Assessing Consumer Brand Relationships Across Borders

Reinforcement

Playful

BBR 2014
BRANDS & BRAND RELATIONSHIPS

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Identification

Role Model

Self-Differentiation

CBR Across Borders
Mexico and the USA

Key Questions

- **Is CBR just another name for brand equity ? Or is CBR different and grounded in a specific relationship theory applicable to understanding brands ?**
- **Can CBR be reliably measured ?**
  - what methodologies can we use for accessing CBR ?
  - can we do it quantitatively with repeatable results ?
- **How does the BlackBar CBR Model provide relevant marketing and communication insight across boarders?**
  - (Mexico and USA)

Questions (cont.)

- **Are there " Universal" Consumer Brand Relationships across borders as there are across product categories**
  - does our approach to deriving Consumer Brand Relationships produce similar dimensions
  - from a macro country perspective ,what is the absolute and relative importance of these relationships

- **Do these relationships perform similarly in building franchise strength (acquisition and retention) and pricing power?**

- **Can brands be managed more effectively with these relationships across borders ?**
  - What if any cultural lessons can be derived from the identification and measurement of brand relationships across borders ?

- **To what extent are there differences in how consumer brand communication (CBC) and CBR interact across the boarder? How are traditional and digital media impacting the valence of consumer brand communication?**

BlackBar Consulting's Consumer Brand Relationship Model

- Based on a modern theory of psychology (See Relational Psychology appendix)
- Conceptualizes and analyzes Brand Relationships in the same way as any other relationship.
- Observes the attitudes and behaviors that the relationship gives rise to, and from those deduces the nature of the relationship.
- Treats the Consumer-Brand Relationship – like any other relationship – as having *two* participants, *two* sets of attitudes that are being expressed, *two* sets of behaviors that have to be observed before any deductions can be made.
- *We listen to both sides of "the conversation"*

We Listen to both sides of the conversation

There is a dialogue between brand and consumer going on inside the consumer's mind. In most research we elicit and measure only one side of that dialogue – the one that reflects consumers' attitudes toward the brand - brand image. But there is a second side to this dialogue going on, which reflects the brand's attitudes toward the consumer, which are a measure of how someone feels as a result of interaction with the brand. Essentially, we need to ask the consumer not only what s/he thinks of the brand, but also what the brand thinks of him or her.

•Not just *Brand Perceptions* - what you tell consumers about your brand – but also *Brand Attitudes* - what you make your brand tell consumers about themselves

•Not just *Brand Use* - what the consumer does with your brand- but also *Brand Experiences* - what your brand does with the consumer.

Our Focus is Understanding the Two Parts of Brand Relationships

Brand Perceptions: What are the consumer's attitudes and behaviors towards the brand ?

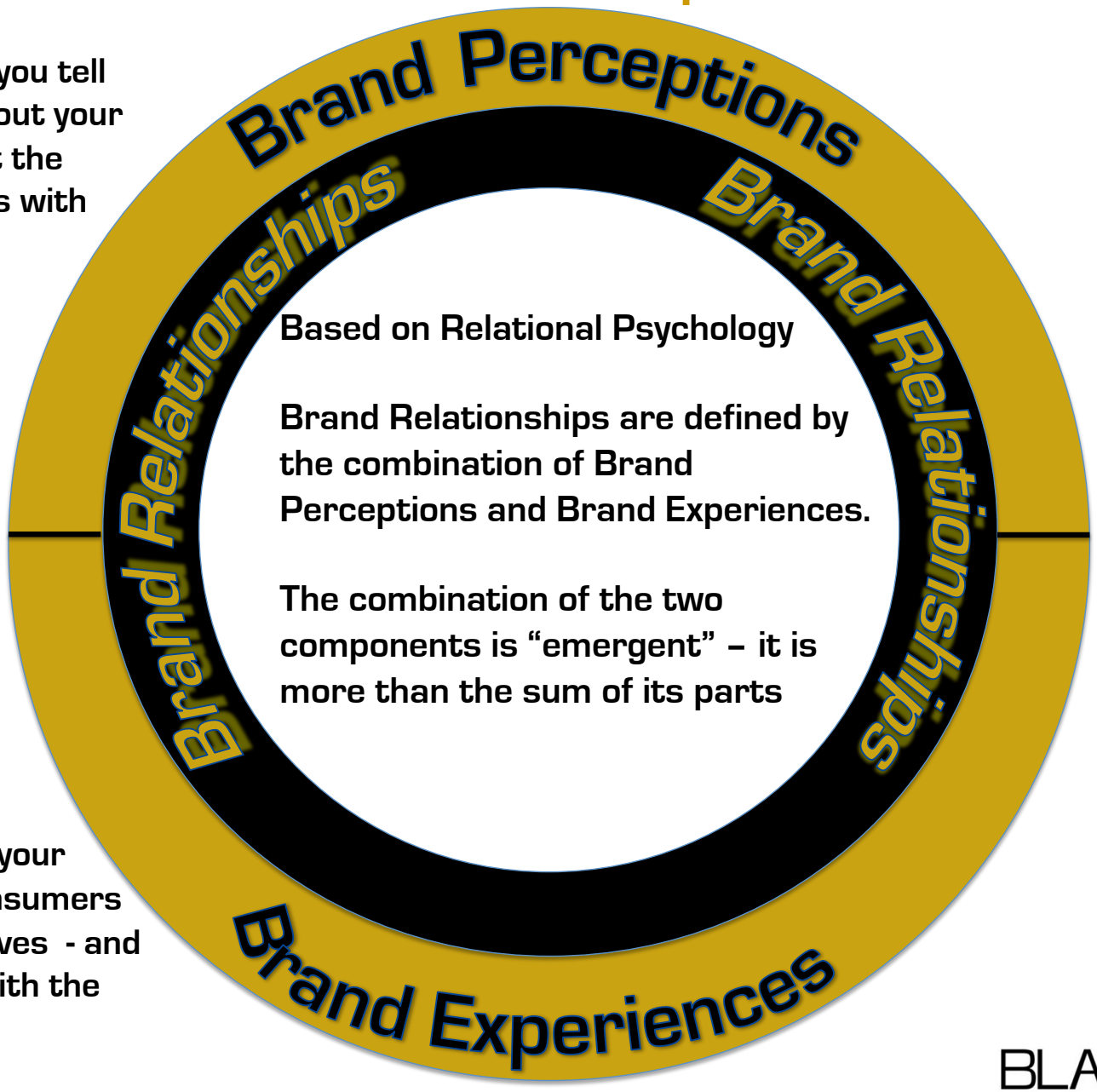
Brand Experience: What are the brand's attitudes and behaviors towards the consumer ?

Bad Relationships …

- …often result from the lack of marketing control over experience and attitudes leading to a brand with a well-defined brand image or personality and a “bad attitude”.
- Brand Perceptions have generally been very purposively managed, but Brand Experiences – brands’ attitudes in particular - have not. The right brand attitude can help create a strong relationship, but if a brand has a “bad” or inappropriate attitude, then no amount of emphasis on its good image qualities can make up for that - it may even make the relationship worse.

Our Perspective on Brand Relationships

Not just what you tell consumers about your brand or what the consumer does with your brand.



But also what your brand tells consumers about themselves - and what it does with the consumer

Study Methodologies 1

USA

- Included 48 brands in 8 product categories
- Internet Survey of over 1500 respondents
- 3 matched representative cells each evaluating 16 brands

Mexico

- 84 brands in 13 categories
- Internet survey of 2400 respondents
- 4 matched cells each evaluating about 20 brands

Methodology 2

- Questionnaire
  - Familiarity
  - Brand Image and Personality
  - Brand Experiences (Brands' Attitudes)
  - Brand "Touch" points (Advertising, Websites, Social Media, etc)
  - Brand Usage and Consideration
  - Overall brand evaluations
  - Other brand-related behavior

Methodology 3

- US Study included 30 “mono brands” for which financial data available from public sources:
  - Market Capitalization
  - Sales
  - Operating Profit
  - P/E Ratio
  - Operating Margin

Brand Perception Factors - USA

Relaxed and Stylish
- Fun
- Cool
- Easy
- Friendly
- Stylish
- Different

Positive Differentiation
- Distinctive
- Unique

Charisma
- Dynamic
- Excitingly Innovative
- Leader
- Progressive

Functionality
- Performs better
- Gives Satisfaction

Emotional Values
- A Brand I Love
- Fits my Life

Brand Perception Factors - Mexico

Relaxed and Stylish
- Amusing
- Cool
- Stylish
- Different
- Exciting

Active Differentiation
- Makes interesting news
- Dynamic
- Surprising
- Worth following

Charisma
- Innovative
- Leader
- Visionary

Functionality
- Performs better
- Gives Satisfaction

Emotional Values
- A Brand I Love
- Fits my Life

Brand Attitude/Experience Factors - USA

- ***Mentoring***
  - Challenges Me To Think Differently
  - Teaches Me
  - Inspires Me
  - Shares My Values
- ***There For Me***
  - Appreciates My Business
  - Is Recommended By People I Care About
  - Responds To My Needs
  - Has My Interests At Heart
- ***Self-Expression***
  - Simplifies My Life
  - Helps Me To Express Myself
  - Frees Me To Be Myself
- ***Self-Esteem***
  - Makes Me Look Good To Others
  - Makes Me Feel Good About Myself
- ***Pleasure***
  - Brings Back Good Memories
  - Provides A Little Treat For Me
  - Excites Me

Brand Attitude/Experience Factors - Mexico

- ***Mentoring***
  - Excites me
  - Inspires me
  - Motivates me to communicate
  - Helps me express myself better
  - Makes me feel good about myself
- ***There For Me***
  - Appreciates My Business
  - Is Recommended By People I Care About
  - Responds To My Needs
  - Has My Interests At Heart
- ***Self-Expression***
  - Simplifies My Life
  - Helps Me To Express Myself
  - Frees Me To Be Myself
- ***Values me (Self-Esteem)***
  - Cares how I feel
  - Makes me look good to others
  - Understands me
  - Values my opinions
  - Has my interests at heart
  - Allows me to be myself
- ***Pleasure***
  - Brings Back Good Memories
  - Provides A Little Treat For Me
  - Responds to my needs

Brand Relationships are defined by the combination of Brand Perceptions and Brand Attitudes or Experiences

Mexico & USA

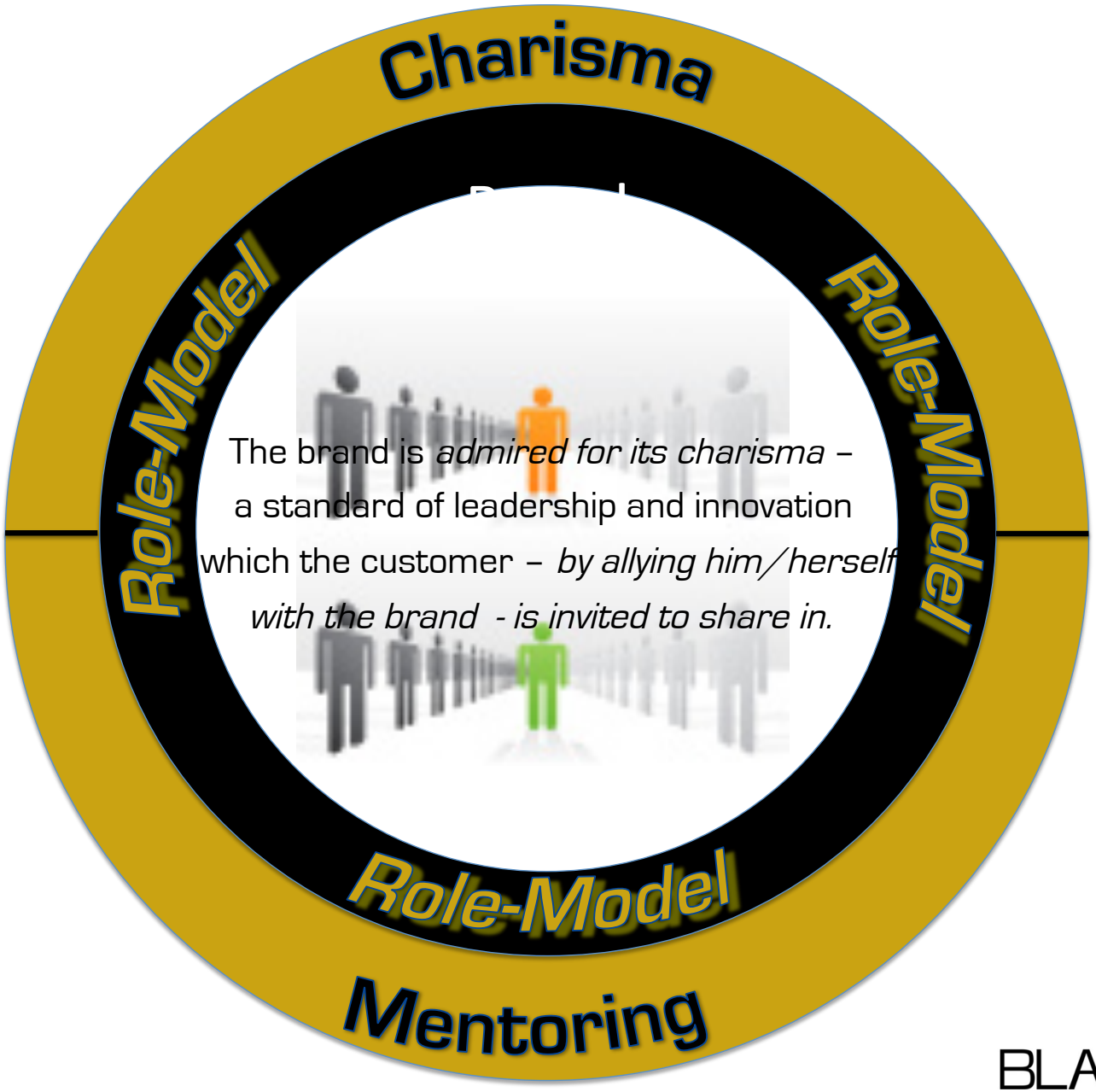
BRAND ATTITUDES/EXPERIENCES					
BRAND PERCEPTIONS	Self-Esteem / Values me	Self-Expression	Mentoring	There For Me	Pleasure
Performance/ Satisfaction	**Reinforcement** Your brand of choice makes you look and feel good				
Emotional Attachment		**Identification** Let the brand you love tell the world who you are			
Charisma			**Role Model** Be empowered by brands that lead the way		
Positive or Active Differentiation				**Self-Differentiating** Let a brand with a difference make a difference to you	
Relaxed & Stylish					**Playful** Fun brands that are just to enjoy

A Brand Relationship is defined by the conjunction of one dimension of brand perception and a dimension of brand attitude or experience

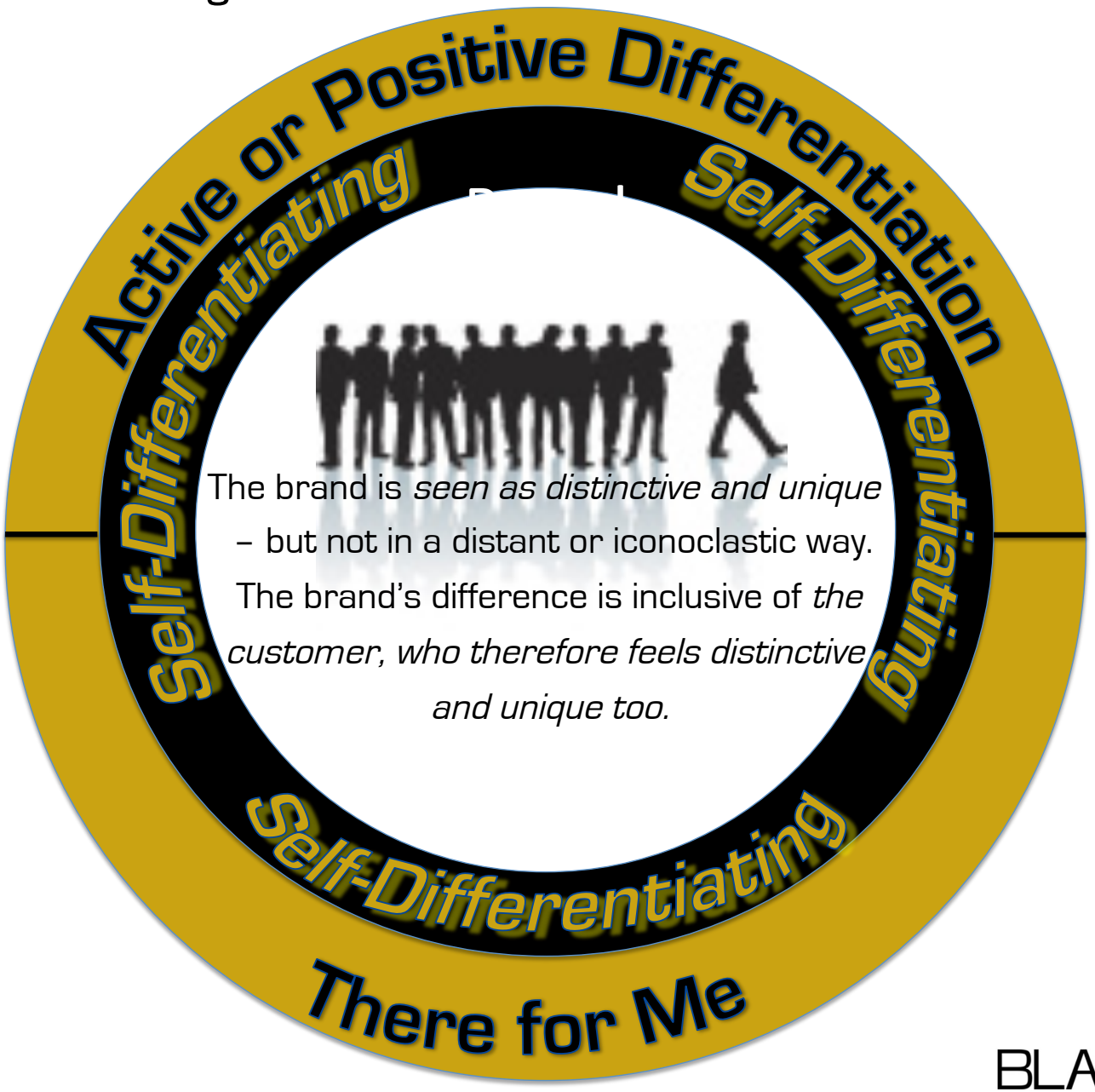
1.Reinforcement

2.Identification

3.Role Model


Charisma
Role-Model
Role-Model
Role-Model
Mentoring
The brand is *admired for its charisma* –
a standard of leadership and innovation
which the customer – *by allying him/herself*
with the brand - is invited to share in.

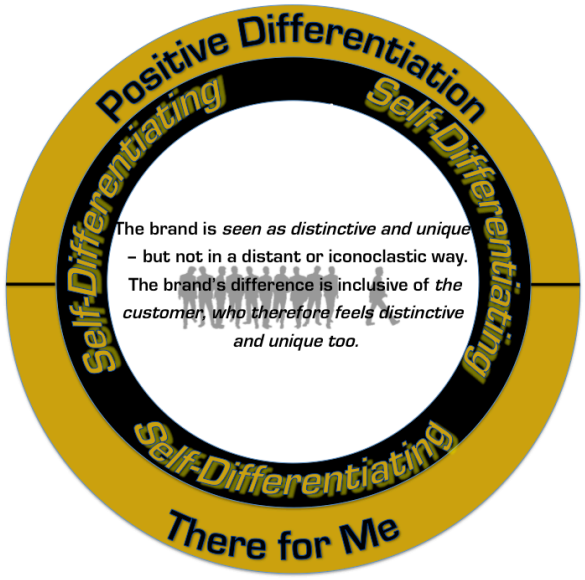
4.Self-Differentiating



5.Playful


Relaxed & Stylish
Playful
Playful
Playful
Gives Pleasure
The brand *is liked for its relaxed style;*
it demands nothing of the consumer
other than to *experience the pleasure it gives.*

Not just what the consumer does with your brand - but also what your brand does with the consumer

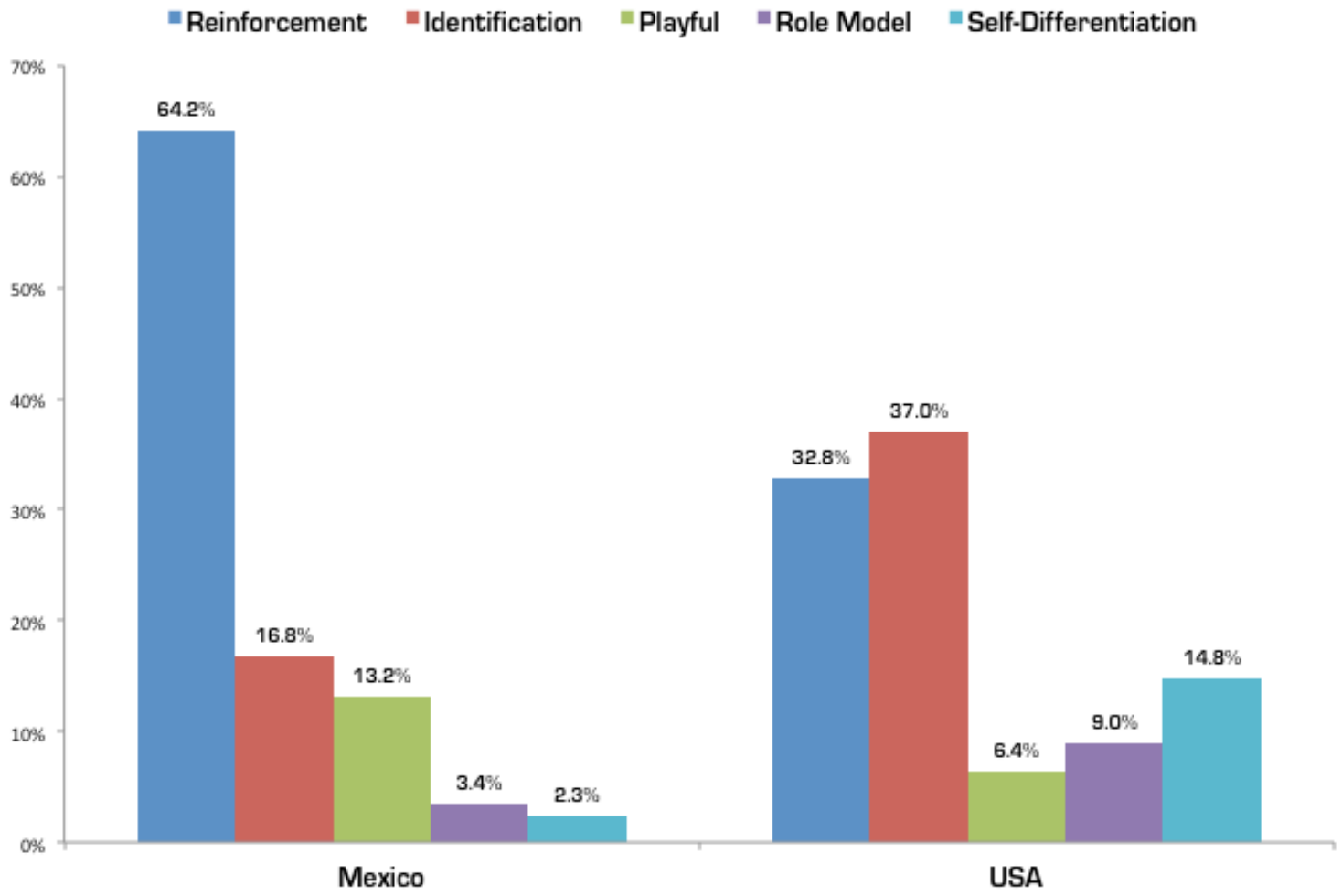


Not just what you tell consumers about your brand – but also what your brand tells consumers about themselves

Brand Relationship Equity
USA & Mexico

Comparing the Relative Importance of Relationships

Relative Importance of Relationships in determining Brand Relationship Equity (all categories and brands)



Reinforcement in México.

- Reinforcement is the most important type of brand relationship.
- Consumers are looking for a combination of performance and an expression of the positive experiences – self-esteem and validation - that goes with it
- The requirement for performance is a consequence of the need for relevance that mexicans demands of their brands.
- The need of self esteem is part of a societal characteristic whereby it is very important to "be accepted" by the community through the judgment of others.
- It is logical that people are attracted to brands that help them "communicate" their best image.

Brand Relationships Create Financial Value

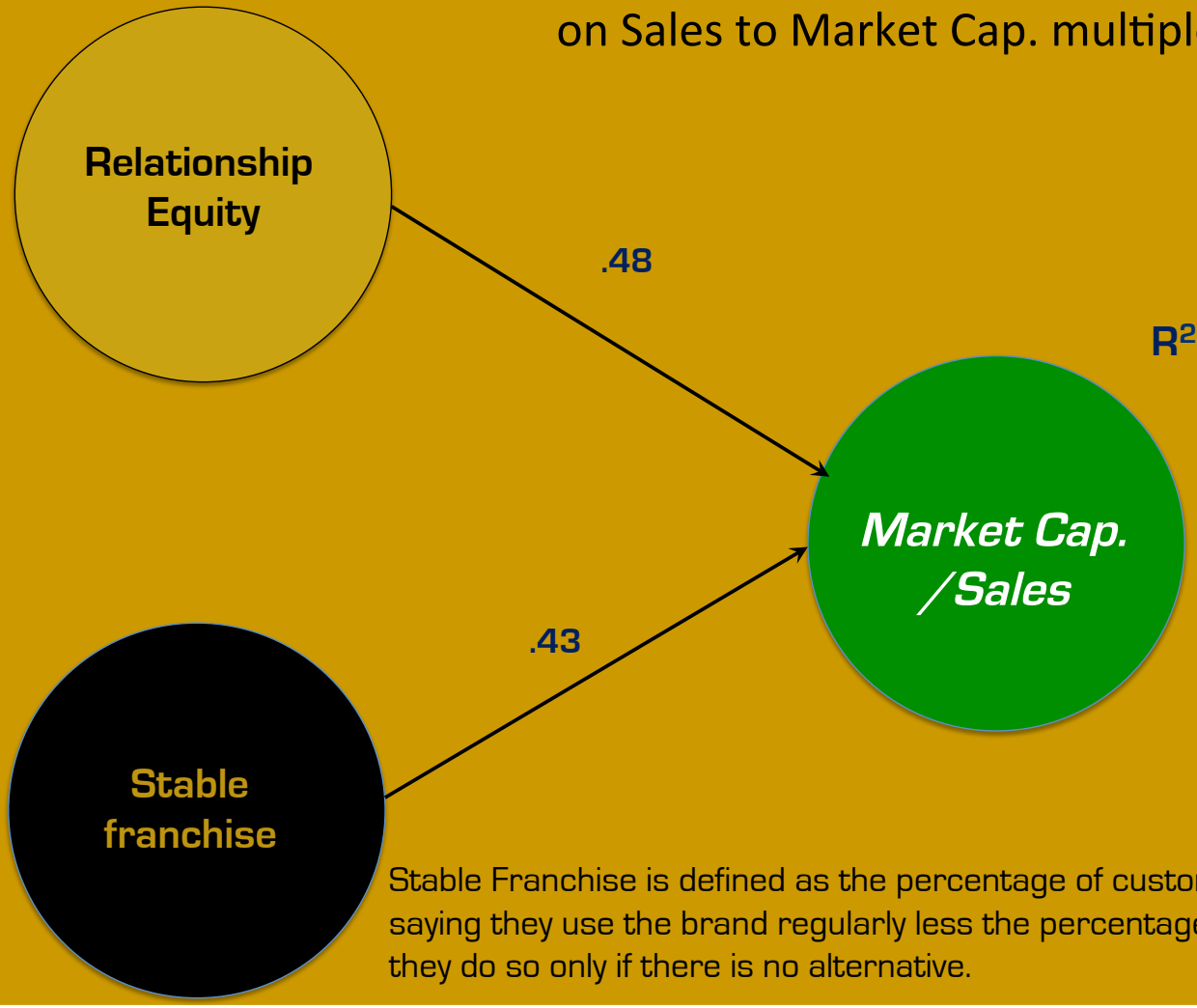
Brand Relationship Equity – derived from brand perceptions and brand experiences - is a direct influence - along with the size and stability of the brand's customer franchise - on the financial value of the brand.

Brand Relationships are also a significant influence on the development of the customer franchise. Thus brand relationships contribute both directly and indirectly to the financial value of a brand.

Brand Relationships create financial value for branded business.

Brand Relationships Directly

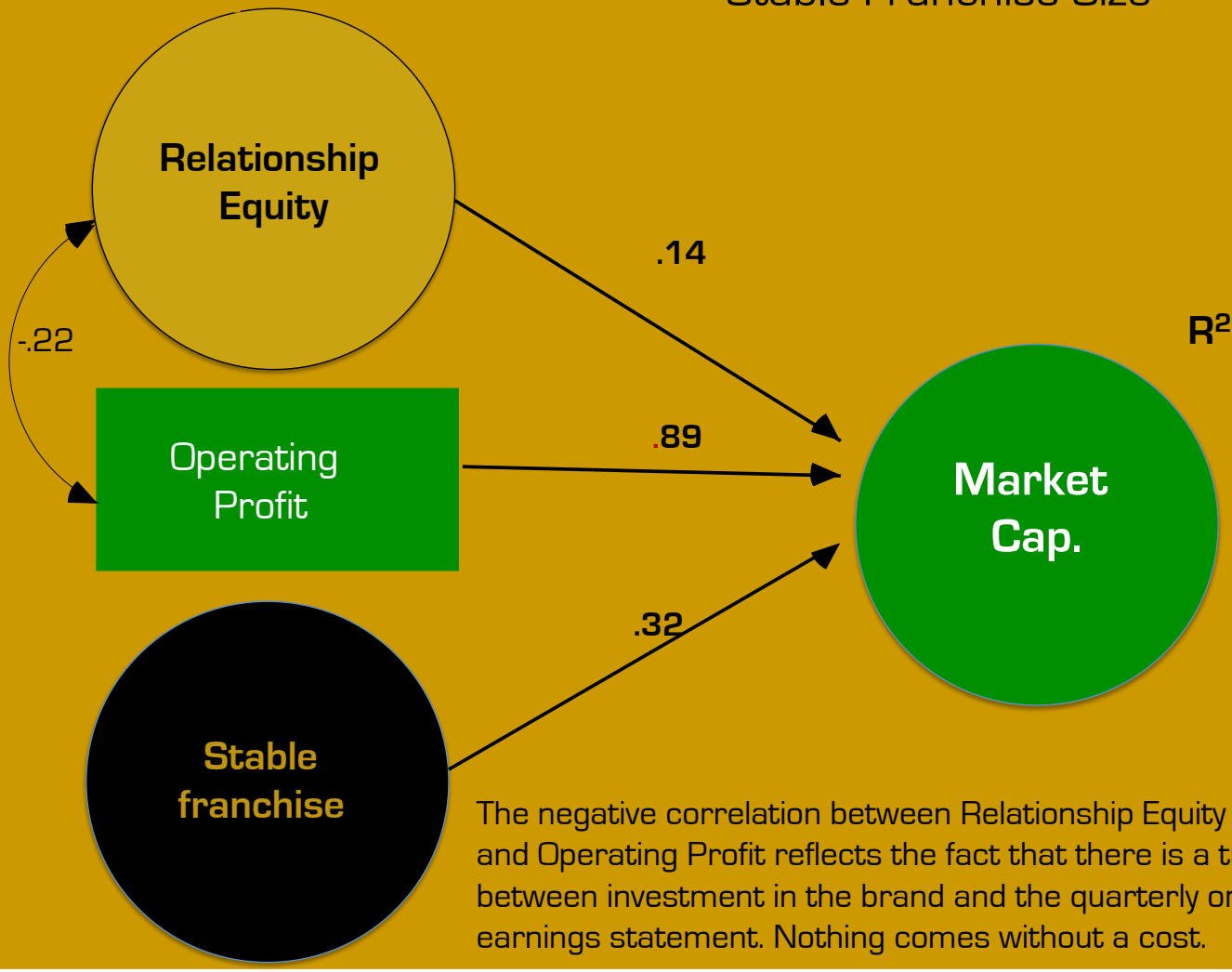
Relationship Equity and Stable Franchise Size are both very significant Influences on Sales to Market Cap. multiple.



Stable Franchise is defined as the percentage of customers saying they use the brand regularly less the percentage saying they do so only if there is no alternative.

Brand Relationships Directly

Actual Market Cap. is a function of Relationship Equity, Operating Profit and Stable Franchise Size

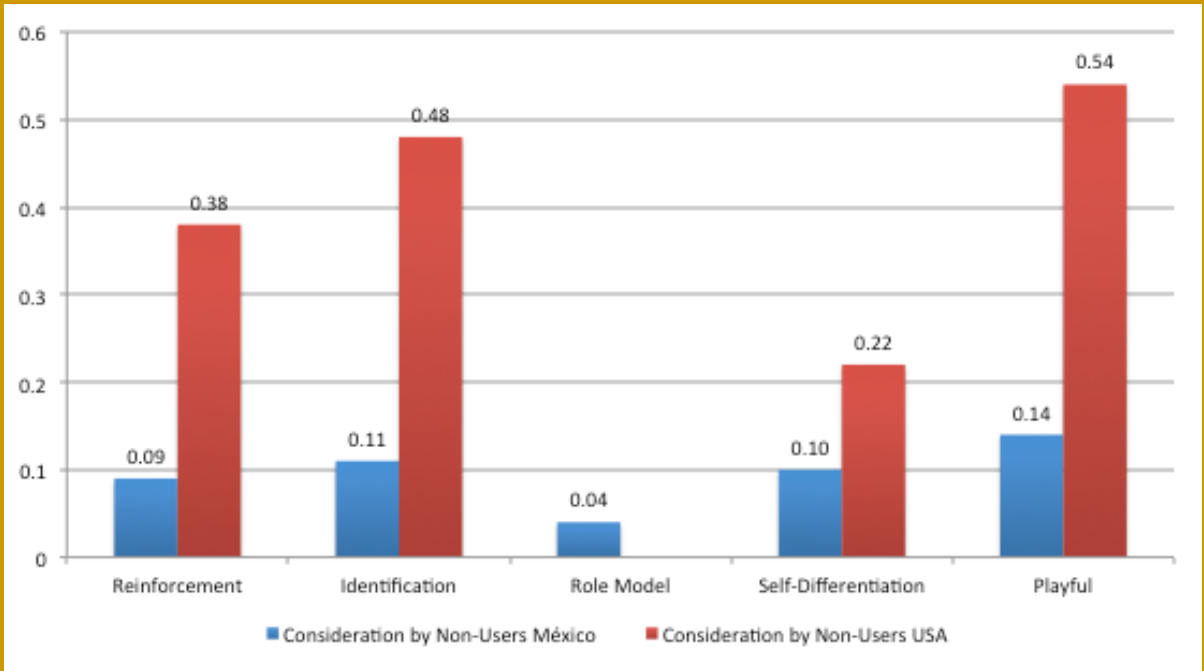


The negative correlation between Relationship Equity and Operating Profit reflects the fact that there is a trade-off between investment in the brand and the quarterly or yearly earnings statement. Nothing comes without a cost.

Influence of CBR on Franchise Development and Pricing Power

Acquisition of New Users is more influenced by Brand Relationships in USA than in Mexico.

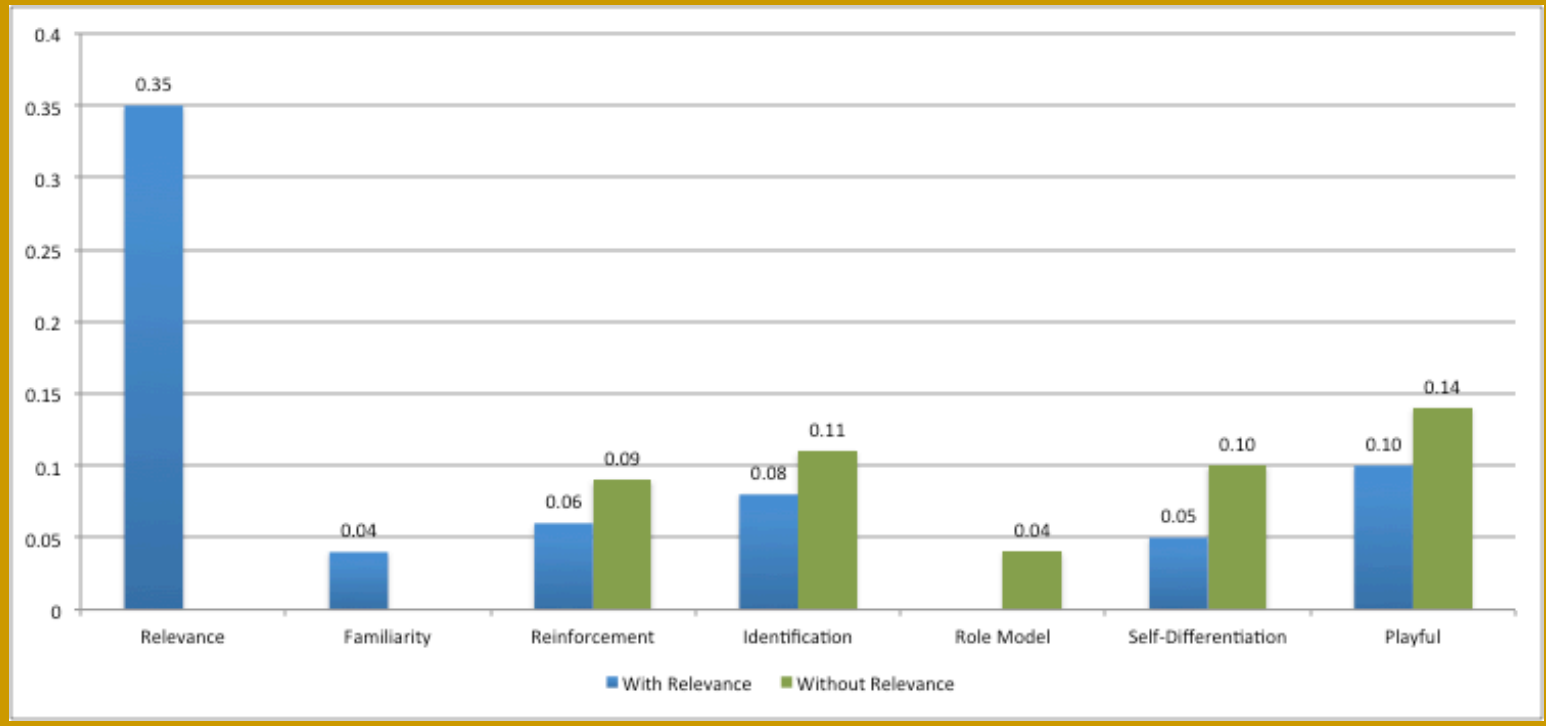
Regression of Non-Users' Purchase Intention on Brand Relationships



Standardized Regression Coefficients

Acquisition of new users is influenced by CBR and Relevance in Mexico.

Regression of Non-Users' Purchase Intention on Brand Relationships and "Importance"

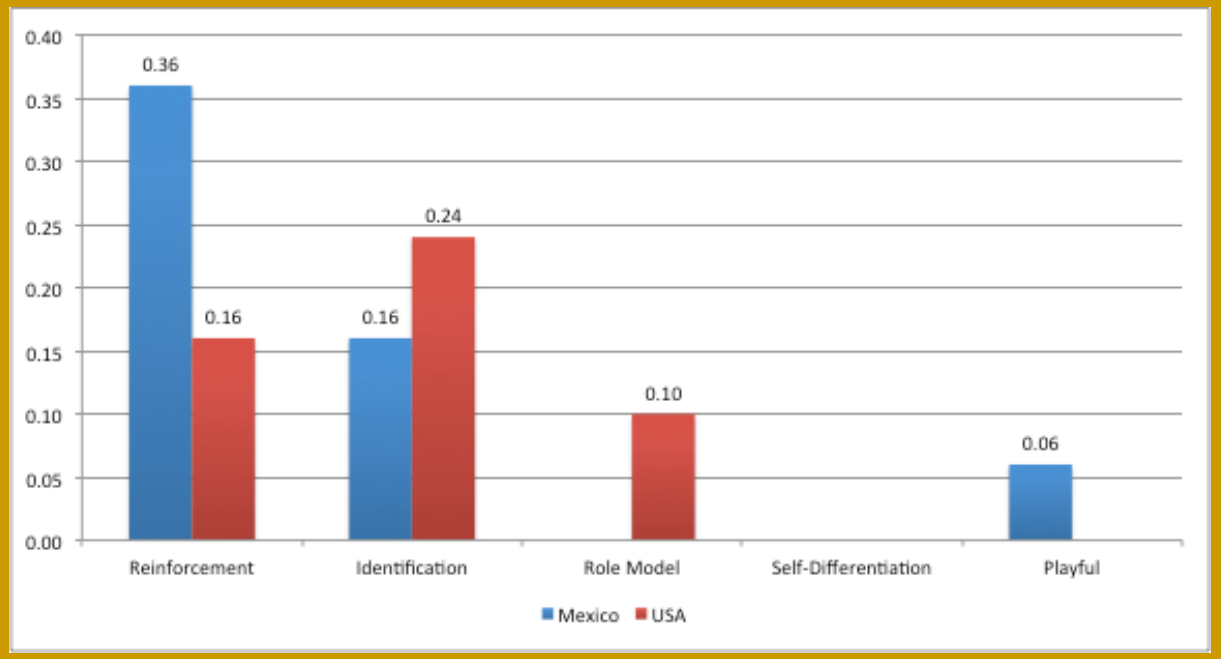


R^2	0.25	0.14

Standardized Regression Coefficients

Strength of the Customer Franchise is Influenced by Brand Relationships in both Countries

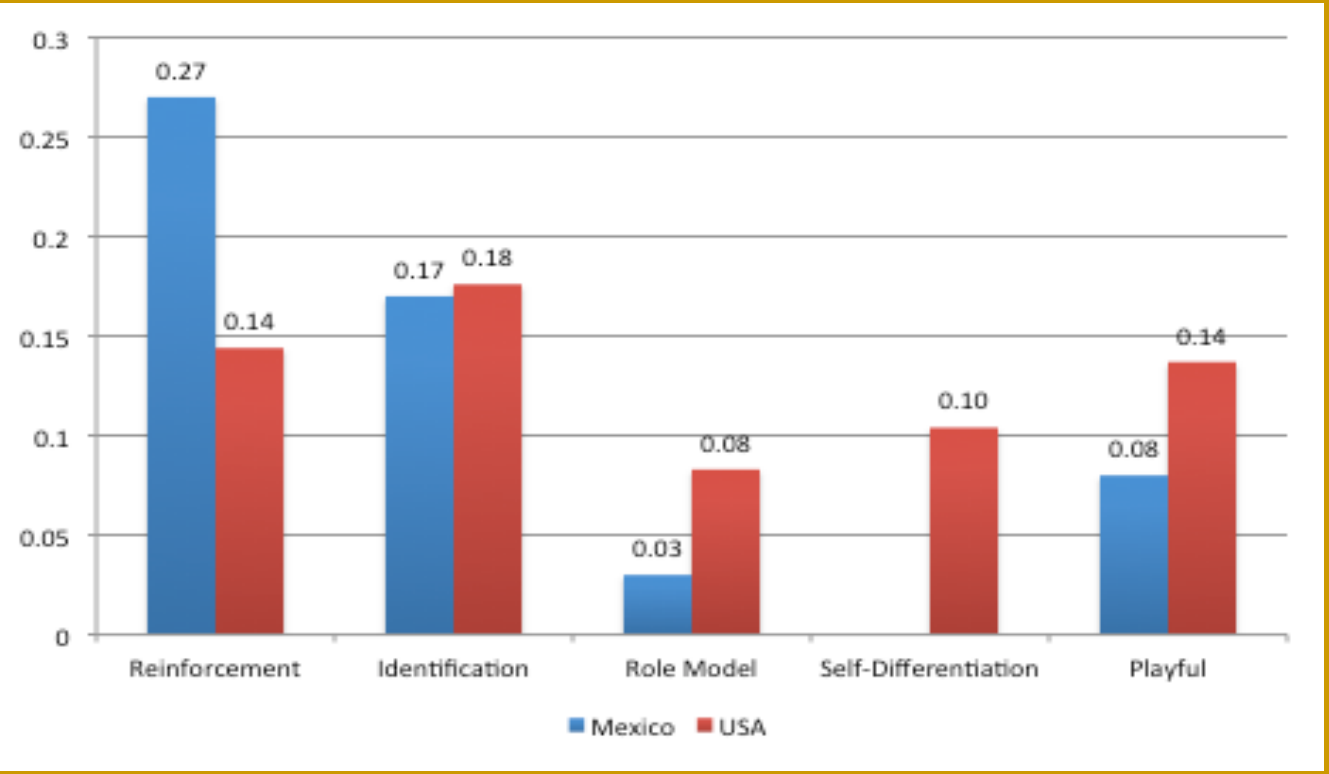
Regression of Users' Strength of Preference on Brand Relationships



Standardized Regression Coefficients

Brand Relationships influence Brands' Pricing Power (Value)

Regression of Value Perceptions on Brand Relationships



Standardized Regression Coefficients

Influence of CBR on Franchise Development and Pricing Power

- In both Mexico and the USA, CBR significantly influence Customer Franchise parameters
- From longitudinal surveys, it is evident that part of the effects of CBR changes are time lagged; in a cross-sectional study only part of the effects are evident.
- **Main differences between the two countries:**
  - the inversion of the influence of Reinforcement (stronger in Mexico) and Identification (USA)
  - The relative weakness of Brand Relationships in explaining non-users' purchase intentions and the significant incremental role of "Importance" (Relevance) in Mexico.

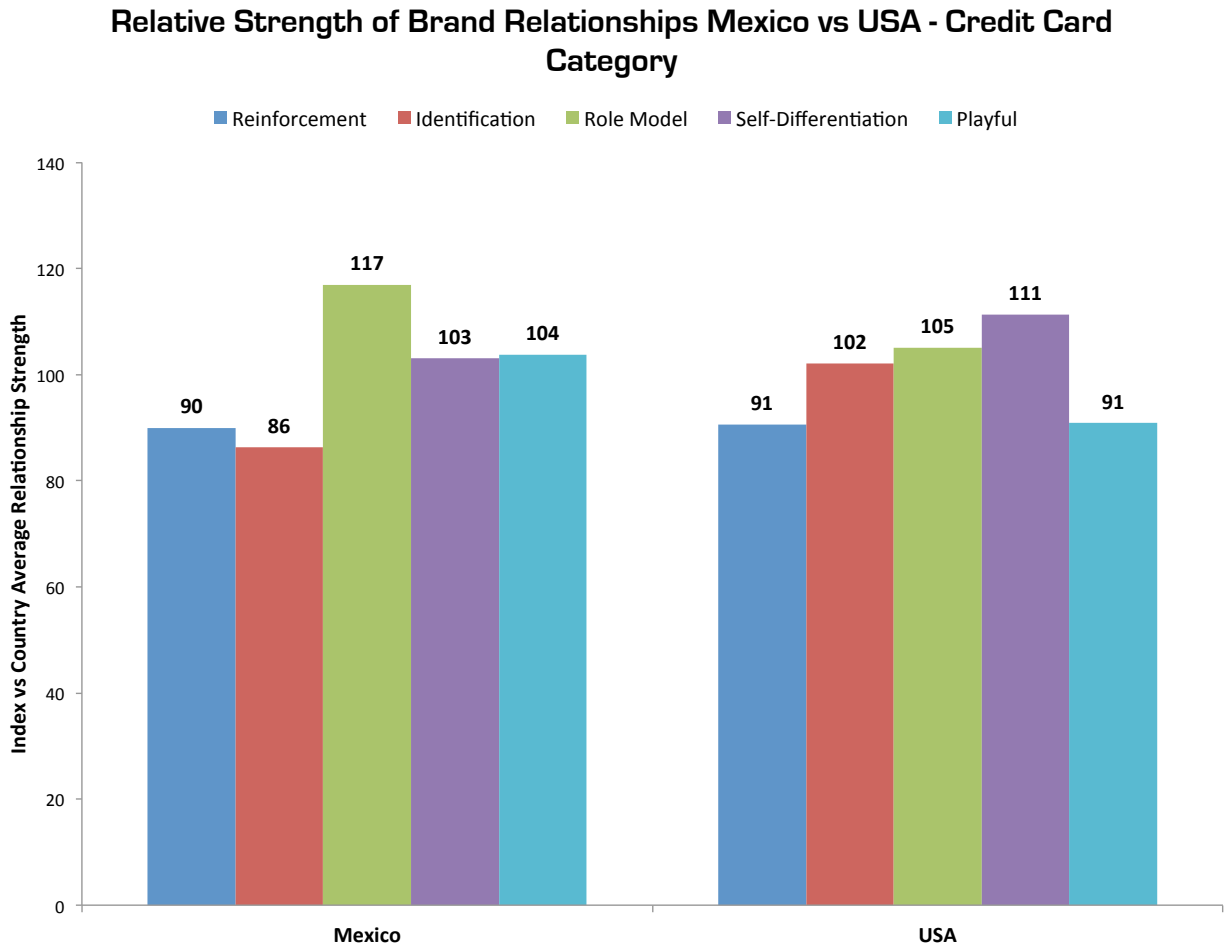
Comparing Category and Brands Assessment and Implicatons

Finding the Backbone and Complementary

Relationships of the brand:

Retail: Walmart
Digital: Google and Apple
Credit Cards: Amex
HBA Soap: Dove

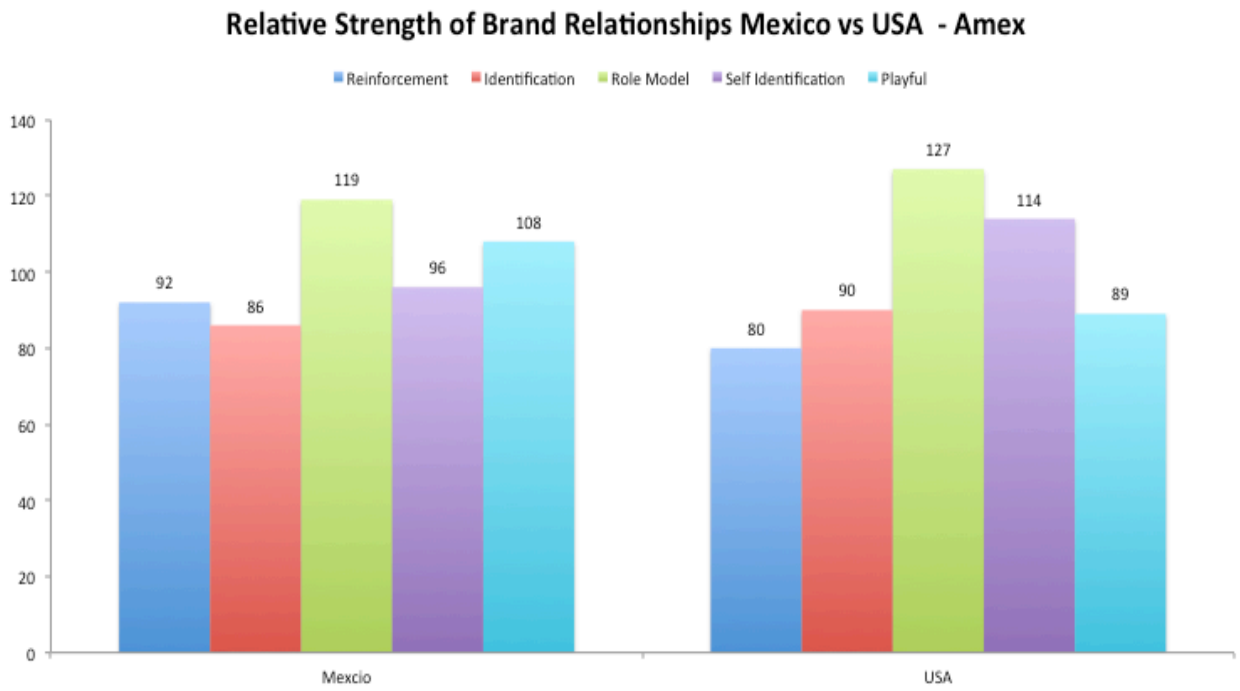
The Credit Card category has different relationship profiles in each market



Role Model in Mexico's case is the most important category relationship.

The self-differentiating relationship is prominent as well, in the USA

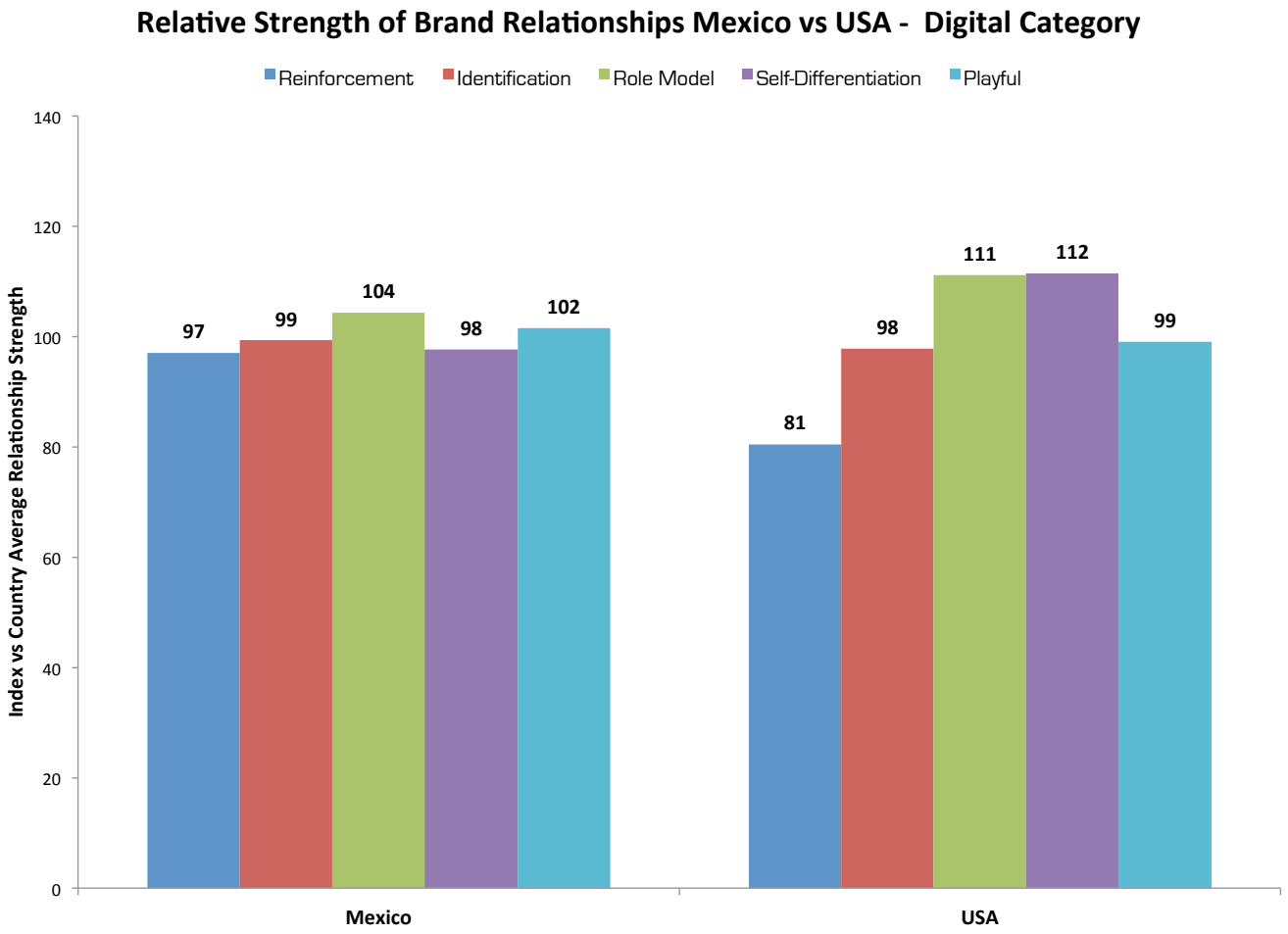
The brand relationships of American Express are quite different in México and USA.



In the case of México the brand appears as a charismatic mentor, encouraging consumers to think in alternative ways, and empowering them.

In the USA the brand allows consumers to differentiate themselves, but also has a mentoring role for some consumers.

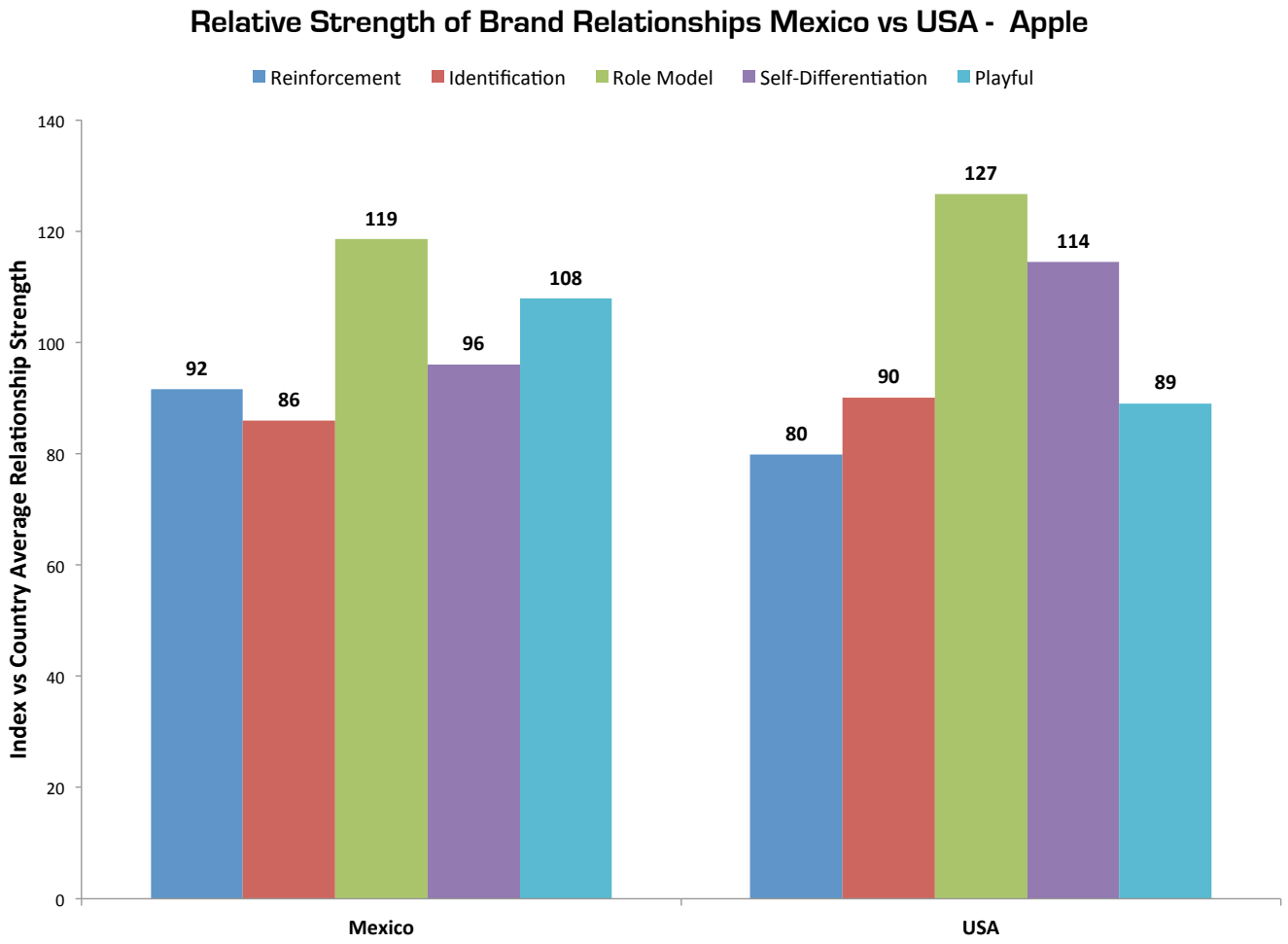
Digital Brands are a source of empowerment and differentiation



In the USA the mentoring ability of the brand as a role model is as prominent as the capacity of the brand to create differentiated value for the consumer.

In Mexico the fun and cool aspects are also important to build a brand.

Apple is an iconic reference to follow in both countries.



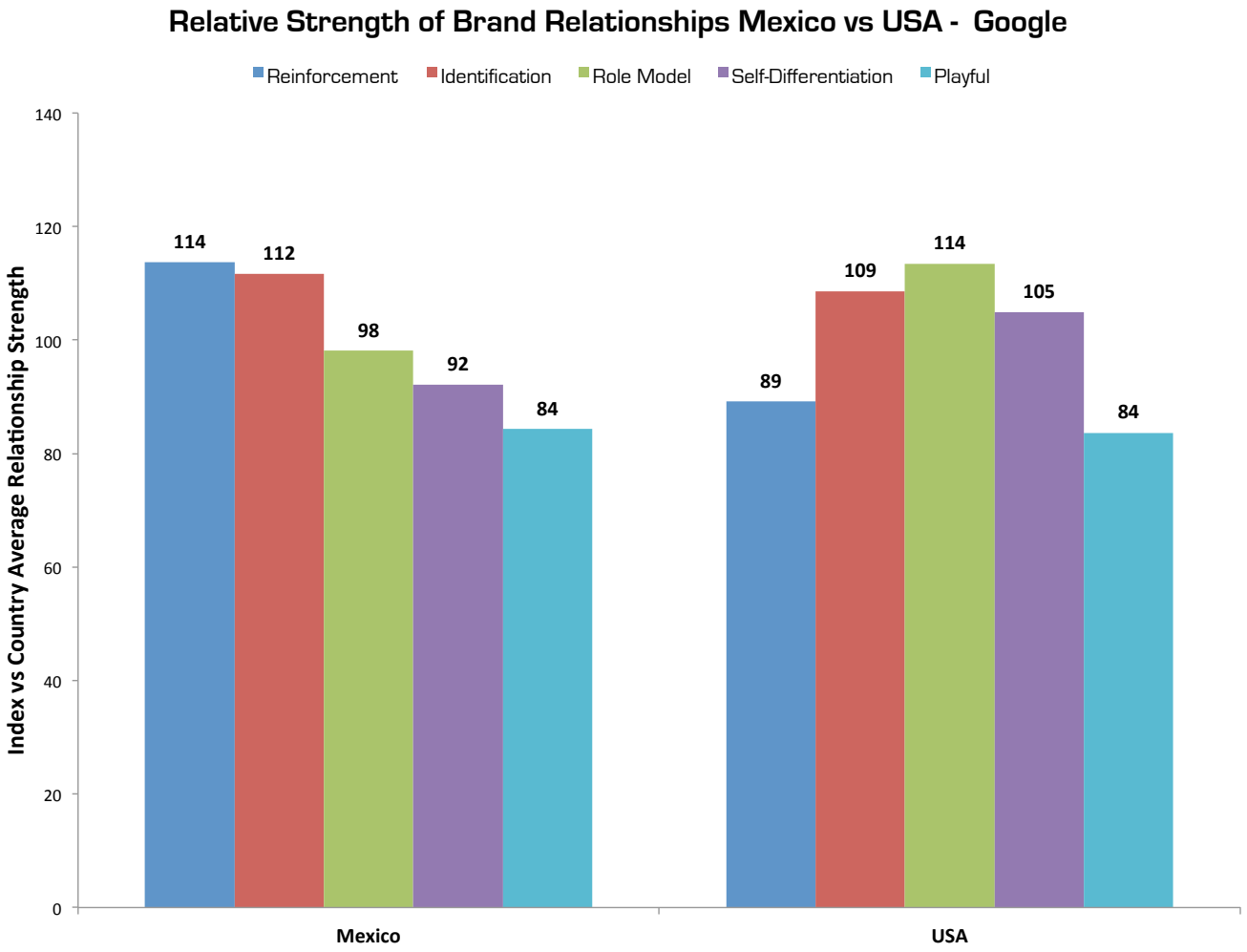
The orientation of the relationship is similar in both countries

It combines a charismatic perception with an attitude of bringing people new content.

People feel empowered by the brand and motivated.

In USA Apple is a way to express differentiation also.

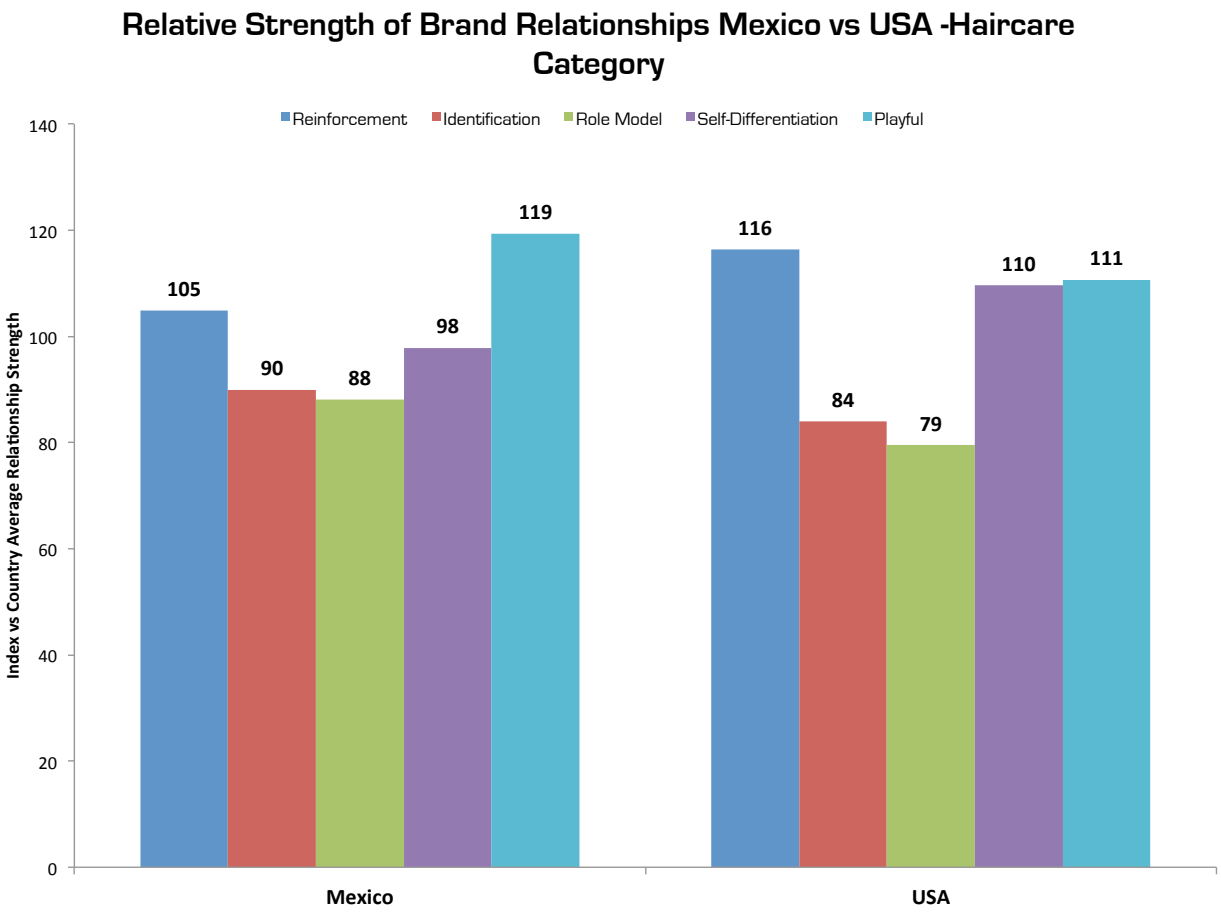
Google develops different kind of relationships.



In the USA Google is a charismatic leader followed for the experience it brings.

In México the brand is an exemplar of high performance which boosts the self confidence.

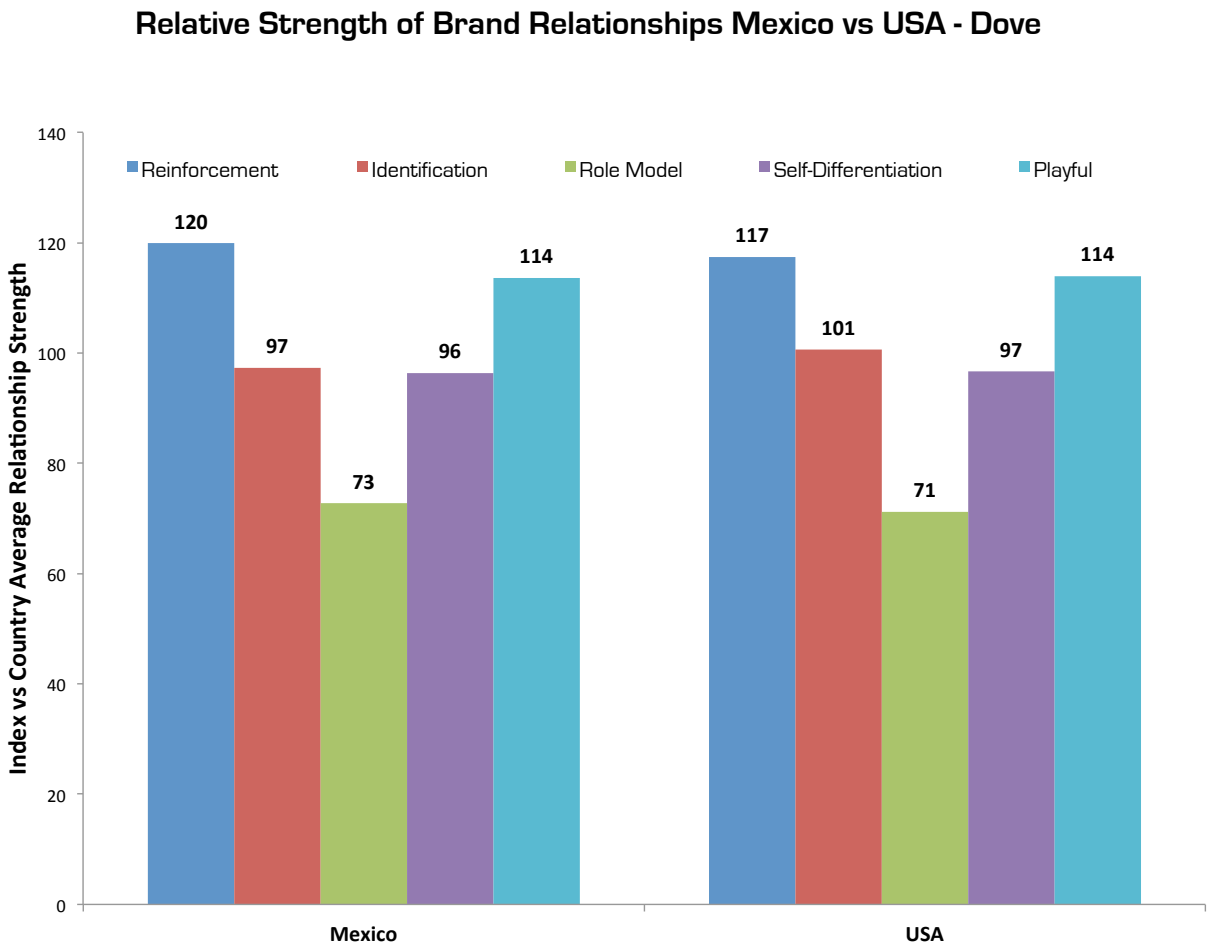
In both countries the haircare category has an orientation toward Playful and Reinforcement



Haircare is a category oriented to generate fun and moments of enjoyment for consumers.

In the USA and Mexico as well performance-based reinforcement of the consumer is important.

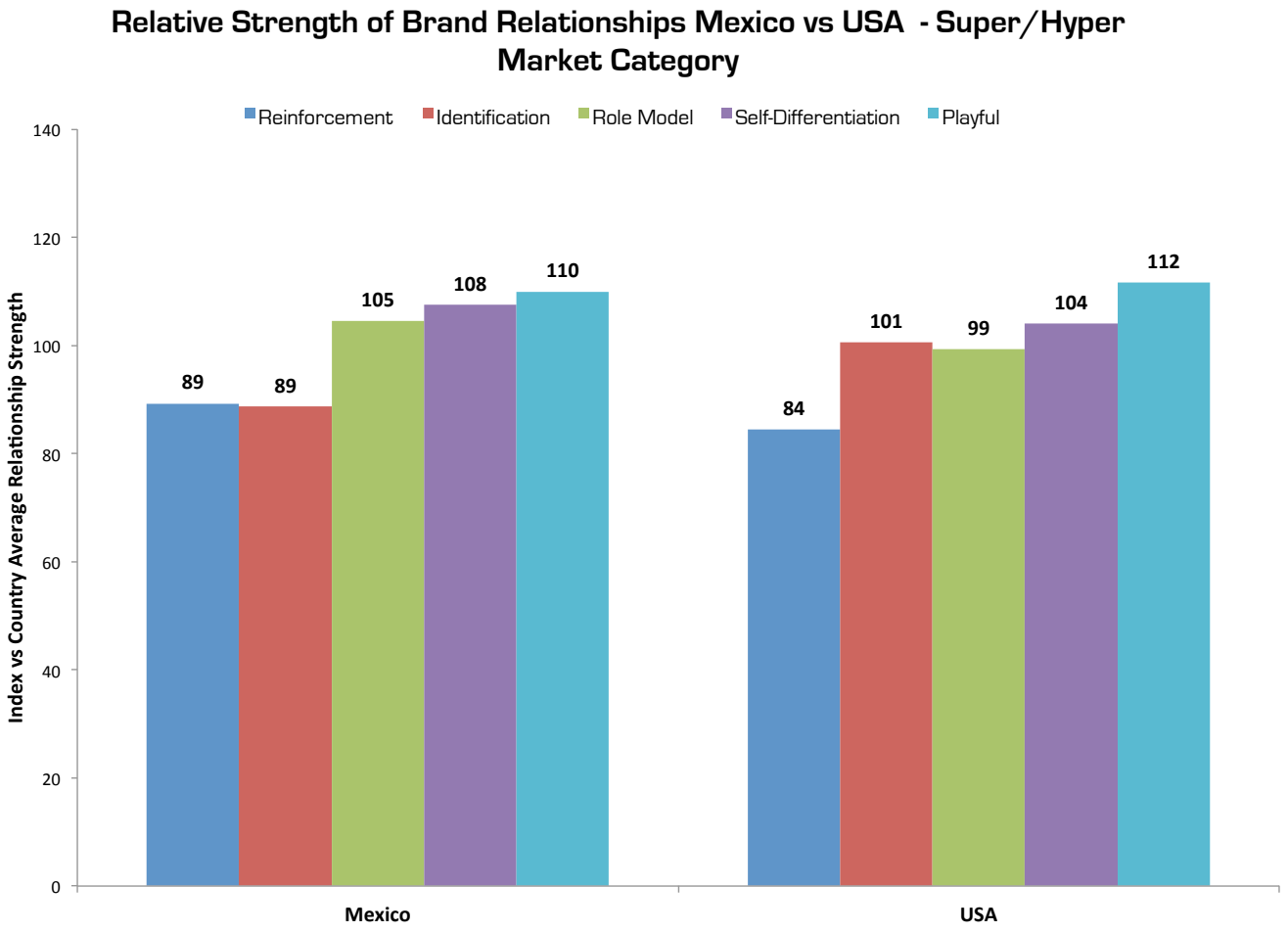
Dove is a good example of consistency across borders



There is a consistent pattern in the structure of the brand's relationships in both countries.

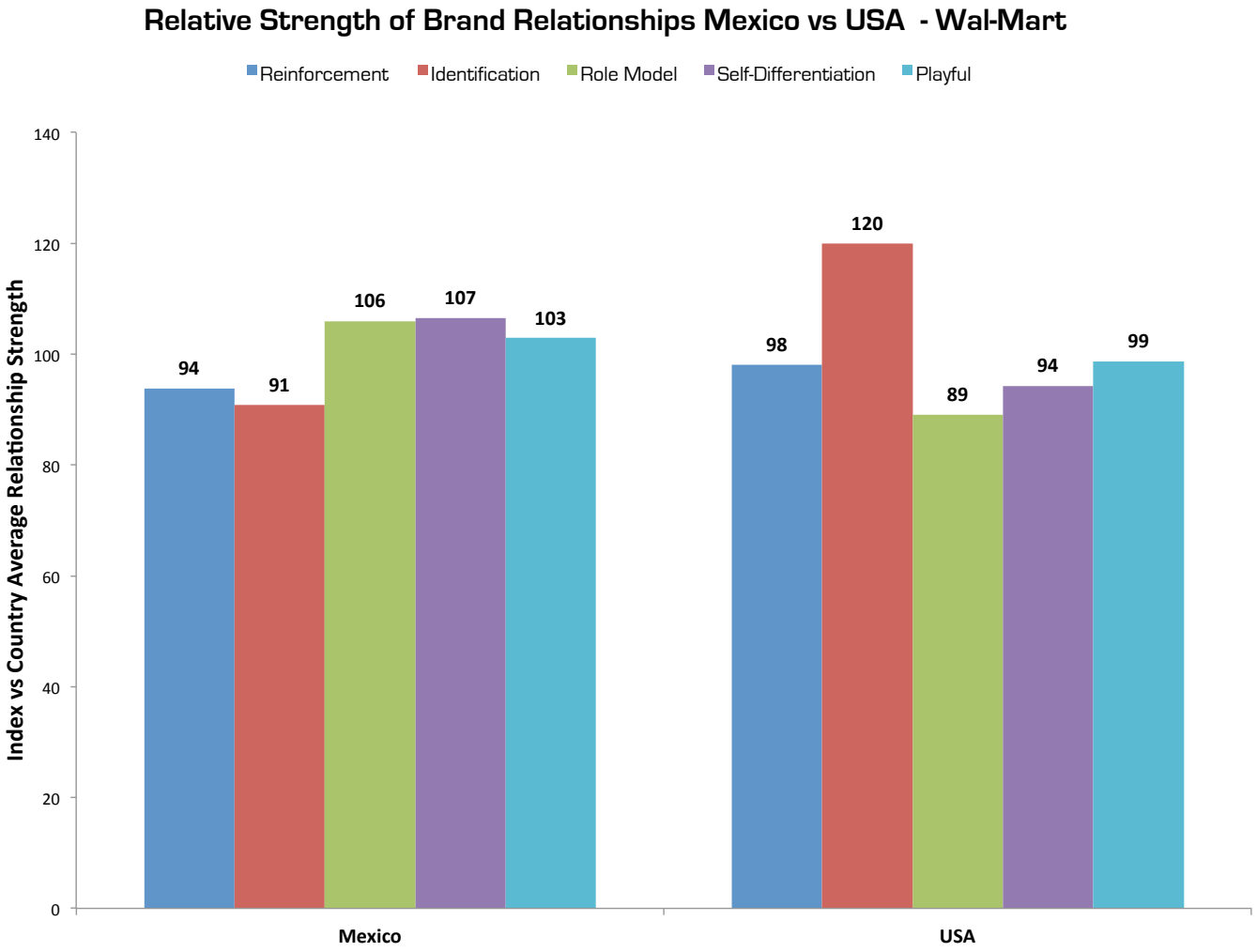
"Real Beauty" is matter of confidence-building performance for some consumers, but develops a more pleasure-based, liberating relationship with others.

Playful and Self Differentiation are the key retail brand relationships in USA and Mexico



The category is characterized by an active differentiation (Mexico more than USA) and shopping as a fun and liberating experience .

Walmart is a source of Identification in the USA.



In the USA the brand has an strong emotional link with the consumers and is a way for them to express themselves.

In México the pattern of the relationships is orientated to differentiation through empowerment.

Key Learnings

- Categories in each country / market have “conventions”, a specific pattern of relationships.
- The situation of the different brands could be consistent or disruptive regarding the category convention, this has several implications for the brand management.
- For example, in the Mexican digital category, Apple is following the pattern, meanwhile Google is disrupting it.
- What are the implications of that situation in terms of brand strategy?
  - One of the priorities for global brand management should be identifying the category convention of the markets where the brand is competing, and try to figure out which relationships are the key ones to develop for competitive advantage.
  - In a context of “glocalization”, social and cultural issues have an important role in the development of brand relationships.

Key Learnings

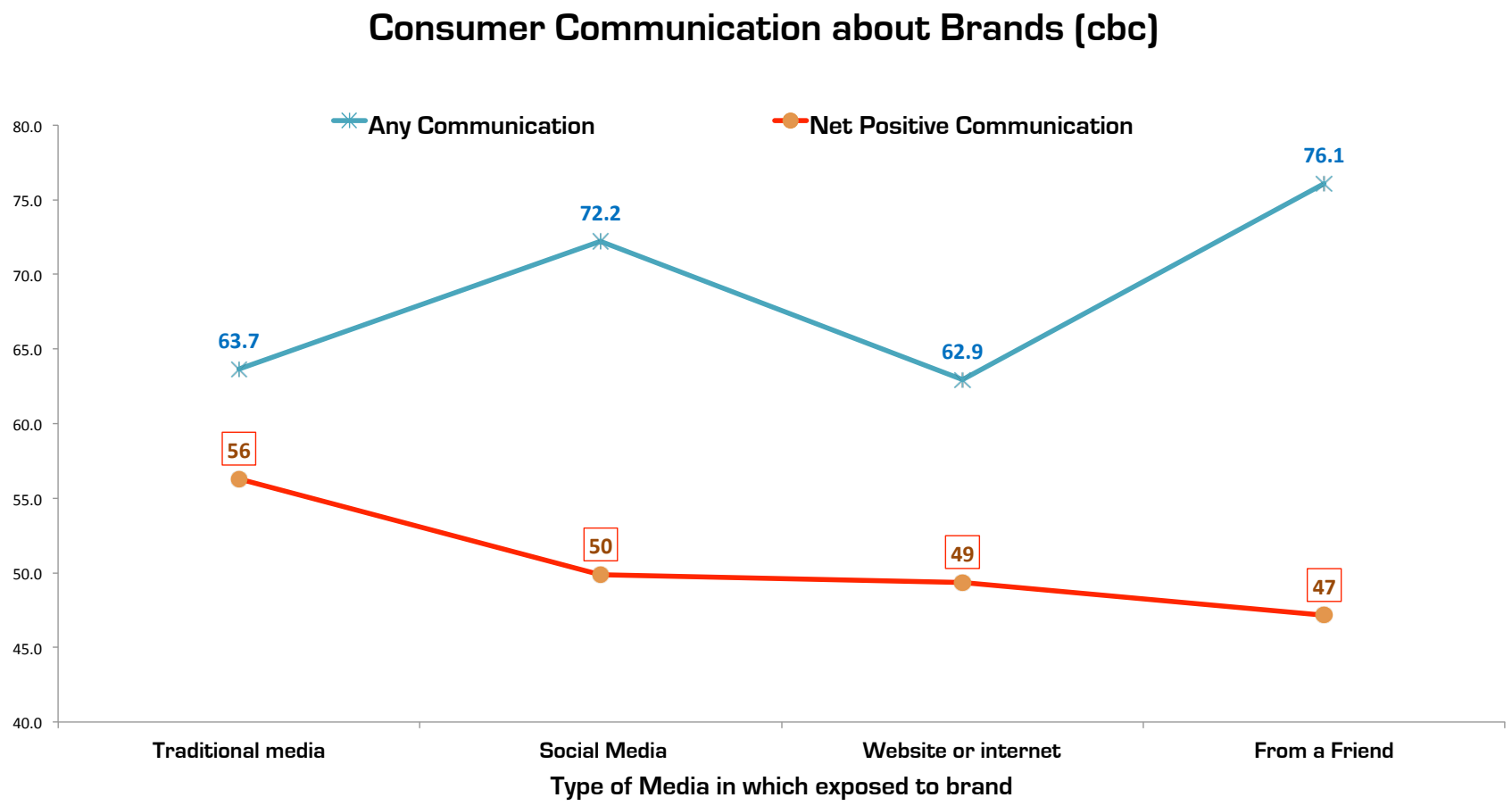
- The situation of Walmart is a good example of the challenge of developing brand relationships in different socio cultural conditions.
- In México, as the category, the brand is oriented to “self differentiation” and “role model”. This profile express the role and expectations that consumer associates with the brand. The situation in the USA is different.
- Brand Relationships allow us to consider the global and the local elements that are relevant for them.

Consumer Brand Relationships and Consumer Brand Communication

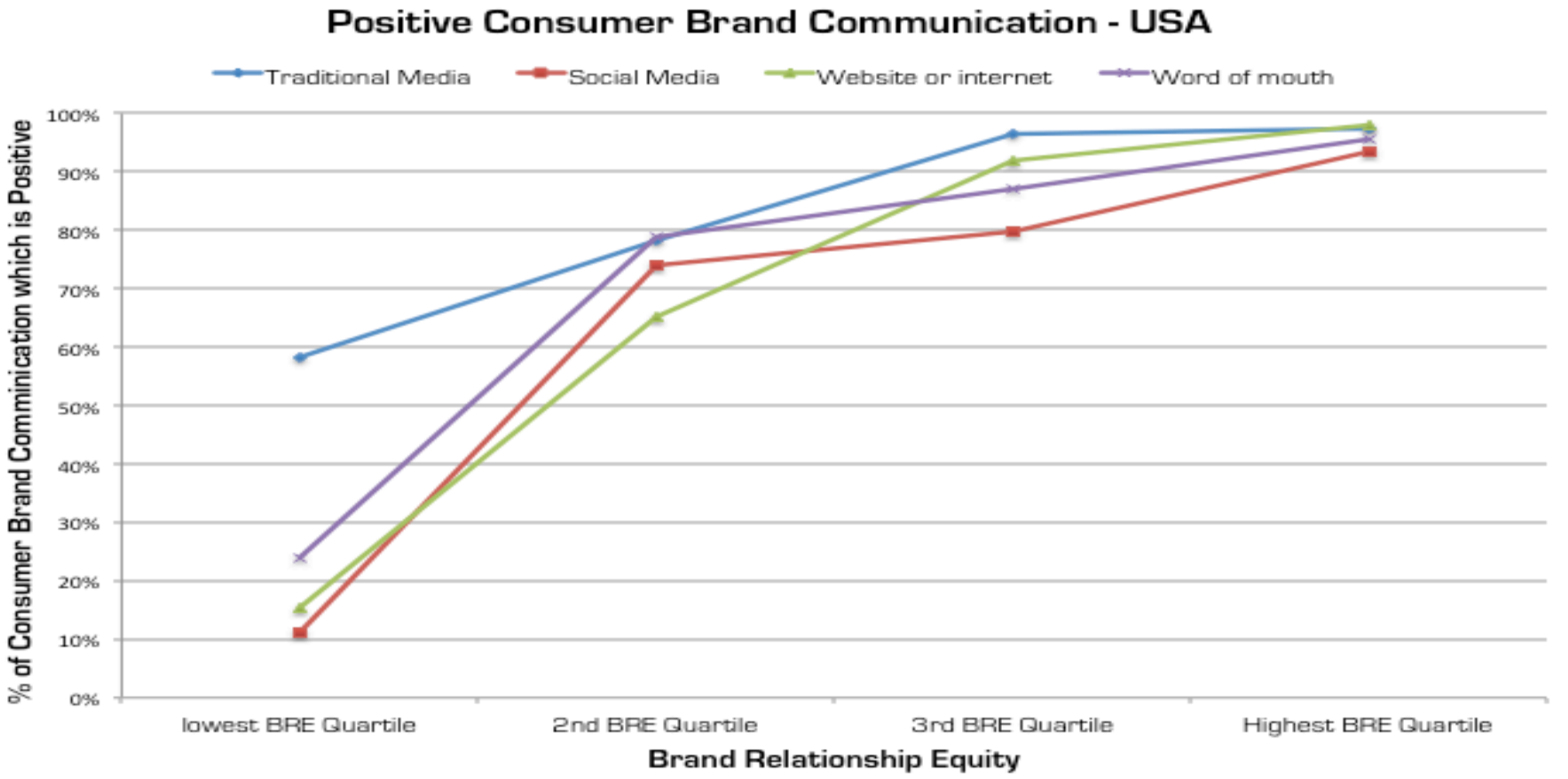
Consumer Brand Communication

- The voice of the consumer is louder than ever .The new digital channels for consumer communication have laid the foundation of a new Brand Democracy, in which brand owners now no longer monopolize – or even dominate - the control of brand messages.
- Brand managers must take into account the interplay between Consumer Brand Relationships and consumer brand communication.
- Better management of consumers' brand experiences, resulting in stronger Brand Relationships, will result in more positive consumer brand communication via the channels that consumers control.

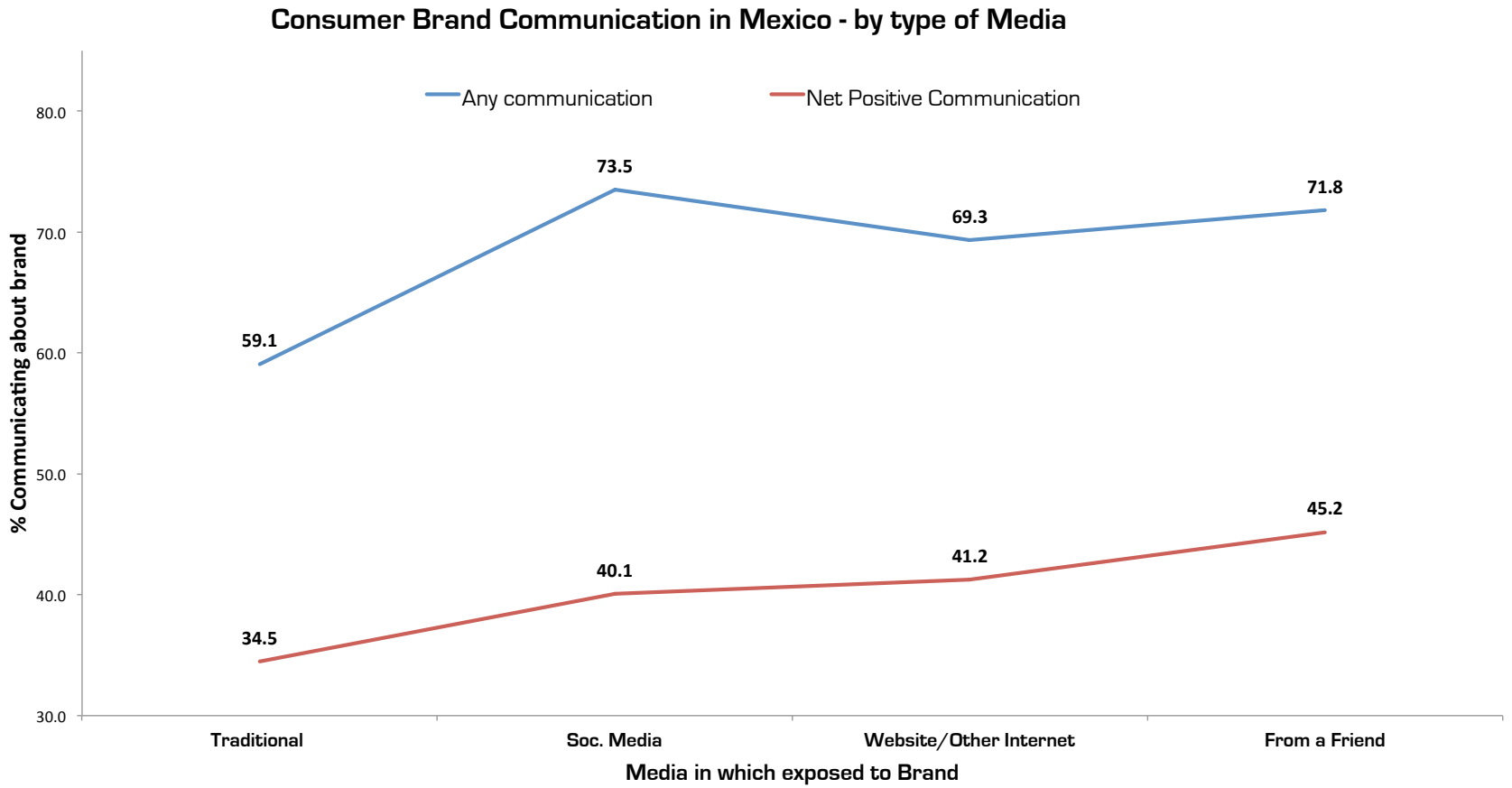
In the USA, those exposed to a brand's communication in social media and by word of mouth are more likely to communicate about the brand than those exposed to it in other types of media. However, in net terms, *the additional communication of these two groups is negative.*



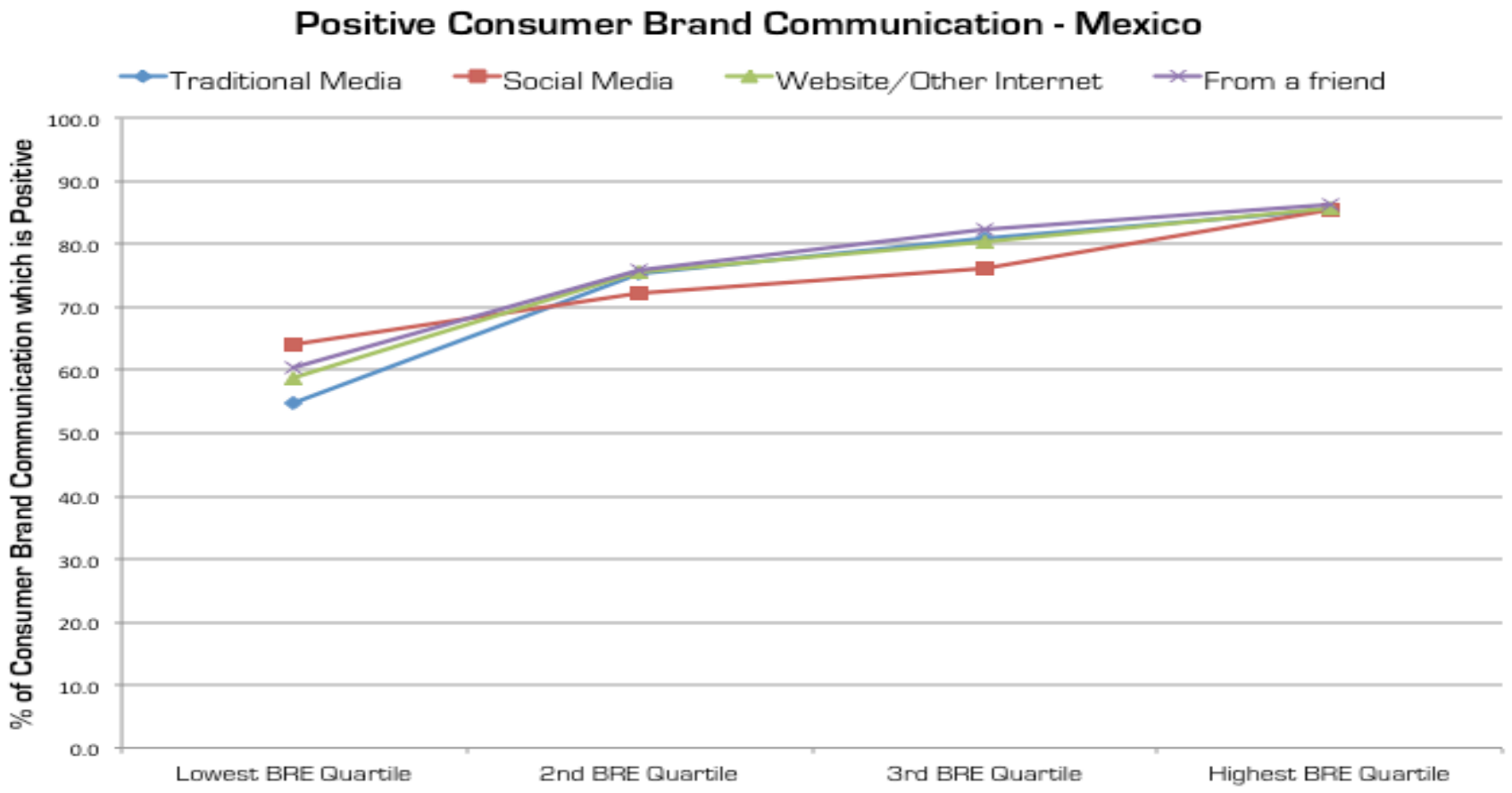
At the lowest level of BRE, only brands seen in traditional media result in consumer brand communication that is more positive than negative. For the second BRE quartile, the situation is very different; the level of positive cbc for brands seen in other media rises dramatically to the same level as for traditional media.



As in the USA, consumers are more likely to communicate themselves about brands they have been exposed to in social media or from a friend. However, in Mexico positive cbc generally follows the overall trend. Web chatter about brands in Mexico is as likely to lead to positive cbc as is traditional media.



Because cbc is generally more positive in Mexico than in the USA – irrespective of the source of consumers exposure to the brand – the level of BRE does not make such a big difference to the tenor of consumers' communication about brands.



Consumer Brand Communication

- In the USA, better management of consumers' brand experiences, resulting in stronger Brand Relationships, is essential for more positive consumer brand communication via the channels that consumers control.
- In Mexico, Consumer Brand Communication is largely positive – irrespective of the media in which consumers are exposed to brands.
- Stronger Brand Relationships do increase positive CBC in Mexico too, but they do not yet have the leverage they have in the USA.

Summary and Conclusions

- There are 'Universal" Consumer Brand Relationships that transcend economic sectors and country borders.
- But there are a few differences between the USA and Mexico in the composition of these relationships. Self Differentiation is the most interesting. In USA the 'differentiation" attribute is more conceptual and *abstract but positive*. In Mexico the "differentiation" is more active e.g. *make interesting news* or *worth following*
- The relationship that is relatively most dominant in Mexico is **Reinforcement.** The brands that are strongest on Reinforcement " over deliver" on the self esteem/ the consumer experience of feeling valued (see appendix)
- With respect to acquisition, in Mexico, CBR only becomes effective in generating consideration among non-users when the brand has **strong relevance.** In the USA, CBR can stand alone in generating acquisition
  - In both countries **Playful** is important in generating consideration

Summary and Conclusions (cont.)

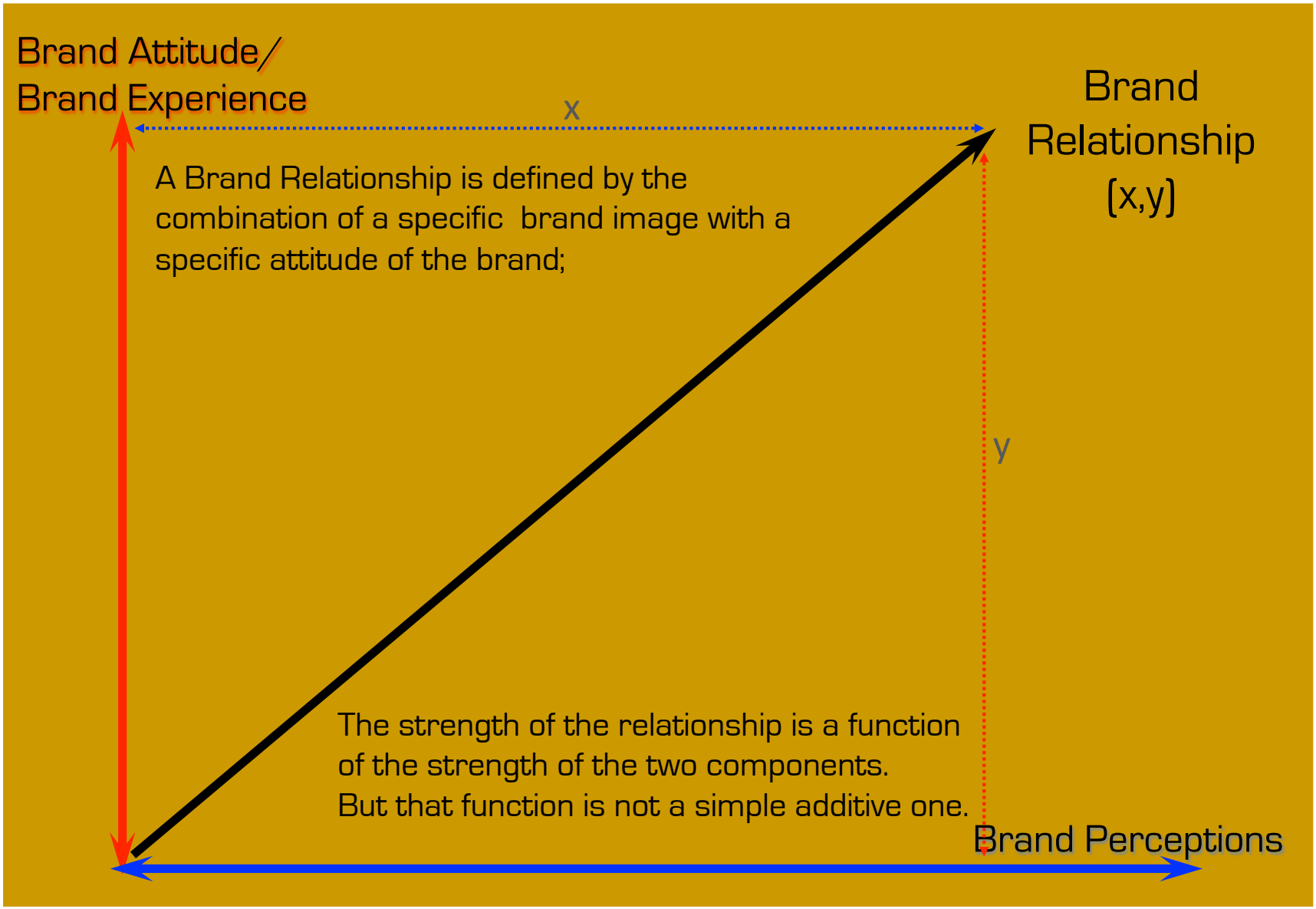
- With respect to retention (strong user preference), **Reinforcement** and **Identification** are the two most important relationships in both countries
- **Reinforcement, Identification, and Playful** are relationships that create **Value, for brands.** The components of these relationships provide insight into what people in each culture hold dear.
- Consumer Brand Communication and Consumer Brand Relationships
  - In the USA, better management of consumers' brand experiences, resulting in stronger Brand Relationships, is essential for more positive consumer brand communication via the channels that consumers control.
  - In Mexico, Consumer Brand Communication is largely positive – irrespective of the media in which consumers are exposed to brands.
  - Stronger Brand Relationships do increase positive cbc in Mexico too, but they do not yet have the leverage they have in the USA.

Appendix 1

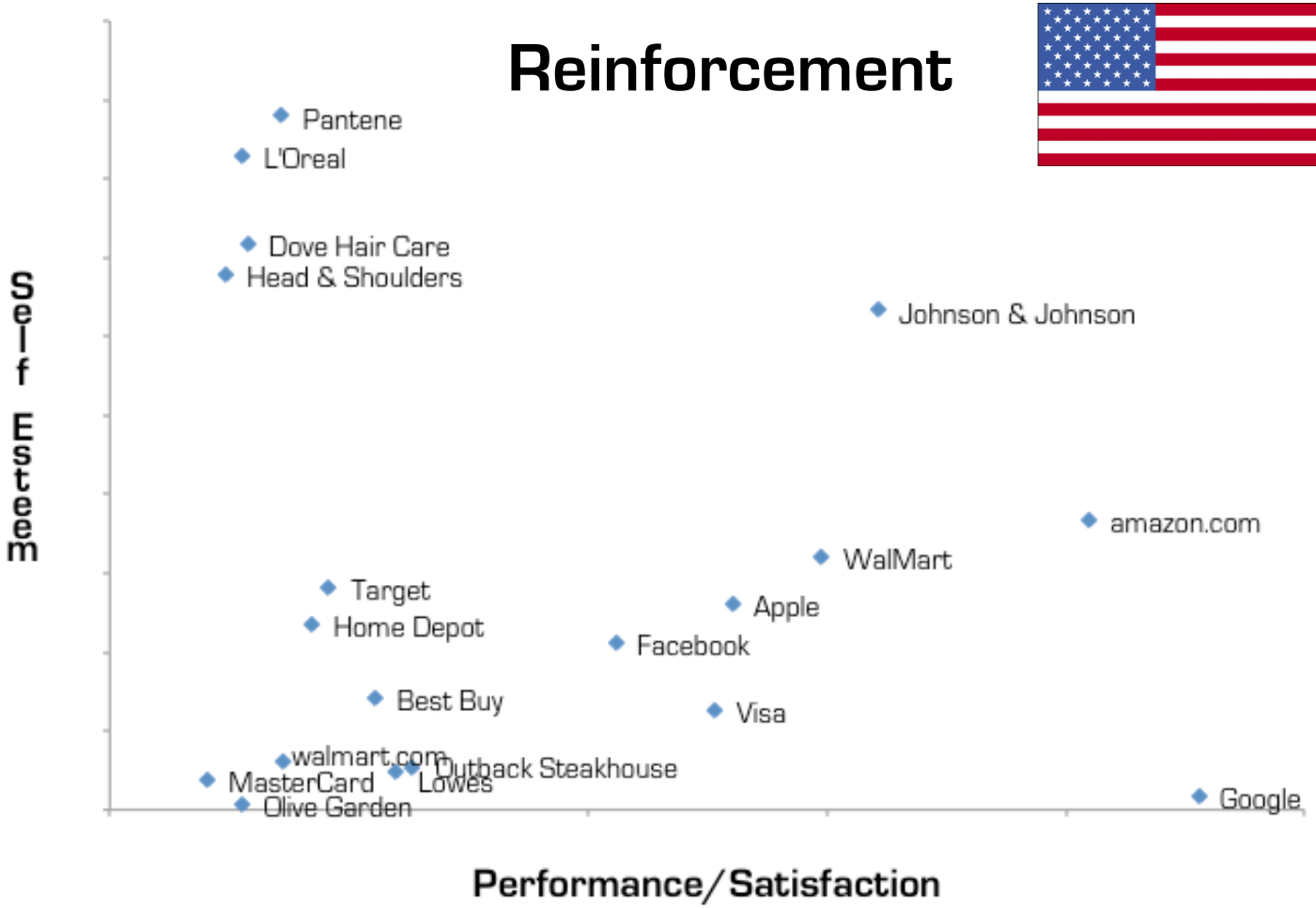
Comparison of Mexican and US Brands for the 5 Universal Brand Relationships

Brand Relationships are Not Additive

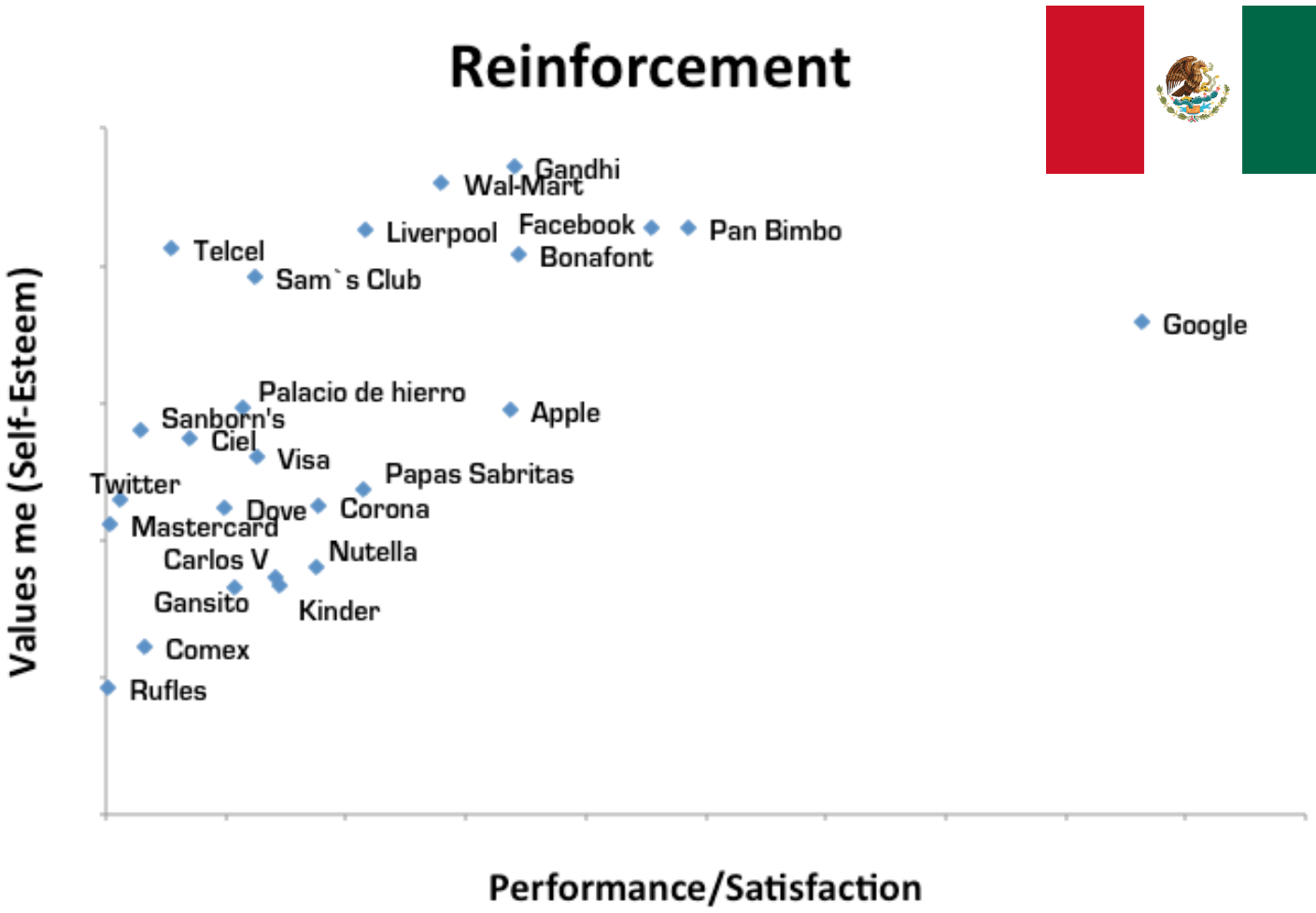
- Although an additive model is often a satisfactory, scientifically parsimonious, way of creating a construct, it does not work for Consumer Brand Relationships.
- Consumers' Brand Perceptions and Brands' Attitudes are qualitatively different phenomena, and – like "apples and pears" - they need to be kept distinct.
- A Brand Relationship is a two-dimensional construct, defined as the resultant vector of the two components of the relationship.
- Visually, we compare Brands' Relationships using a Brand Relationship Map


Brand Attitude/
Brand Experience
x
Brand
Relationship
(x,y)
A Brand Relationship is defined by the
combination of a specific brand image with a
specific attitude of the brand;
y
The strength of the relationship is a function
of the strength of the two components.
But that function is not a simple additive one.
Brand Perceptions

Reinforcement

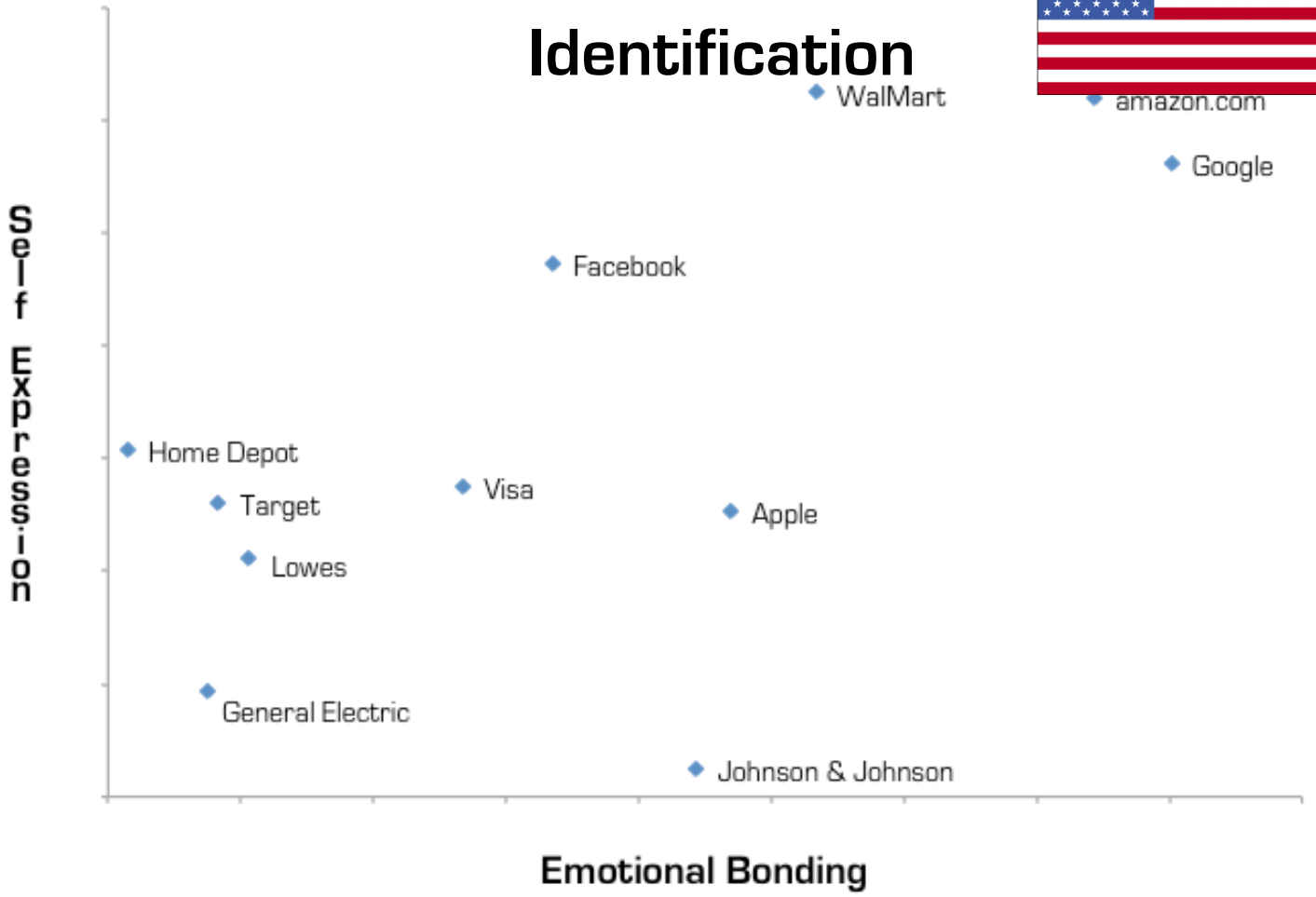


Top reinforcement brands are Pantene, L'Oreal, J&J, Amazon and Google. While both components of the relationship are important, hair care brands do it more by enhancing self-esteem.



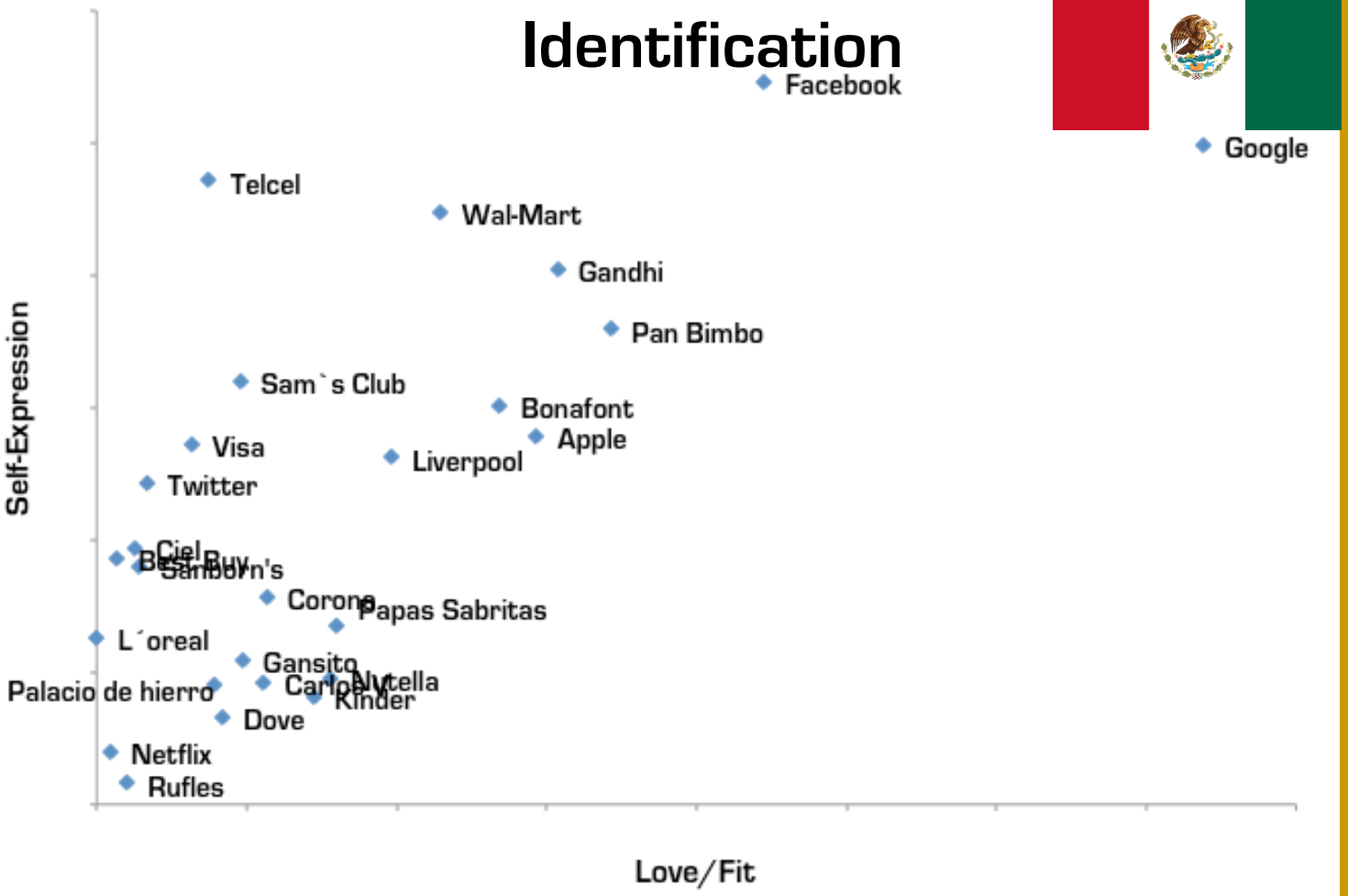
Google is the brand with the strongest Reinforcement relationship, followed by Bimbo Facebook and Gandhi. The performance / satisfaction dimension is key to Google's relationship, whereas retail brands give experiences that enhance self-esteem.

Identification



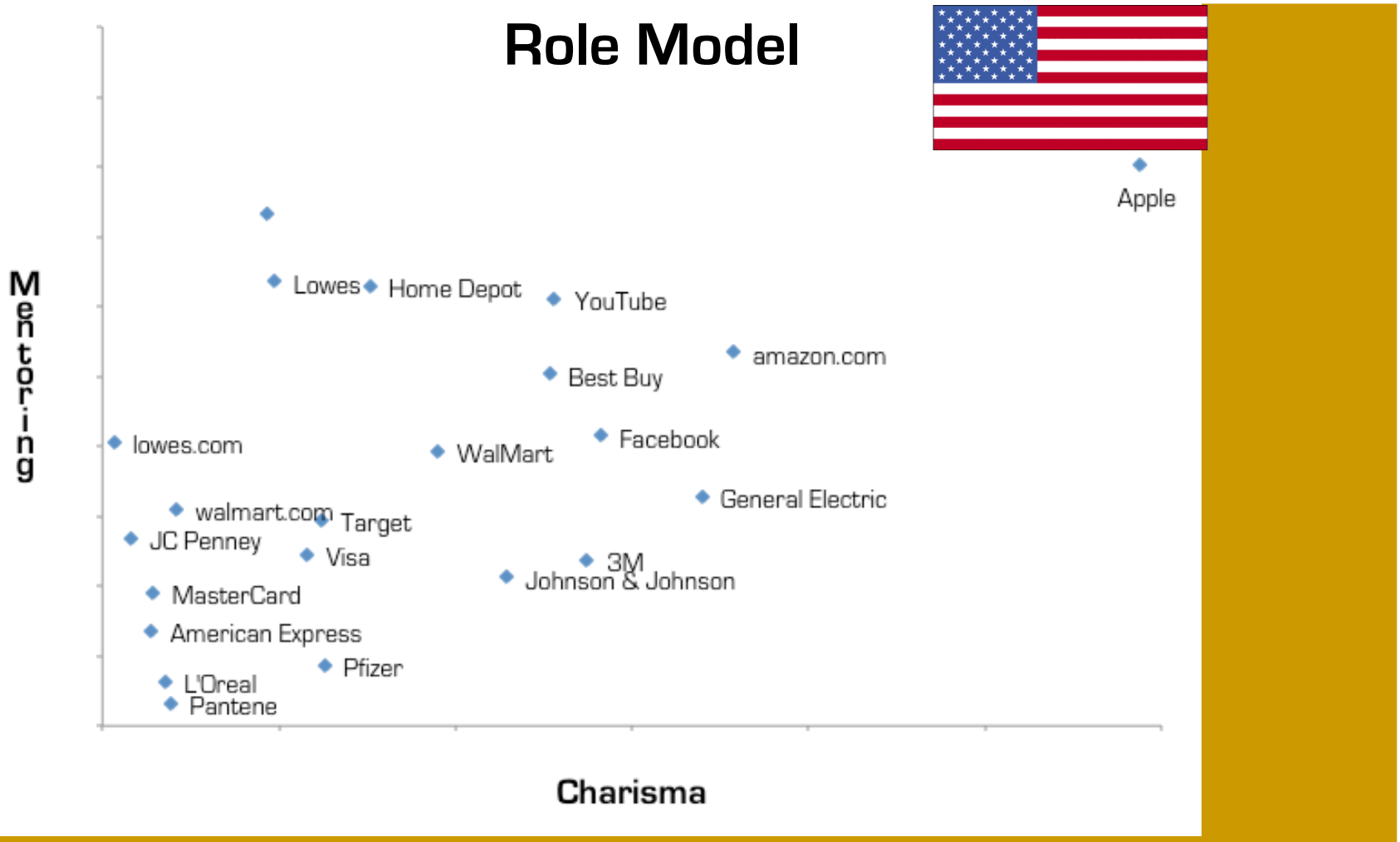
Brands most identified with are Amazon, Google and WalMart. Apple and J&J are well-loved brands, but are not experienced as a means of self-expression like the former. Facebook, on the other hand, is clearly a means of self-expression – but not as well loved.

Identification



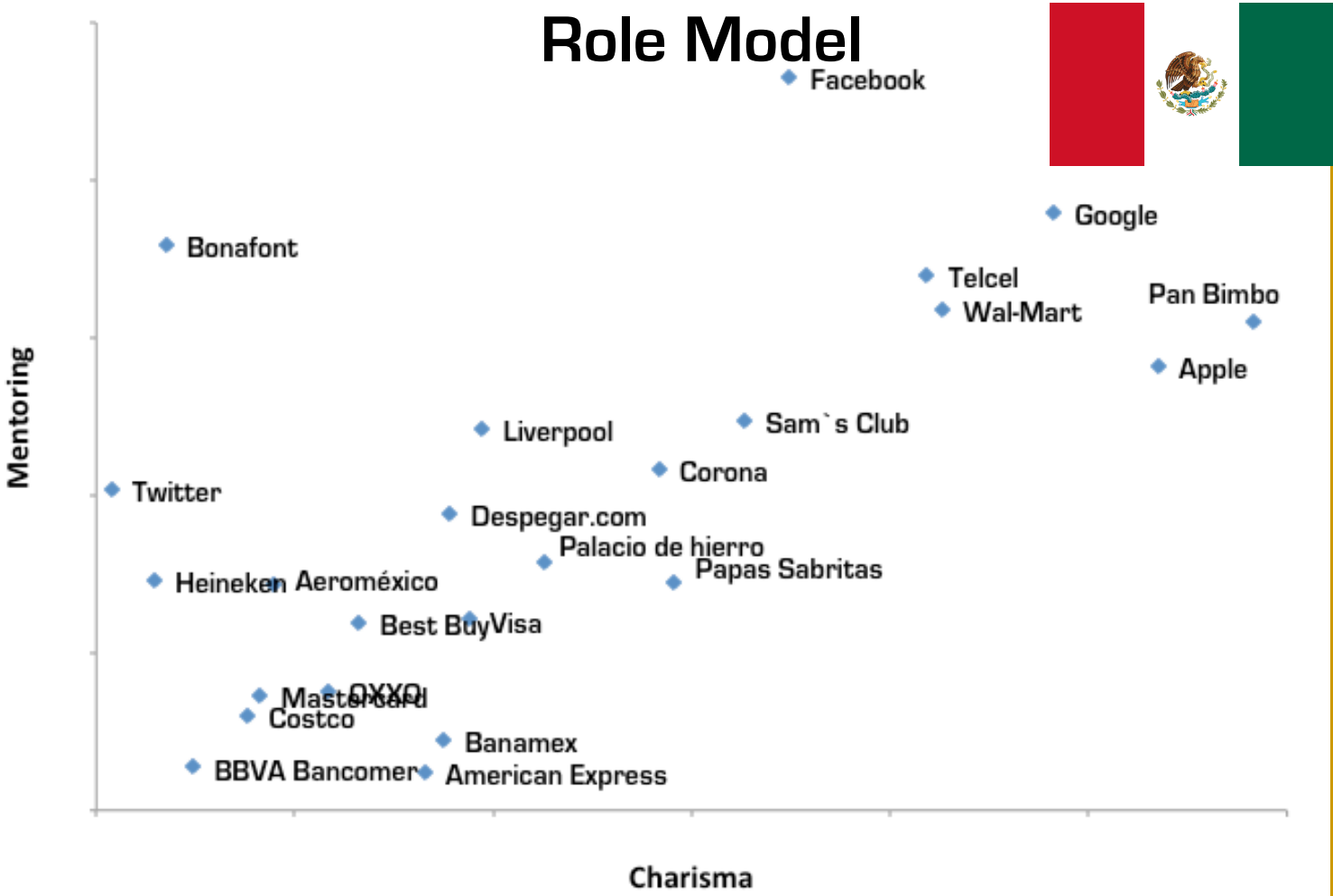
Google and Facebook are the clearest cases of “Love” brands . Telcel and Wal-Mart strengthen their Identification by being experienced as way for consumers to express themselves.

Role Model



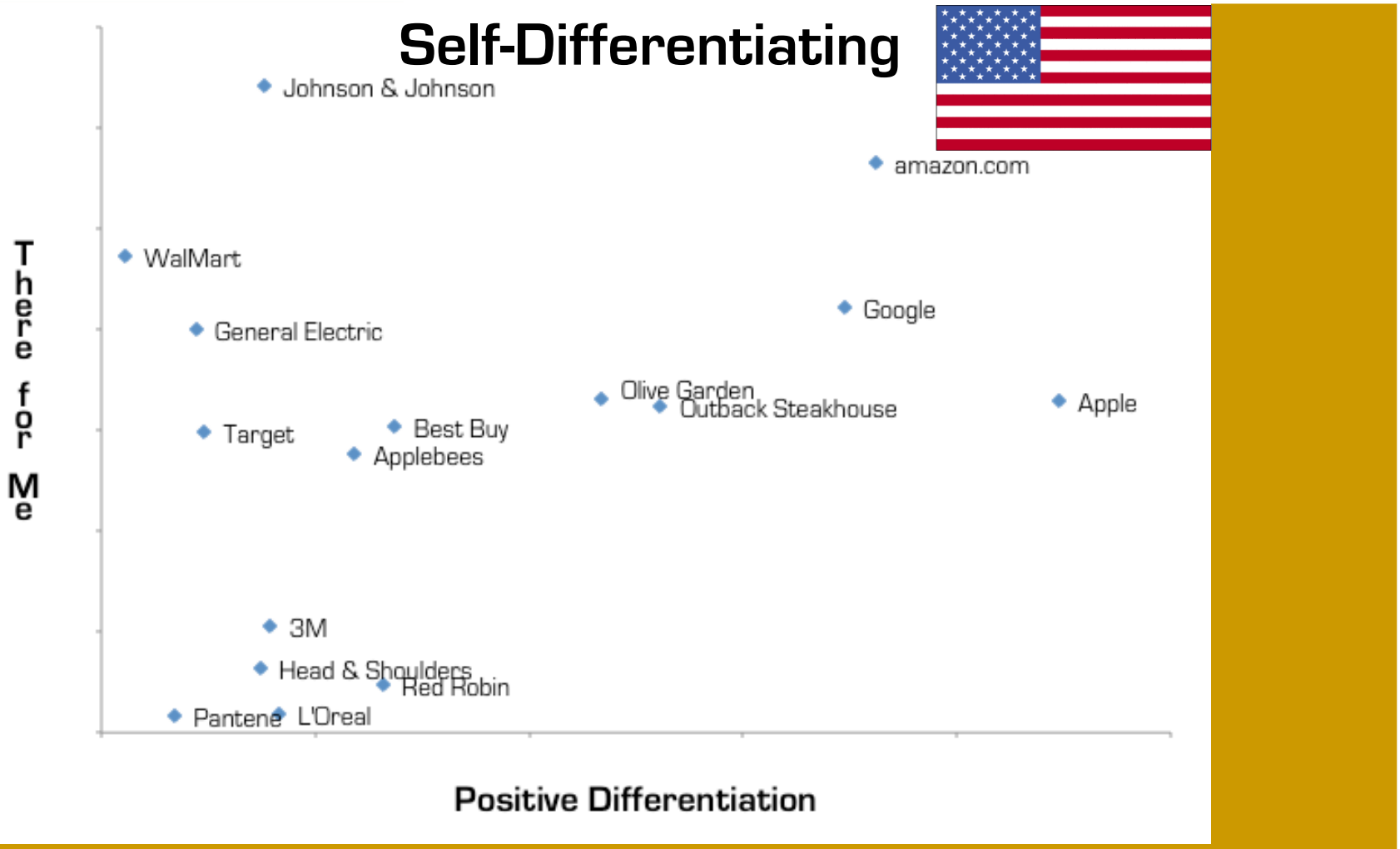
Many corporate brands – like GE, 3M, Facebook and Amazon - are seen as leaders and innovators, but only Apple and Google manage to combine those perceptions with that key personal experience of feeling both challenged and encouraged by the brand.

Role Model



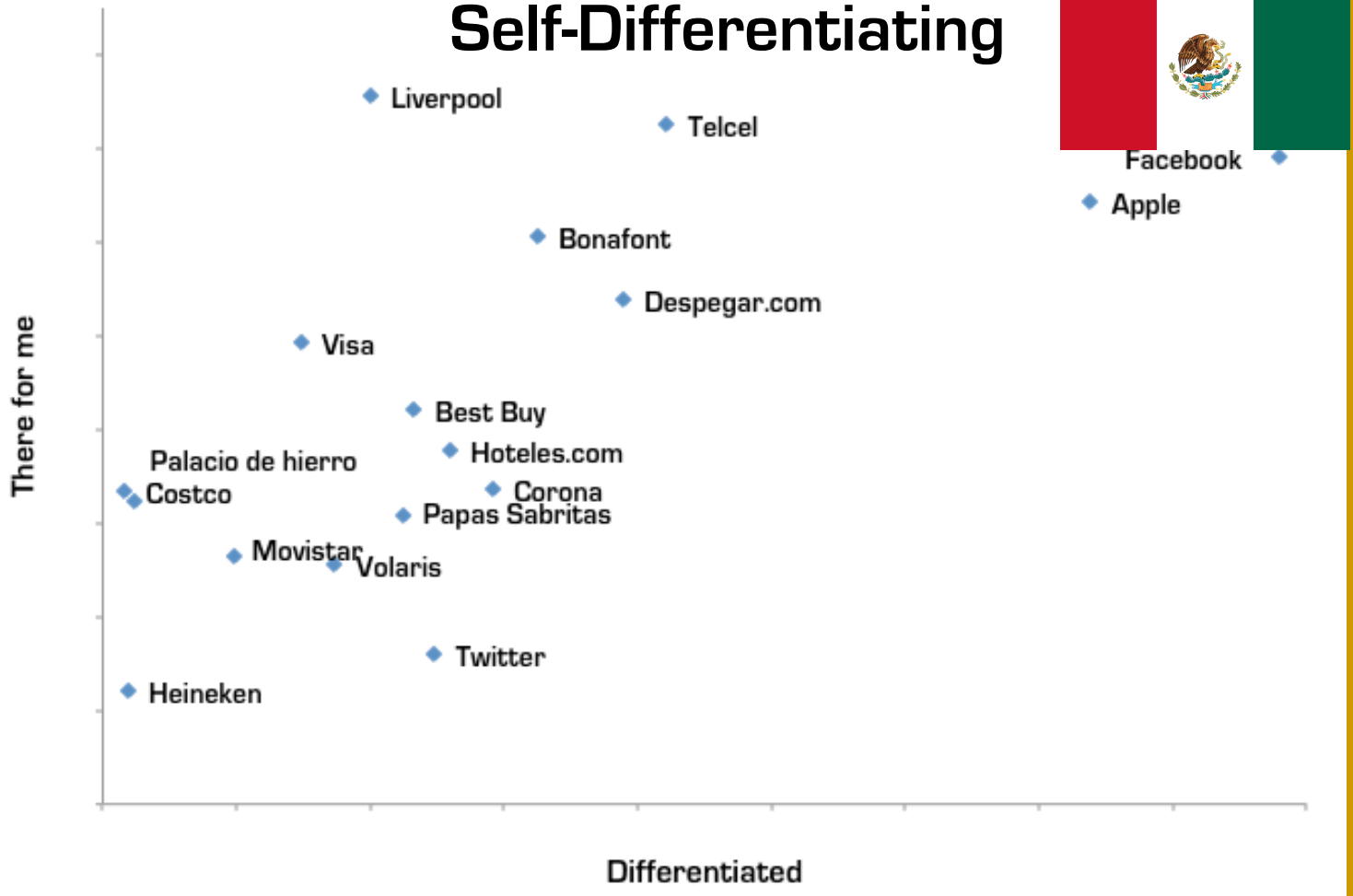
Google and Bimbo are the most important expression of brands that combine perceptions of innovation and leadership with the experience of empowerment for the consumers.

Self-Differentiating



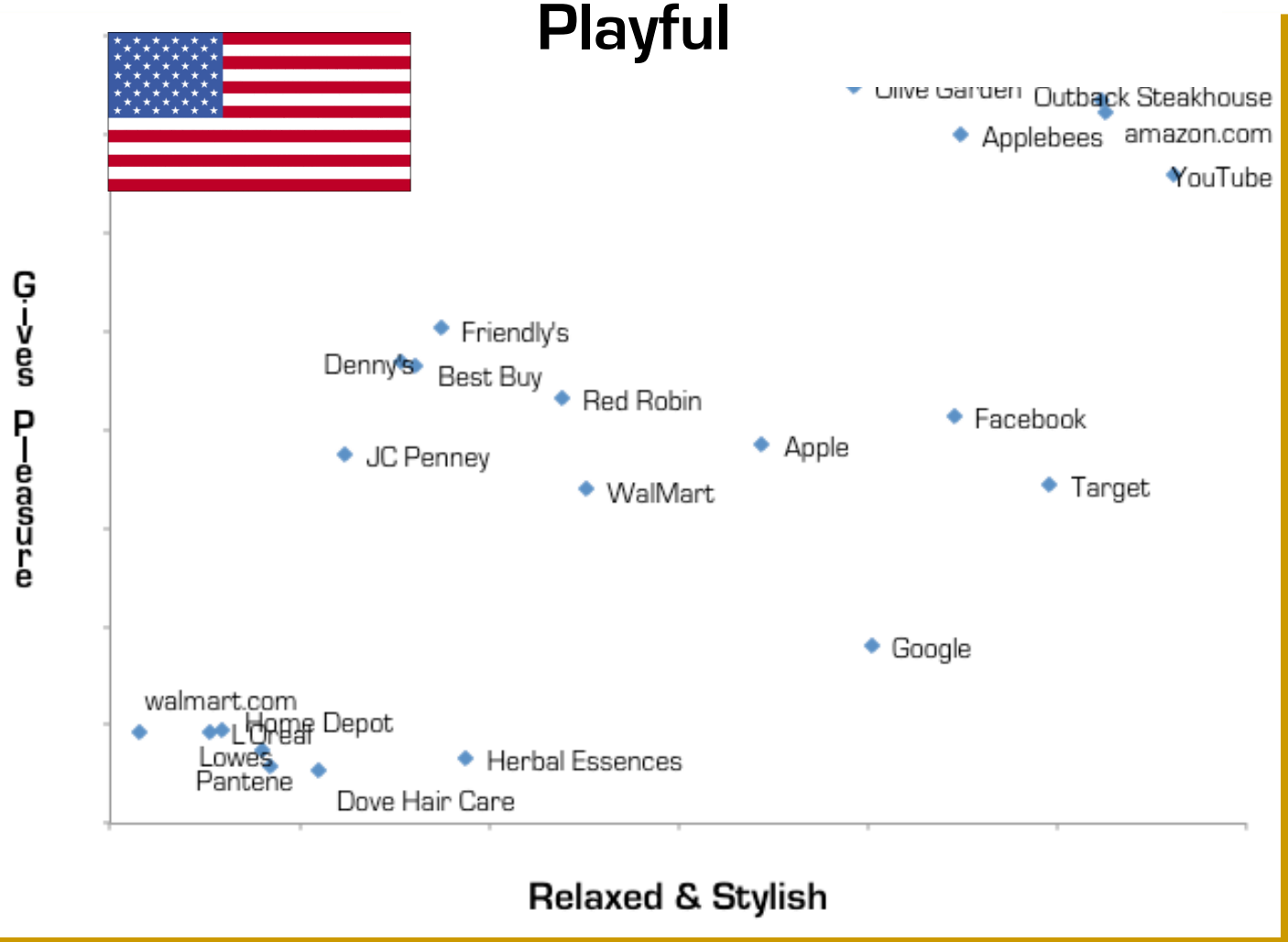
J&J and WalMart epitomize the customer experience of feeling at the center of attention, but their offering is not otherwise differentiated from competitors'. Amazon's uniqueness - and the way its offering feels customized - makes the customer feel different.

Self-Differentiating



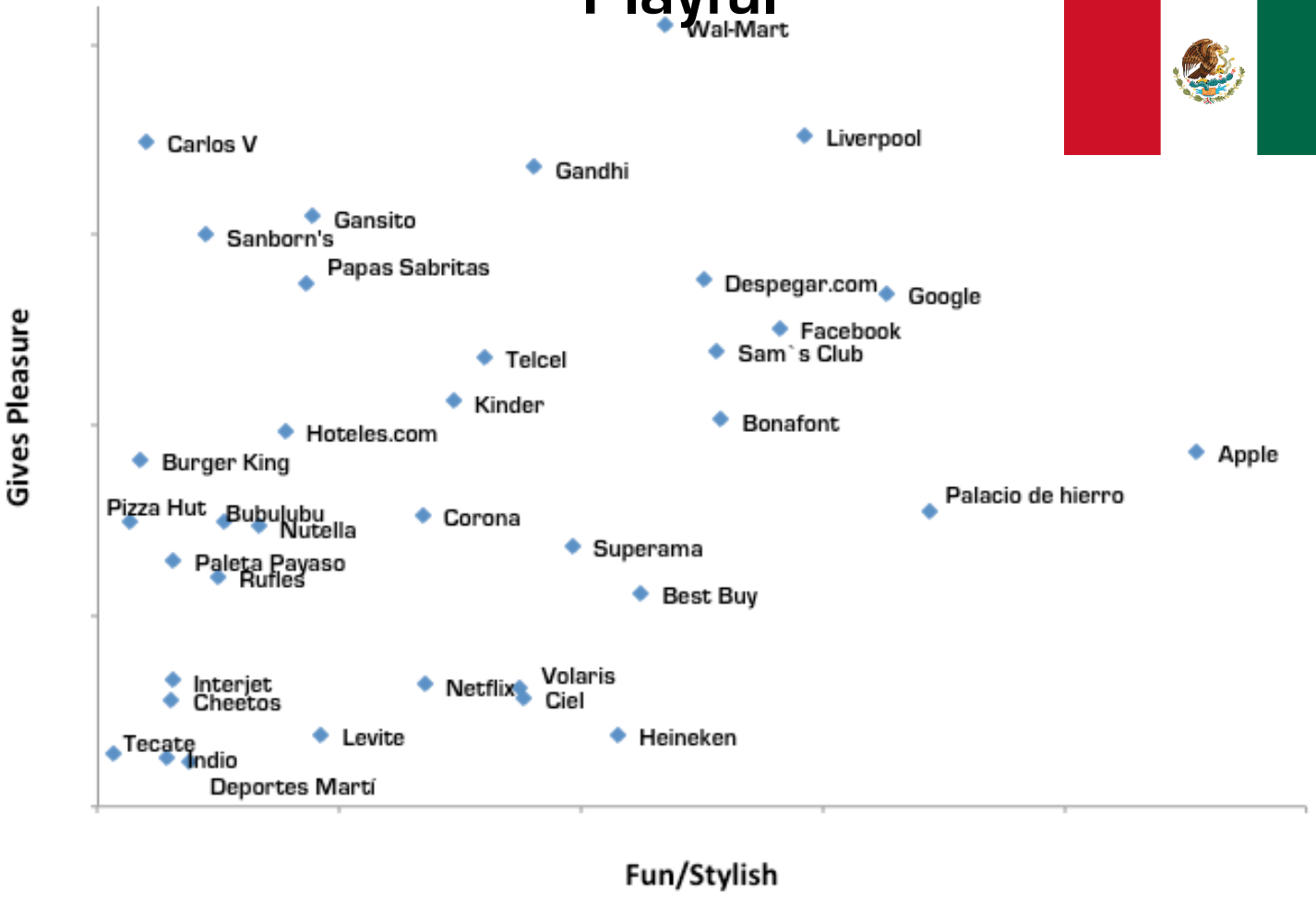
Facebook and Apple are the brands that most make a difference for consumers, making them feel that the innovation they bring is a response to and personalized to customers' needs and expectations

Playful



Brands from several very different categories are seen as relaxed and stylish, but the most successful casual dining brands – together with YouTube and Amazon – are the ones which just seem to give pleasure, without requiring anything in return.

Playful



Digital Brands and Retailers are oriented to providing fun and entertainment for consumers, giving them the experience of obligation-free enjoyment.

Appendix 2

Relational Psychology

Relational Psychology

- External relationships – with other people and with things – are paralleled by psychic representations of these relationships within the mind
- A personality is in fact a composite structure which has been formed and built up out of countless never-ending influences and exchanges between ourselves and others

vs

Freudian Psychology

- Behavior and attitudes are caused by basic "Drives" which are innate and unchanging elements of the personality.
- The relevant characteristics of the personality remain the same – whatever the relationship.

Relational Branding

- Relational psychology, in reformulating the concept of self in personality development, also reformulates the concept of brand.
  - A Freudian "driven" brand is always the same, irrespective of the nature of its consumer-partner; a Relational brand, on the other hand, is a variable outcome of its interactions with its consumers.
  - Relational Psychology recognizes how inanimate relationship partners – so-called "Transitional Objects" – may be invested with the same type of characteristics (personality, motivations, imagined behaviors, etc.) as animate ones.
  - The Brand is a "Transitional Object", represented in the individual's psyche simultaneously as both the *object and source* of emotions, feelings and behaviors.

The Relational Brand

- The Relational brand is not just an "external" player – it is also one of the participants in that transitional space where we all learn to relate to things outside of ourselves.
- A Relationship has emergent qualities which, while clearly derived from the separate attributes of brand and consumer are not simply reducible to either.