Brand.

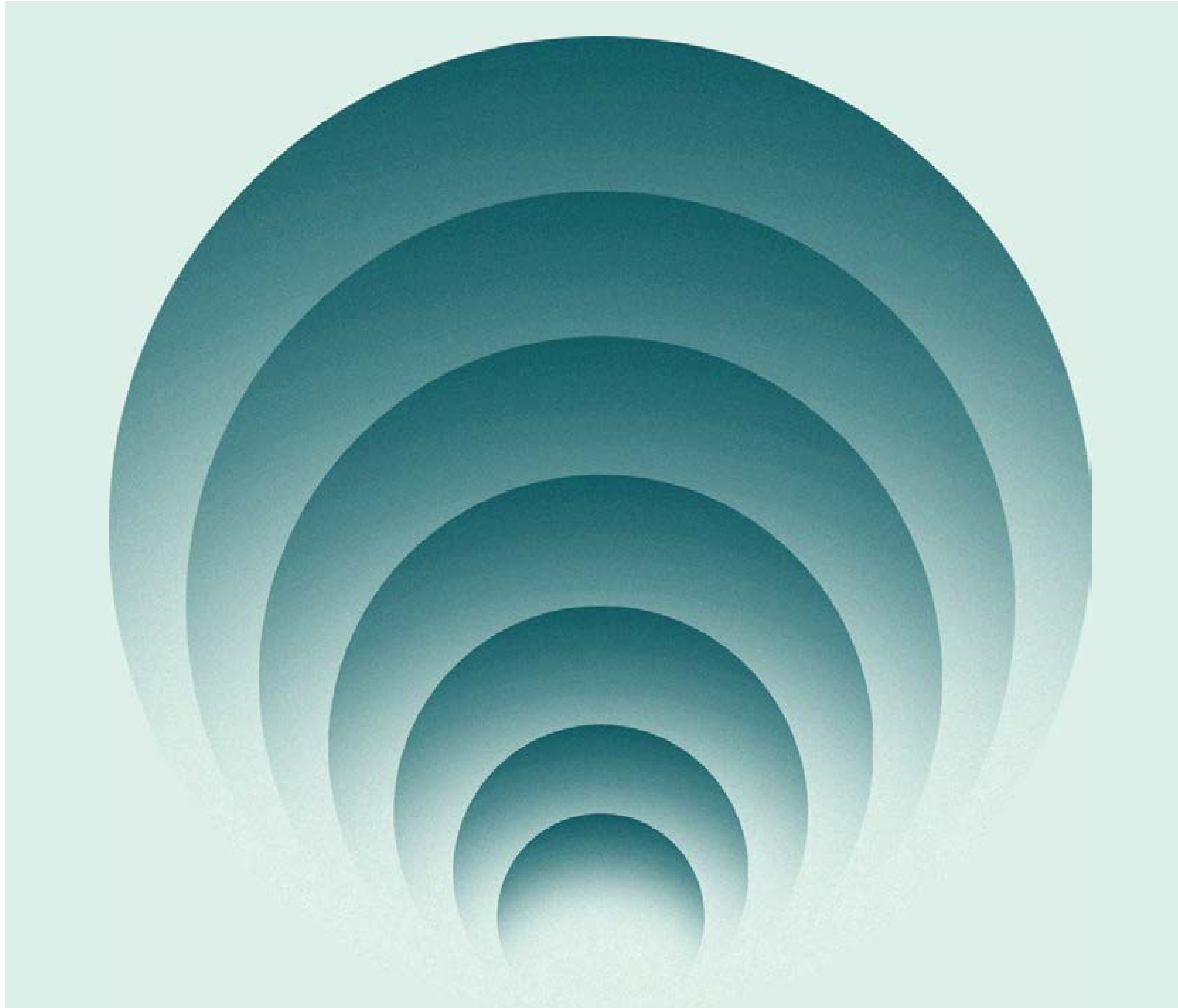
Make brand a C-suite priority.

Introducing BrandWorth— a
powerful new way to measure
the impact of brand investment.

Deloitte.
Digital

Improve brand ROI on every stage of your marketing funnel, including customer acquisition. We cover:

- **The difficulty CMOs have prioritizing brand investment,** particularly in times of economic downturn or within sales-driven organizations focused on short-term wins.
- **New research** that reveals the shared attributes of the world's most successful brands, tested across 24,000 brands and 21 industries.
- **How those newly revealed attributes spawned BrandWorth™,** a tool designed to help CMOs measure, model, and improve the value of branding across their organization.
- **Why BrandWorth outperforms other metrics** like awareness, consideration, and even NPS when it comes to branding ROI.
- **Where CMOs should focus** when looking to change the C-suite conversation around brand investment.



Want to change the conversation around brand? Stop all the **brand-splaining.**

There you are in the executive boardroom faced with defending your budget.

As you go around the table, it's clear yours is not the only department with needs. The CTO wants to make a massive move to cloud. The CFO is pitching new operating models in finance. In operations, the demand for training and new skill sets in AI is pressing.

Amid the discussion, the CEO weighs trade-offs and maps out a plan to show the board how new investments can drive revenue and help the company hit its quarterly numbers.

The debate gets more urgent as a tangle of uncertainties spills out, from the economic downturn to supply chain instability, from regulatory change to talent shortages. Essentially, every department head is facing unknowns and looking to generate efficiencies or cash flow. Or both.

At first, you launch into brand-splaining mode, but quickly realize soft, fuzzy notions of turning customers into brand evangelists have little sway against detailed ROI spreadsheets. Even when you point to click-through rates, engagement levels and purchase intent, you get "prove it to me" looks from your fellow execs.

The team is clear on its position. Everyone wants you to reallocate branding funds to more direct, transactional marketing efforts—or maybe even shift spending away from marketing altogether—to help generate or free up the cash needed to fund their enterprise-level priorities.

Gut instinct tells you it's the wrong move. **You know your brand is more than a marketing tool, that it truly is a financial asset—one that can be leveraged to attract better talent, create pricing power, identify unexpected partnerships and generate sales beyond the now.** Moreover, you believe strongly that shifting to transactional tactics will simply erode your brand's ability to enhance the lifetime value of customers.

But, as any C-level executive knows, you can't defend a budget with "My gut tells me …" What you need is objective evidence of what you intuitively know: investing in brand lifts every part of the company, including the bottom line, and does so with equal or greater lift than other areas of investment.

Time to slip BrandWorth into the conversation.

BrandWorth began as a search for a better way to understand the real, financial impact of brand investment today—given the new role of data, the expanding number of channels and the mercurial nature of consumer loyalty. That search yielded something better than insight alone. It informed a new tool that can help CMOs model brand impact over time, by audience and against their competitors.

We started by analyzing 24,000 brands across 21 different sectors and surveying some 200,000 consumers about their relationships with those brands. We explored marketing metrics like brand awareness, consideration, and purchase intent alongside hardcore bottom-line measurables such as stock price, market cap and revenue.

From that comprehensive research emerged four defining metrics that show a direct impact on revenue growth. In our research, companies that scored above the average against our metrics showed a 150% increase in aided awareness. They scored 175% higher in positive brand impression and 185% higher for purchase consideration. *Perhaps most telling, the brands that scored above the average increased their customer acquisition rates by 200%.*

More telling, at every stage of the marketing funnel from awareness to acquisition, brands that scored well in BrandWorth trounced the competition where it matters most: sales revenue. And those findings held across 90% of the brands we analyzed over the course of 20 fiscal quarters.

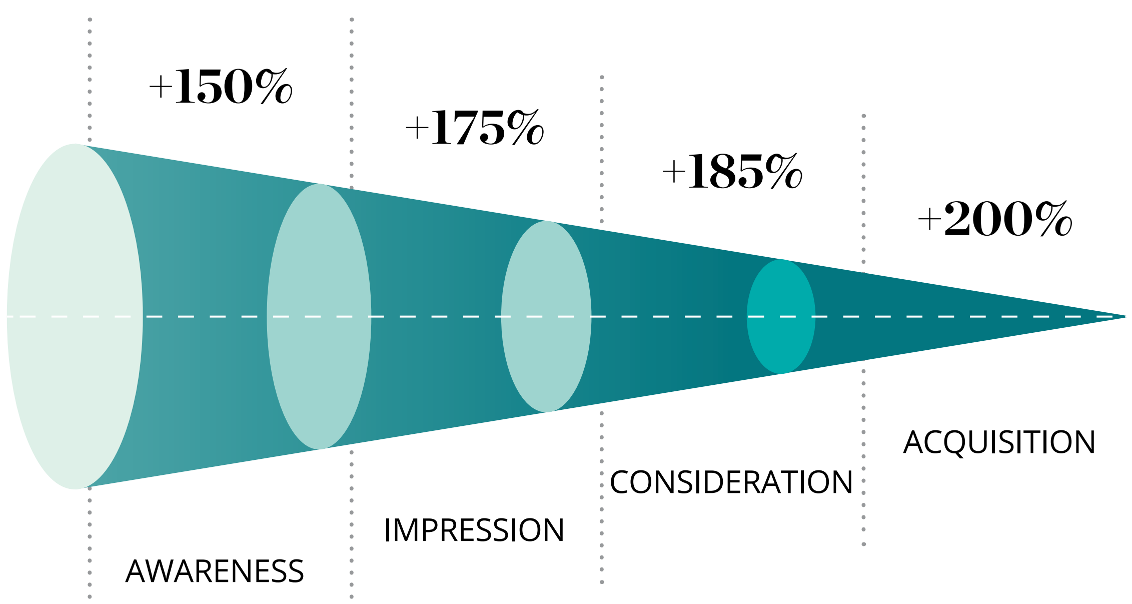
The four metrics behind BrandWorth are:

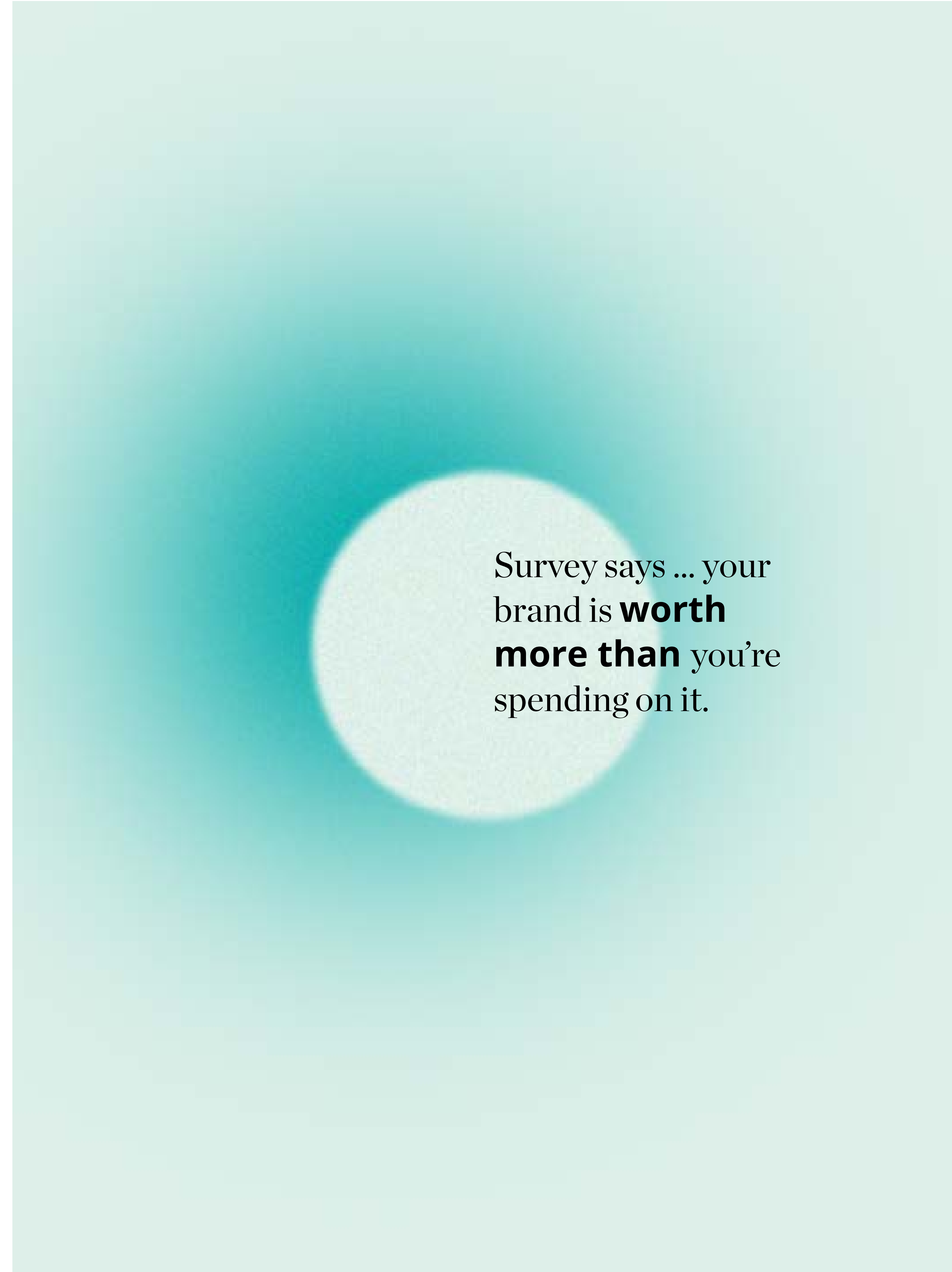
- **Values Alignment**
- **Experience Satisfaction**
- **Message Memorability**
- **Share of Culture**

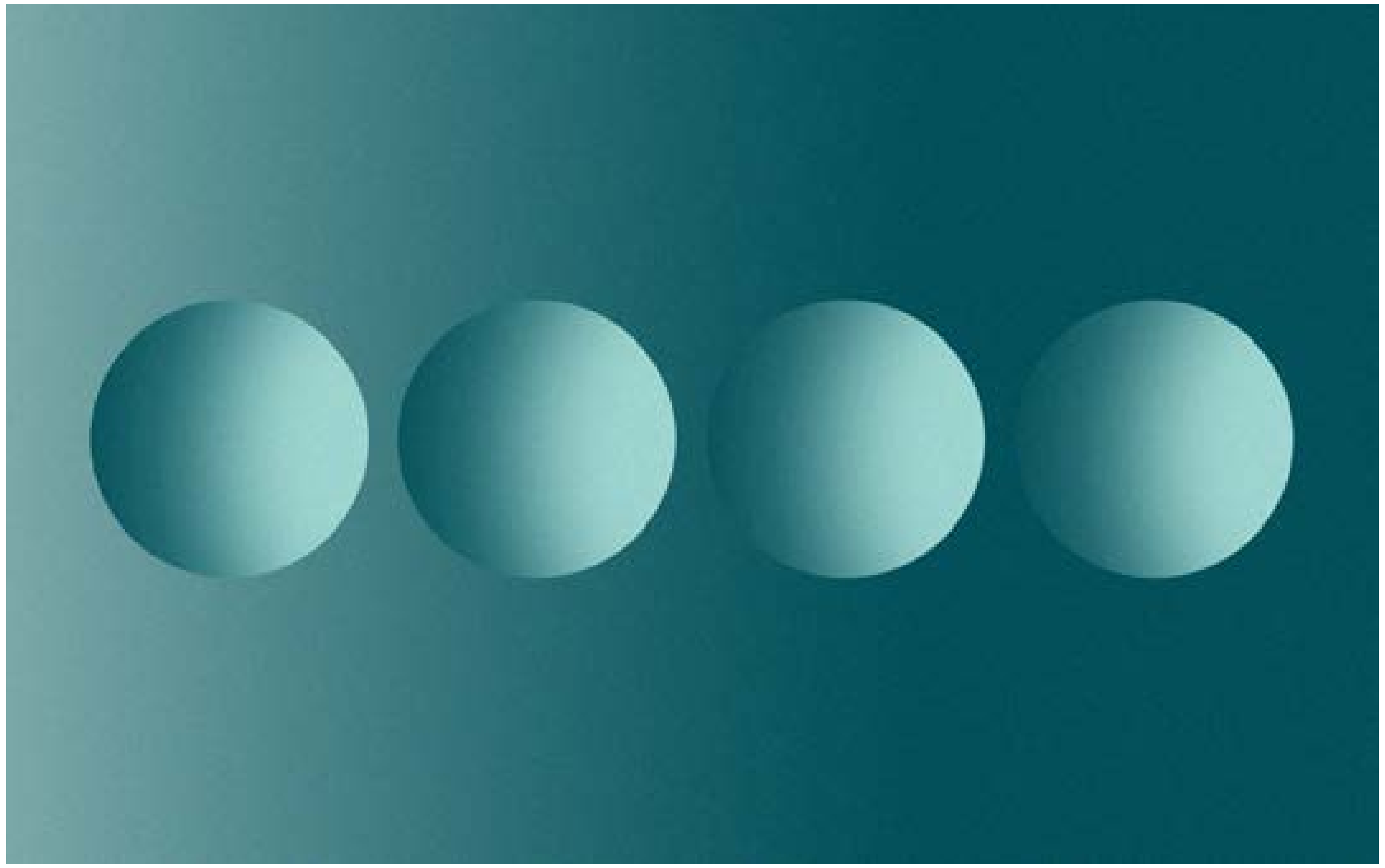
Let's take a look at each metric and why, when aggregated together, they create such a strong foundation for defending the bottom-line contribution of branding.

BrandWorth impact on funnel dynamics

Brands that scored well for our metrics outperformed those that didn't at every stage of the marketing funnel.



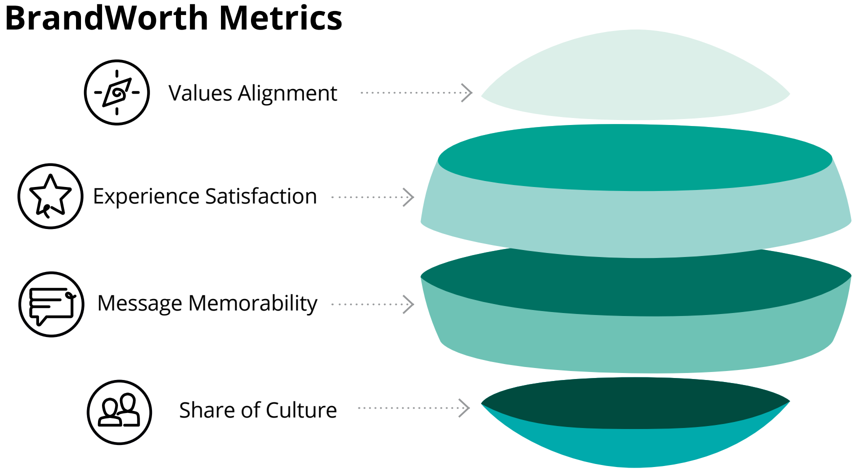




Four telling metrics speak volumes on **the power of branding.**

BrandWorth metrics start where most relationships do—with Values Alignment. This measures whether an audience feels the organization shares their values and motivates them to engage. In every facet of life people tend to “hang out” with others who share their view of the world. We see this with brands and consumers every day, and it’s only been made more apparent by recent events.

BrandWorth Metrics



For the purposes of this paper, this is what we mean when we reference “branding.”

In our own BrandWorth study, shared values proved powerful - and exponentially so. Brands that scored slightly above average for Values Alignment showed customer loyalty scores that were 167% higher than the average across all brands, with brands in the top 10% for Values Alignment doing exponentially better, scoring 261% higher than average.

That level of Values Alignment impacts more than click-through rates and one-off transactions. It can help product designers overcome the occasional miscue with customers. It can help grow incremental revenue through repeat purchases and churn reduction. It can even help attract and retain great talent from front office to back office.

Experience Satisfaction also proved meaningful. This measures whether the products and experiences leave the audience wanting more. Today, with all the data and channels CMOs and CXOs have at their disposal, experience has become every brand’s holy grail. In 2019, a study from Gartner found that 86% of marketing leaders expected to be competing completely or mostly on experience in the coming years.[1] That has proven prescient. In the BrandWorth study, Experience Satisfaction correlated more strongly to purchase intent than NPS scores or even perceptions of quality or value by some 12%.

In large part, that’s because on-brand experience delivery is about much more than a logo, tagline or clever digital placement. Companies must approach it holistically with sales, service, product development, supply, operations, and IT working together in a mutually-beneficial system. The C-level takeaway? *The brand investment you make as a CMO is also an investment in the performance of departments and divisions outside of marketing.*

The third metric we’ve identified is Message Memorability. This measures whether the messages are reaching the audience at the right time, capturing their attention, and creating desire. That might not seem like much of a finding, but what’s most telling is how effective a memorable campaign can be at sparking conversion, particularly among existing customers. In some cases, campaigns by the top brands we studied converted 75 of every 100 customers reached. Compare that to average conversion rates of 15% from aided awareness, or even 39% from positive impression. Memorability not only fills the prospect funnel, it moves people through that funnel repeatedly and more frequently.

The point to consider here is that what makes a message memorable isn’t just the message itself. Instead, it’s how that message is echoed by the quality of a product, the attentiveness of a service agent, or even a public commitment to social justice. Messages that consistently reflect expected and desired behaviors of a given brand tend to make them easier to recall and more positively influential. Again, this shows how brand impacts other areas of the business, and vice versa.

The final BrandWorth measure is a brand’s Share of Culture. This measures whether a brand is broadening relationships by participating with audiences not just talking to them; it is the percentage of people surveyed who have heard or spoken about a brand positively. Marketers would have traditionally called this “word of mouth,” but words and mouths hardly convey how digital reviews, memes and unboxing videos spark dynamic cultures and ripples of influence around modern brands.

Culture reinforces to customers that by aligning to your brand, they’re participating in something bigger. They identify with you and most importantly with one another, strengthening and expanding their connections to your brand. That, in turn, keeps your product or service on their “shopping” lists even when they cut back on discretionary spending. It also generates a halo of goodwill that has a positive impact every time they interact with you—good or bad.

Taken individually, each of these four metrics provides insight into what drives awareness, consideration, and loyalty for brands. They can each be extraordinarily effective tools in explaining why brand is valuable beyond ads and sales, but the real power is when they work together and amplify one another. That is BrandWorth™, and reveals the true relationship between branding and enterprise growth.

1 to $1,025,000,000: the brand relationship every CMO should be talking about.

BrandWorth scores are calculated using consumer surveys that assess performance across our four metrics. Scores are expressed as a percentage of the audience. So, for example, if 14% of consumers surveyed understand and align with your brand's values, your BrandWorth score for Values Alignment would be 14. A score of 23 in Message Memorability equates to 23% of customers recalling your messages positively. And so on. The average of the four metrics is your total BrandWorth score.

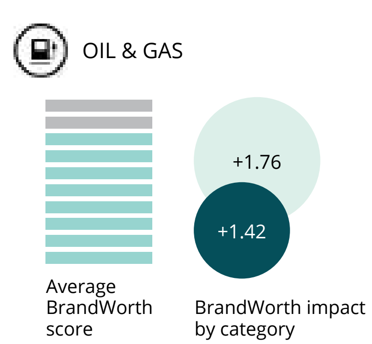
In our research, we were able to use BrandWorth scores to set benchmarks by industry. Then we correlated that with the quarterly revenue gains and losses reported by the publicly traded companies we studied. We found that on average, the relationship between a change in BrandWorth score and revenue was 1 to $1,025,000,000. Or more precisely, every one-point increase in total BrandWorth score per fiscal quarter resulted in $1.025BN in incremental revenue in that same quarter. And that correlation was strong—a 0.7 on the Pearson correlation scale. To put that in context, BrandWorth metrics had a stronger correlation to revenue than increasing awareness, impression, consideration, or even a company's Net Promoter Score.

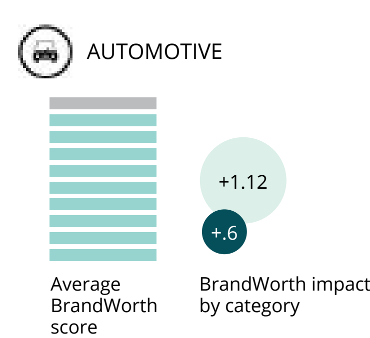
Those numbers show the power of brand investment—imagine increasing purchase rates by a point and a half in a quarter for your brand. Yet they also reveal the level of competition CMOs face. We were able to benchmark various sectors and industries and in the automotive sector, gaining a point in a BrandWorth score yields less impact in automotive than in oil and gas, as an example. That's because car companies spend a lot more on their branding and advertising than do fuel companies, which in turn creates a more competitive branding environment.

To put that in context, BrandWorth metrics had a stronger correlation to revenue than increasing awareness, impression, consideration, or even a company's Net Promoter Score.

BrandWorth scores were also telling in other ways. For example, in the automotive sector a one-point increase in BrandWorth score correlated with a 1.12% increase in consideration and a 0.6% increase in purchase rate (from, say, 10% to 11.12% and 10% to 10.06%), while that same one-point increase boosted consideration by 1.76% and purchase rate by 1.42% in oil and gas.

BrandWorth reveals the power, performance, and competitive nature of of branding like no other measure to date.

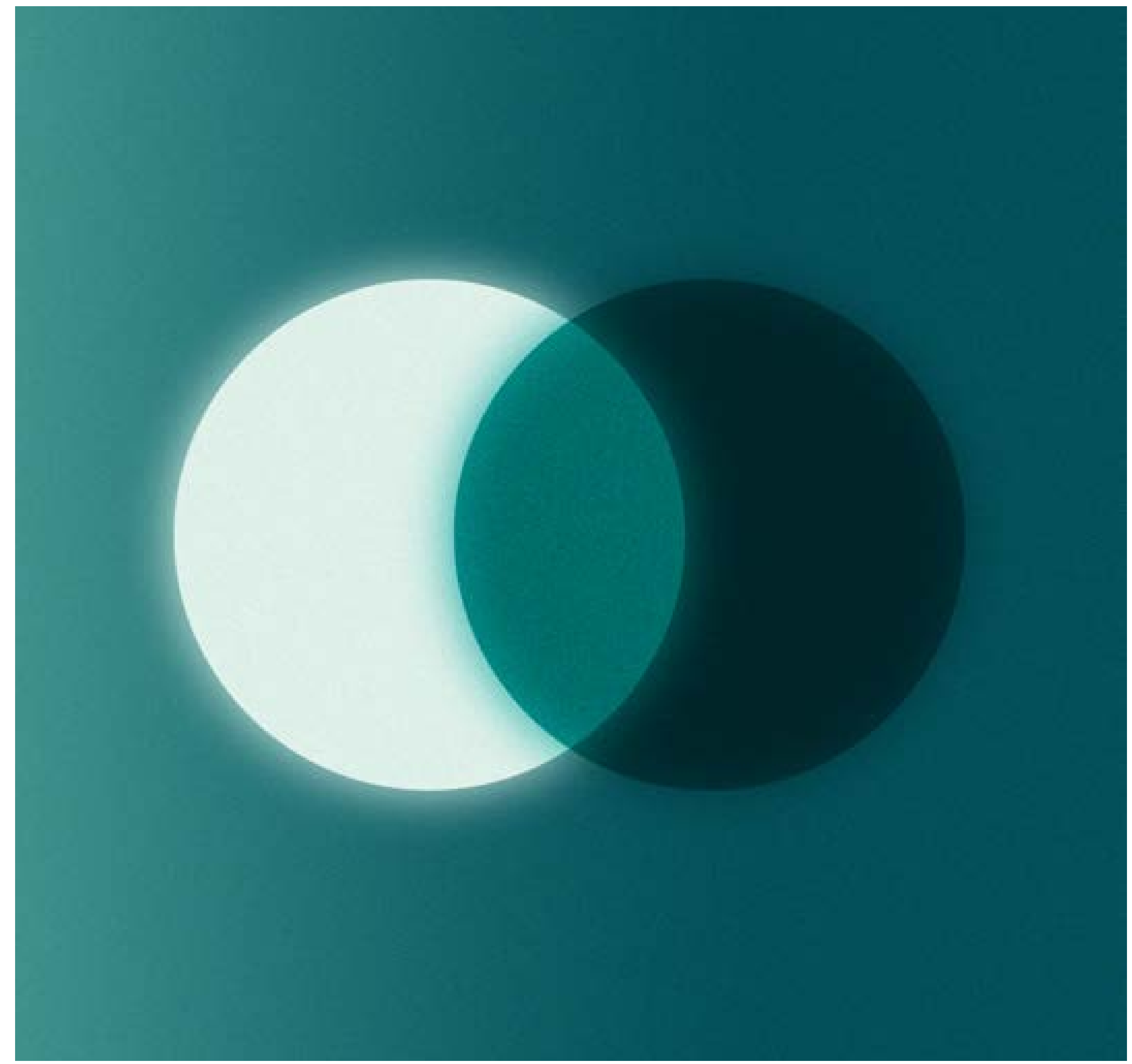


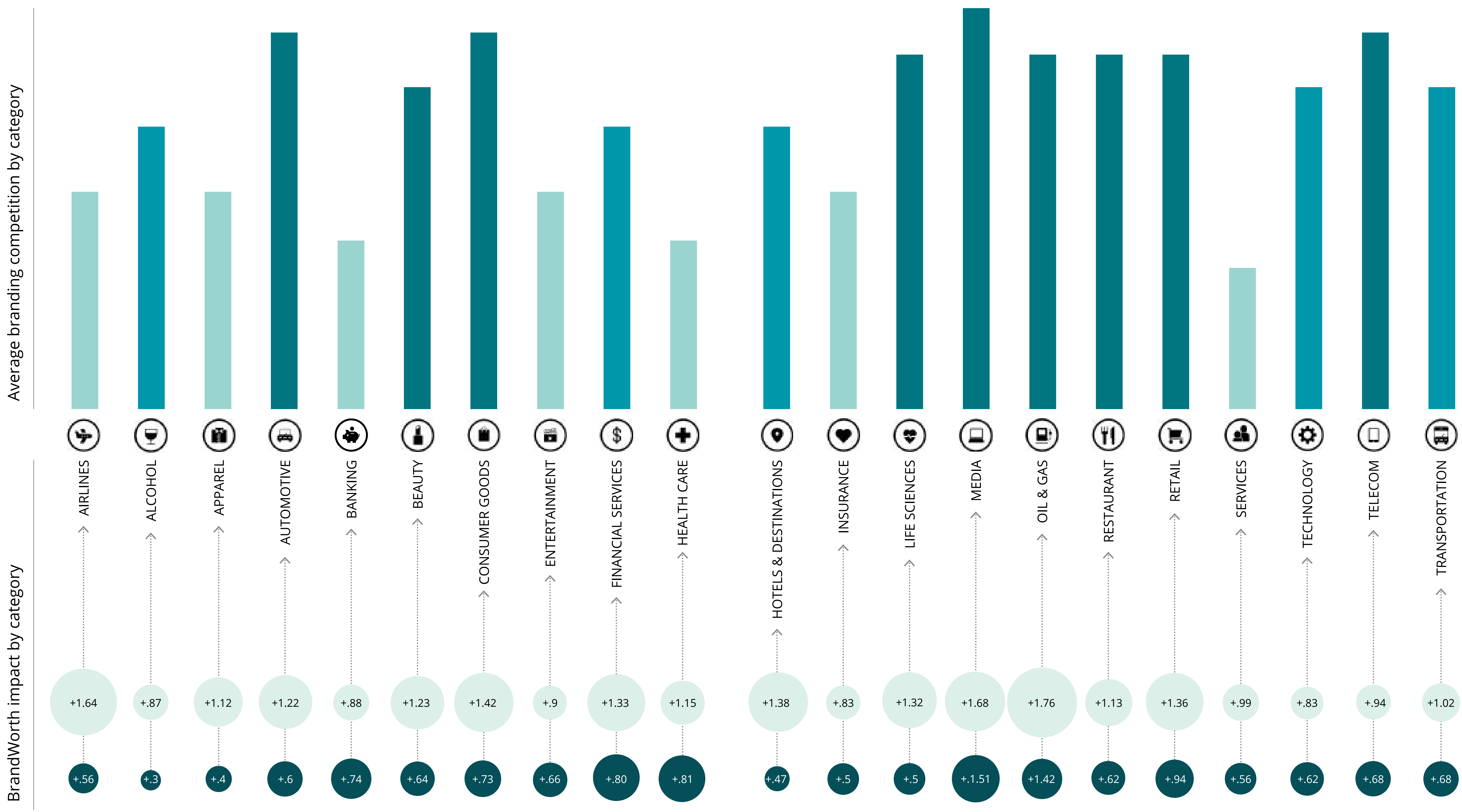


Bottom line, investing appropriately in your brand and in accordance with the level of competition you face is a powerful driver of revenue. One strategic implication is that while it's common practice for companies to invest in brand-focused marketing after achieving incremental revenue gains, smart CMOs should strongly consider continuous investment regardless of revenue position. But that's just a start.

Given our findings, CMOs should be looking at how they can align with their audience's ***values***. They should work to influence the kind of on-brand *experiences* their customers want across product, purchase, and service. Consider how they can make their messages more *memorable*—not only through better creative, but also through the timing, delivery, consistency, and relevance of those messages and how they align to the broader brand experience. Finally, CMOs should closely monitor their audience's *culture* by collecting social data and working to reflect and participate with those communities.

Do that, and the powerful relationship between your brand and your company's revenue will be hard for anyone in the C-suite to ignore.





Above: The average percentage increase in consideration and acquisition levels per quarter, driven by a single point increase in overall BrandWorth score.

Consideration Acquisition

Reshape the conversation. **And the room shifts.**

That brings us back to where we started—the executive boardroom where there's pressure to abandon branding at some level in the coming fiscal quarter. But now you have a new way to shape the conversation.

Yes, limited-time offers and direct-to-consumer tactics are cheaper, relatively easy to measure and can spark sales to generate short-term cash. However, they are rarely aligned with your audience's values, have little impact on experience, and can't possibly drive culture-level connection the way branding does. *Which means they don't impact the performance of other business areas and therefore don't have the same type of ripple effect on revenue.* For proof, you can cite our research where—quarter by quarter—branding outperformed direct-to-consumer efforts significantly for the great majority of brands measured.

When someone asks why that is, you can lean into another financial term: amortization. Branding impacts far more than transactional consideration or even the sale. It fuels loyalty, retains margins, attracts talent, generates first-party data, yields better vendor contracts, buys good will, and sparks partnerships, opportunities, and sales no other investment—marketing or otherwise—can.

We'd argue then (and you should too) that it's important to maintain or enhance brand spend as a general rule. But it's *especially* important when there's pressure to make cuts in branding because you're not currently the dominant player in your market, your sector isn't hypercompetitive, or an economic downturn creates dips in revenue.

In such cases, it can be tempting for everyone at the table, including CMOs, to think near-term and shift brand advertising funds to half-off sales or away from marketing altogether. But as BrandWorth™ shows—across 24,000 brands over a period of four years—doing the opposite tends to be more effective and impactful to the bottom line.

There will always be trade-offs when it comes to budget. And hard decisions do have to be made. But in an era when brands inspire cultures, drive loyalty, and deliver customer experiences that defend market share, an investment in branding is an investment in the financial future of your entire company.

And that's a conversation any C-suite—including yours—should welcome.

Prove your brand's worth with **BrandWorth™**

Your brand is a financial asset that benefits every part of your company. Show it.

1

Establish your BrandWorth™ baseline and monitor aand benchmark it compared to the average in your industry.

2

Use BrandWorth™ to create C-suite understanding around what branding can drive top-line revenue across your organization.

3

Apply BrandWorth™ principles to improve the metrics that drive revenue beyond marketing and sales—Values Alignment, Experience Satisfaction, Message Memorability, and Share of Culture.

4

Use the data and insight BrandWorth™ generates to focus your brand conversations on the relationship between your brand and your revenue, aka: 1 to $1.025BN.

Contacts

To learn more about BrandWorth™ and how this new model from Deloitte Digital is changing C-suite conversations, contact:

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Sources

[1] Augie Ray, Jane-Anne Mannella, Gartner, "2019 Customer Experience Management Study: Marketers Take More Control as CX Expectations and Budgets Rise," October 11, 2019, https://www.gartner.com/en/marketing/research/2019-customer-experience-management-study