedded in the Associative Network Theory (ANT) that consumers use a network of brand associations to retrieve brands from memory during purchase decisions. In the most proclaimed brand equity frameworks brand associations are key components of CBBE (Aaker, 1991, Keller, 1993). All three components are proposed in the literature as antecedents of consumer buying behaviour, but the metrics underpinning these concepts' remain significantly under-researched (e.g. Hanssens and Pauwels, 2016, Romaniuk et al., 2017, Stocchi and Fuller, 2017).

The qualitative study explores first the perceptions and experiences of key practitioners on the value of the metrics across ten global organisations. The research questions pertain to the type of memory metrics used in tracking and their usefulness in building insights to inform marketing decisions and strategies. These include: (1) diagnostics of brand health and performance, (2) indicators of brand growth or decline, and (3) indicators of the effectiveness of marketing campaigns. Practitioners were also asked how, in their opinion, the measurement of CBBE could be improved. An external industry elite expert validated the research findings.

The quantitative study examines UK time-series brand-level tracker data in two consumer packaged goods categories over 4.5 years. The objective is twofold: (1) to investigate the inter-relationships between the memory metrics using an explorative factor analysis, and (2) inform which metrics are selected to test their time-lagged relationship with brand performance measures. Findings from the quantitative studies strengthened the standpoint of the qualitative research outcomes and provided additional evidence about the value of the memory metrics. The key research findings reveal that:

Practitioners' are unsure how to best measure CBBE.

Organisations use different strategies to select tracker metrics. They also use different frameworks and track various traditional, self-constructed and proprietary metrics. Research agencies have a major influence on the dissimilarities, as they are the main providers of longitudinal brand health tracker (BHT) projects. Their sales agenda encourages apparent differentiation amongst competitors and discourages industry standardisation of the CBBE lexicon and measurement. All organisations tracked awareness and many used attitudinal metrics to track CBBE. Few measured mental availability. Practitioners often questioned the validity of the utilised measures and acknowledged the lack of understanding on how the metrics correspond with other marketing measures. They were in agreement that evidence-based core memory metrics are needed. Many also noted that memory metrics are poor

indicators of effectiveness of marketing campaigns and are not trusted as robust predictors of a brand's future growth. These obvious weaknesses of the utilised metrics, combined with practitioners' sparse knowledge of recent academic advances in CBBE measurement (e.g. evidence that attitudes do not drive behaviour) make practitioners ill-equipped to interpret CBBE data into brand-building insights. The quantitative research findings provided preliminary insights about the metrics' diagnostic and prognostic ability:

Mental market share and unaided awareness metrics are potentially strong diagnostics of CBBE. Yet, based on this study, their predictive ability is low.

An explorative factor analysis (EFA) was used to reveal the metrics' strength of association with the CBBE construct. Results showed that memory metrics (i.e. *mental market share* (MMS), *unaided awareness* (UA)) were the best-suited diagnostic measures of CBBE among a set of mental availability, awareness and attitudinal metrics. However, they showed low potential to be leading indicators of brand growth or decline. Change in the memory metric scores had weak correspondence with future change in sales volume and penetration. This preliminary evidence shows that MMS and UA have low predictive ability.

Validation studies are required to advance knowledge on the diagnostic and prognostic value of the memory metrics.

Marketers need to demand more transparency from consultancy agencies around the metrics they buy and the evidence of their claimed relationship with the behavioural data. Researchers should aim for more replication and extension studies building on the existing knowledge, and scrutinising the currently proposed approaches. Data sourced from commercial brand health trackers would be optimal to perform such validations. However, organisations often change their frameworks and metrics, so there are insufficient longitudinal insights in showing long-term effects on brands (e.g. 10 years). As tracking is reasonable affordable experimentation with these metrics is a common approach. To ensure that research budgets are well utilised, practitioners should use empirical evidence to support their decisions when selecting memory metrics for the BHT.