Prezentace 2

6EBRA2

Branding (Anglicky)

PhDr. Jan Závodný Pospíšil, Ph.D.

EVROPSKÁ UNIE
Evropské strukturální a investiční fondy
Operační program Výzkum, vývoj a vzdělávání

MINISTERSTVO ŠKOLSTVÍ, MLÁDEŽE A TĚLOVÝCHOVY

Concept of brand value and its building in the long-term strategy of the company.

EVROPSKÁ UNIE
Evropské strukturální a investiční fondy
Operační program Výzkum, vývoj a vzdělávání

Brand value

- Traditional marketing methods have examined the price/value relationship in terms of dollars paid.
- Some marketers believe customers perceive value to mean the lowest price. While this may be true for commodities, some branding techniques are moving beyond this evaluation.

Brand valuation

- Brand valuation emerged in the 1980s. Early firms involved in providing brand valuations included British branding agency, Interbrand led by John Murphy and Michael Birkin, who are credited with leading development of the concept.
- In 1989, Murphy edited a seminal work on the subject: Brand Valuation – Establishing a true and fair view and in 1991, Birkin laid out a brand earnings multiple model of brand valuation in the book Understanding Brands.
- Charles Hoskinson and Kartik Hegadekatti, who have worked extensively on Brand Tokenisation and Blockchains have stated that it will be possible to monetize brand values through cryptocurrencies.
- Tokenization can allow brands to control the vital information. It also creates a safe baseline around Brand's products for their community to build. It can empower dedicated users to build out the communities around those brands. All of this can generate more information for the brands about their product’s lifecycle.

Uses of brand valuation

Common purposes are:

- value reporting
- business buying and selling decisions
- tracking Shareholders' value
- licensing
- dispute resolution
- legal transaction
- accounting
- strategic planning
- management information
- taxation planning and compliance
- liquidation
- litigation support
- Investor's presentation/ Shareholder's report
- Raising funds

Managing Brand Equity

- One of the challenges in managing brands is the many changes that occur in the marketing environment. The marketing environment evolves and changes, often in very significant ways.
- Shifts in consumer behavior, competitive strategies, government regulations, and other aspects of the marketing environment can profoundly affect the fortunes of a brand.
- Besides these external forces, the firm itself may engage in a variety of activities and changes in strategic focus or direction that may necessitate adjustments in the way that its brands are being marketed.
- Consequently, effective brand management requires proactive strategies designed to at least maintain - if not actually enhance - brand equity in the face of these different forces.

Managing Brand Equity

Brand Reinforcement

- As a company's major enduring asset, a brand needs to be carefully managed so its value does not depreciate. Marketers can reinforce brand equity by consistently conveying the brand's meaning in terms of:
    1) what product it represents, what core benefits it supplies, and what needs it satisfies
    2) how the brand makes product superior and which strong, favorable, and unique brand associations should exist in consumers' minds.
- Both of these issues - brand meaning in terms of products, benefits, and needs as well as brand meaning in terms of product differentiation - depend on the firm's general approach to product development, branding strategies, and other strategic concerns.

Managing Brand Equity

Brand Re-Genesis

- Any new development in the marketing environment can affect a brand's fortune. Nevertheless, a number of brands have managed to make impressive comebacks in recent years.
- Often, the first thing to do in revitalizing a brand is to understand what the sources of brand equity were to begin with. Are positive associations losing their strength or uniqueness? Have negative associations become linked to the brand?
- Then decide whether to retain the same positioning or create a new one, and if so, which new one.ich new one.

Managing Brand Equity

Maintaining Brand Consistency

- The most important consideration in reinforcing brands is the consistency of the marketing support that the brand receives - both in terms of the amount and nature of marketing support.
- Brand consistency is critical to maintaining the strength and favorability of brand associations. Brands that receive inadequate support, in terms of such things as shrinking research and development or marketing communication budgets, run the risk of becoming technologically disadvantaged or even obsolete.
- Consistency does not mean, however, that marketers should avoid making any changes in the marketing program. On the contrary, the opposite can be quite true - being consistent in managing brand equity may require numerous tactical shifts and changes in order to maintain the proper strategic thrust and direction of the brand.

Managing Brand Equity

Brand Tokenization

- Tokenization is the concept of tying information about an asset to a Blockchain.
- That asset may be a product, process or even brand image. Brand Value can thus be tokenized by the issuance of Cryptocurrencies.
- Though Initial Public Offerings (IPOs) try to capture Brand Value, a company's share value is a result of several factors like performance, initial capital, investor identity etc. Moreover, the time needed for a company to be listed in an IPO runs into several months. Therefore, immediate capitalization of Brand Value is not possible. Initial Coin Offerings (ICOs) on the other hand deliver a wide range of possibilities not provided by IPOs. Most important among them is Brand Tokenization and Monetization.
- It has also been discussed that Brand Tokenization is one of the methods of raising capital without giving away equity.

Questions exercises

- Try to name the product names that can be developed through marketing research. Why did you choose these products?
- The car manufacturer intends to do research to get a prediction for the type of car that customers want in 2030. Explain how it will proceed?
- What is the importance of the KLASA brand for the strategy of Czech food brands?
- Build a ranking of the 30 strongest brands in the world.
- Provide examples of private labels operating in the Czech Republic.

EVROPSKÁ UNIE
Evropské strukturální a investiční fondy
Operační program Výzkum, vývoj a vzdělávání

Key Words

- Brand, National Brands, License Marks, Private Labels, Generic Products, Etiquette, Logo, Trademark, Brand Management Process, Intellectual Capital.

Literature

- AAKER, D.A.: Building Strong Brands, Pocket Books (29 April 2010), ISBN-13: 978-1849830409.
- BRAUN, Erik; ESHUIS, Jasper; KLIJN, Erik-Hans. The effectiveness of place brand communication. Cities, 2014, 41: 64-70.
- KAPFERER, J., The new strategy brand management: creating and sustaining brand equity long term. London: Kogan Page, 2004. ISBN 0-7494-4283-2.
- KELLER, K L. – KOTLER, P., Marketing management, Praha:Grada Publishing, 2013. ISBN 978-80-247-4150-5.
- KELLER, Kevin Lane; PARAMESWARAN, M. G.; JACOB, Isaac. Strategic brand management: Building, measuring, and managing brand equity. Pearson Education India, 2011.
- KOTLER, Philip; ARMSTRONG, Gary. Principles of marketing. Pearson education, 2010.
- KOTLER, Philip; PFOERTSCH, Waldemar. B2B brand management. Springer Science & Business Media, 2006.
- Morgan, N., Pritchard, A., a Pride, R. (2004). Destination branding: Creating the unique destination proposition. Oxford, United Kingdom: Butterworth-Heinemann.
- PEATTIE, Ken; BELZ, Frank-Martin. Sustainability marketing—An innovative conception of marketing. Marketing Review St. Gallen, 2010, 27.5: 8-15.
- ZENKER, Sebastian; BRAUN, Erik; PETERSEN, Sibylle. Branding the destination versus the place: The effects of brand complexity and identification for residents and visitors. Tourism Management, 2017, 58: 15-27.

Brand positioning and brand values identification and determination.

Brand positioning

- Positioning refers to the place that a brand occupies in the minds of the customers and how it is distinguished from the products of the competitors.
- In order to position products or brands, companies may emphasize the distinguishing features of their brand (what it is, what it does and how, etc.) or they may try to create a suitable image (inexpensive or premium, utilitarian or luxurious, entry-level or high-end, etc.) through the marketing mix.
- Once a brand has achieved a strong position, it can become difficult to reposition it.

Brand positioning

- Positioning is one of the most powerful marketing concepts.
- Primarily, positioning is about "the place a brand occupies in the mind of its target audience".
- Positioning is now a regular marketing activity or strategy. A national positioning strategy can often be used, or modified slightly, as a tool to accommodate entering into foreign markets.

Developing the positioning statement

Positioning is part of the broader marketing strategy which includes three basic decision levels, namely segmentation, targeting and positioning, sometimes known as the S-T-P approach:

- **Segmentation:** refers to the process of dividing a broad consumer or business market, normally consisting of existing and potential customers, into sub-groups of consumers (known as segments)
- **Targeting:** refers to the selection of a segment or segments that will become the focus of special attention (known as target markets).
- **Positioning:** refers to an overall strategy that "aims to make a brand occupy a distinct position, relative to competing brands, in the mind of the customer".

Positioning statement

- Both theorists and practitioners argue that the positioning statement should be written in a format that includes an identification of the target market, the market need, the product name and category, the key benefit delivered and the basis of the product's differentiation from any competing alternatives.
- A basic template for writing positioning statements is as follows: "**For** (*target customer*) **who** (*statement of the need or opportunity*), **the** (*product name*) **is a** (*product category*) **that** (*statement of key benefit – that is, compelling reason to buy*). **Unlike** (*primary competitive alternative*), **our product** (*statement of primary differentiation*)."

EVROPSKÁ UNIE
Evropské strukturální a investiční fondy
Operační program Výzkum, vývoj a vzdělávání

Differentiation vs positioning

Differentiation is closely related to the concept of positioning.

- **Differentiation** is how a company's product is unique, by being the first, least expensive, or some other distinguishing factor. A product or brand may have many points of difference, but they may not all be meaningful or relevant to the target market.
- **Positioning** is something (a perception) that happens in the minds of the target market whereas differentiation is something that marketers do, whether through product design, pricing or promotional activity.

Positioning strategies

- To be successful in a particular market a product must occupy an "explicit, distinct and proper place in the minds of all potential and existing consumers".
- It has to also be relative to other rival products with which the brand competes.
- This may require considerable research of customer perceptions and competitor activity in order to ensure that the points of difference are meaningful in the minds of customers. Perceptual mapping is often used for this type of research.
- Visibility and recognition is what product positioning is all about as the positioning of a product is what the product represents for a buyer the business is targeting. As markets become increasingly competitive, buyer have more purchase choices, and the process of setting one brand apart from rival brands is critical success factor.
- It is vital that a product or service needs to have a clear identity and placement to the needs of the consumers targeted as they will not only purchase the product but can warrant a larger margin for the company through increased added value.

Positioning strategies

A number of different positioning strategies have been cited in the marketing literature:

- Preemptive positioning
  (Being the first to claim a benefit or feature)
- Superlative positioning
  (Being the best or exhibiting some type of superiority)
- Exclusive positioning
  (Being a member of an exclusive club or group)
- Positioning within a category
  (Strong registration of both category and brand)
- Positioning by competitor strategy
  (Use competitor's strategy as a reference point)
- Positioning according to product benefit(s)
  (Emphasize a problem, need or benefit where the firm can offer superior satisfaction)
- Positioning according to product attribute
- Positioning for usage occasion
  (Can be associated with seasonal products)
- Positioning along price lines
- Positioning for a user or user group
- Positioning by cultural symbols

Perceptual mapping

- To identify suitable positions that a company or brand might occupy in a given market, analysts often turn to techniques such as perceptual mapping or correspondence analysis.
- Perceptual maps are a diagrammatic representation of consumers' mental perceptions of the relative place various brands occupy within a category.
- Traditionally perceptual mapping selects two variables that are relevant to consumers (often, but not necessarily, price and quality) and then asks a sample of the market to explain where they would place various brands in terms of the two variables.
- Results are averaged across all respondents, and results are plotted on a graph to indicate how the average member of the population views the brand that make up a category and how each of the brands relates to other brands within the same category.
- A key advantage of perceptual mapping is that it can identify gaps in the market which the firm may choose to 'own.'

Repositioning

- The right positioning strategy at the right time can help a brand build a powerful image in the mind of consumer(s).
- From time to time, the current positioning strategy fails to resonate. This could be due to new market entrants, changed customer preferences, structural change within the target market (such as ageing, segment creep) or simply that customers have forgotten about a brand and its position. When this happens, the company may need to consider a number of options:
  - Strengthen current positioning: reinforce the concepts of features that led to customers adopting a favourable view in the first instance
  - Establish a new position: look for suitable niches where customers are underserviced and occupy that space
  - Reposition (or de-position): change the way customers think about the product or brand, usually through comparative advertising

EVROPSKÁ UNIE
Evropské strukturální a investiční fondy
Operační program Výzkum, vývoj a vzdělávání

Questions exercises

- What are the outcomes of customer analysis, competition analysis and custom brand analysis?
- Explain what options the correct branding provides?
- What is the importance of internal branding?
- Based on multimedia study support, discuss the market opportunities of bio-products.
- Create a "mantra" of organic products.
- Choose a brand and company, and analyze the internal branding processes in the company.

EVROPSKÁ UNIE
Evropské strukturální a investiční fondy
Operační program Výzkum, vývoj a vzdělávání

Key Words

- Brand Positioning, Brand Values, Mental Maps, Internal Branding, Mantra.

Literature

- AAKER, D.A.: Building Strong Brands, Pocket Books (29 April 2010), ISBN-13: 978-1849830409.
- BRAUN, Erik; ESHUIS, Jasper; KLIJN, Erik-Hans. The effectiveness of place brand communication. Cities, 2014, 41: 64-70.
- KAPFERER, J., The new strategy brand management: creating and sustaining brand equity long term. London: Kogan Page, 2004. ISBN 0-7494-4283-2.
- KELLER, K L. – KOTLER, P., Marketing management, Praha:Grada Publishing, 2013. ISBN 978-80-247-4150-5.
- KELLER, Kevin Lane; PARAMESWARAN, M. G.; JACOB, Isaac. Strategic brand management: Building, measuring, and managing brand equity. Pearson Education India, 2011.
- KOTLER, Philip; ARMSTRONG, Gary. Principles of marketing. Pearson education, 2010.
- KOTLER, Philip; PFOERTSCH, Waldemar. B2B brand management. Springer Science & Business Media, 2006.
- Morgan, N., Pritchard, A., a Pride, R. (2004). Destination branding: Creating the unique destination proposition. Oxford, United Kingdom: Butterworth-Heinemann.
- PEATTIE, Ken; BELZ, Frank-Martin. Sustainability marketing—An innovative conception of marketing. Marketing Review St. Gallen, 2010, 27.5: 8-15.
- ZENKER, Sebastian; BRAUN, Erik; PETERSEN, Sibylle. Branding the destination versus the place: The effects of brand complexity and identification for residents and visitors. Tourism Management, 2017, 58: 15-27.

Planning and implementation of brand marketing programs.

Marketing strategy to build brand equity

- Marketing strategy is a long-term, forward-looking approach to planning with the fundamental goal of achieving a sustainable competitive advantage.
- Strategic planning involves an analysis of the company's strategic initial situation prior to the formulation, evaluation and selection of market-oriented competitive position that contributes to the company's goals and marketing objectives.
- Strategic marketing, as a distinct field of study emerged in the 1970s and built on strategic management that preceded it. Marketing strategy highlights the role of marketing as a link between the organization and its customers.

EVROPSKÁ UNIE
Evropské strukturální a investiční fondy
Operační program Výzkum, vývoj a vzdělávání

Strategic marketing planning

- Marketing strategy involves mapping out the brand direction for the forthcoming planning period, whether that be three, five or ten years. It involves undertaking a 360° review of the brand and its operating environment with a view to identifying new business opportunities that the company could potentially leverage for competitive advantage.
- Strategic planning seeks to address three deceptively simple questions, specifically:
  - Where are we now? (Situation analysis)
  - What business should we be in? (Vision and mission)
  - How should we get there? (Strategies, plans, goals and objectives)

Developing the vision and mission

- The vision and mission address the second central question, '*Where are we going?*'
- At the conclusion of the research and analysis stage, the firm will typically review its vision statement, mission statement and, if necessary, devise a new vision and mission for the outlook period.
- At this stage, the firm will also devise a generic competitive strategy as the basis for maintaining a sustainable competitive advantage for the forthcoming planning period.

EVROPSKÁ UNIE
Evropské strukturální a investiční fondy
Operační program Výzkum, vývoj a vzdělávání

Developing the vision and mission

- A vision statement is a realistic, long term future scenario for the organisation. (Vision statements should not be confused with slogans or mottos.)
- A vision statement is designed to present a realistic long-term future scenario for the organisation. It is a "clearly articulated statement of the business scope." A strong vision statement typically includes the following:
  - Competitive scope
  - Market scope
  - Geographic scope
  - Vertical scope

Developing the vision and mission

- A mission statement is a clear and concise statement of the organisation’s reason for being and its scope of operations, while the generic strategy outlines how the company intends to achieve both its vision and mission.
- Mission statements should include detailed information and must be more than a simple motherhood statement. A mission statement typically includes the following:
  - This mission statement might be described as a "motherhood statement" because it lacks sufficient detail to be meaningful
  - Specification of target customers
  - Identification of principal products or services offered
  - Specification of the geographic scope of operations
  - Identification of core technologies and/or core capabilities
  - An outline of the firm's commitment to long-term survival, growth and profitability
  - An outline of the key elements in the company's philosophy and core values
  - Identification of the company's desired public image

Developing the generic competitive strategy

- The generic competitive strategy outlines the fundamental basis for obtaining a sustainable competitive advantage within a category. Firms can normally trace their competitive position to one of three factors:
  - **Superior skills** (e.g. coordination of individual specialists, created through the interplay of investment in training and professional development, work and learning)
  - **Superior resources** (e.g. patents, trade-mark protection, specialized physical assets and relationships with suppliers and distribution infrastructure.)
  - **Superior position** (the products or services offered, the market segments served, and the extent to which the product-market can be isolated from direct competition.)
- It is essential that the internal analysis provide a frank and open evaluation of the firm's superiority in terms of skills, resources or market position since this will provide the basis for competing over the forthcoming planning period. For this reason, some companies engage external consultants to provide an independent assessment of the firms capabilities and resources.

Developing marketing goals and objective

- Whereas the vision and mission provide the framework, the "goals define targets within the mission, which, when achieved, should move the organization toward the performance of that mission.„
- Goals are broad primary outcomes whereas, objectives are measurable steps taken to achieve a goal or strategy. In strategic planning, it is important for managers to translate the overall strategy into goals and objectives.
- Goals are designed to inspire action and focus attention on specific desired outcomes. Objectives, on the other hand, are used to measure an organisation's performance on specific dimensions, thereby providing the organisation with feedback on how well it is achieving its goals and strategies.

EVROPSKÁ UNIE
Evropské strukturální a investiční fondy
Operační program Výzkum, vývoj a vzdělávání

Developing marketing goals and objective

- After setting the goals marketing strategy or marketing plan should be developed. The marketing strategy plan provides an outline of the specific actions to be taken over time to achieve the objectives.
- Plans can be extended to cover many years, with sub-plans for each year.
- Plans usually involve monitoring, to assess progress, and prepare for contingencies if problems arise.
- Simultaneous such as customer lifetime value models can be used to help marketers conduct "what-if" analyses to forecast what potential scenarios arising from possible actions, and to gauge how specific actions might affect such variables as the revenue-per-customer and the churn rate.

Questions exercises

- What are your favorite brand leaders?
- Compare the logos of the most famous Czech and world brands. Which do you consider better communicating with the consumer?
- Choose a brand, identify all its elements, and estimate their ability to contribute to brand value.
- Explain, in your opinion, the most problematic presentation of the brand in the Czech Republic.

EVROPSKÁ UNIE
Evropské strukturální a investiční fondy
Operační program Výzkum, vývoj a vzdělávání

Key Words

- Brand Elements, Logo, Symbol, Brand Hierarchy, Brand Of Brand, Brand Of Line, Brand Of Production Line, Brand As Functions, Product Strategies, Pricing Strategies, Distribution Channels Strategy, Value Chain, Relationship Marketing, Mass Customization, Post Marketing, Loyalty Programs.

Literature

- AAKER, D.A.: Building Strong Brands, Pocket Books (29 April 2010), ISBN-13: 978-1849830409.
- BRAUN, Erik; ESHUIS, Jasper; KLIJN, Erik-Hans. The effectiveness of place brand communication. Cities, 2014, 41: 64-70.
- KAPFERER, J., The new strategy brand management: creating and sustaining brand equity long term. London: Kogan Page, 2004. ISBN 0-7494-4283-2.
- KELLER, K L. – KOTLER, P., Marketing management, Praha:Grada Publishing, 2013. ISBN 978-80-247-4150-5.
- KELLER, Kevin Lane; PARAMESWARAN, M. G.; JACOB, Isaac. Strategic brand management: Building, measuring, and managing brand equity. Pearson Education India, 2011.
- KOTLER, Philip; ARMSTRONG, Gary. Principles of marketing. Pearson education, 2010.
- KOTLER, Philip; PFOERTSCH, Waldemar. B2B brand management. Springer Science & Business Media, 2006.
- Morgan, N., Pritchard, A., a Pride, R. (2004). Destination branding: Creating the unique destination proposition. Oxford, United Kingdom: Butterworth-Heinemann.
- PEATTIE, Ken; BELZ, Frank-Martin. Sustainability marketing—An innovative conception of marketing. Marketing Review St. Gallen, 2010, 27.5: 8-15.
- ZENKER, Sebastian; BRAUN, Erik; PETERSEN, Sibylle. Branding the destination versus the place: The effects of brand complexity and identification for residents and visitors. Tourism Management, 2017, 58: 15-27.

Brand performance measurement and interpretation.

Brand value and brand valuation

- Brand valuation is the job of estimating the total financial value of the brand.
- Like the valuation of any product, or self review, a conflict of interest exists if those that value the brand also were involved in its creation.
- The ISO 10668 standard sets out the appropriate process of valuing brands, and sets out six key requirements:
  - transparency,
  - validity,
  - reliability,
  - sufficiency,
  - objectivity, and
  - financial, behavioural, and legal parameters.

Valuation methodologies

1) The cost approach

- In real estate appraisal, the cost approach is one of three basic valuation methods. The others are market, or sale comparison, and income.
- The fundamental premise of the cost approach is that a potential user of real estate won't, or shouldn't, pay more for a property than it would cost to build an equivalent.
- The cost of construction minus depreciation, plus land, therefore is a limit, or at least a metric, of market value.

Valuation methodologies

2) The market approach

- In this approach a comparison with the market is done.
- This valuation method relies on the estimation of value based on similar market transactions (e.g. similar license agreements) of comparable brand rights.
- Given that often the asset under valuation is unique, the comparison is performed in terms of utility, technological specificity and property, having also in consideration the perception of the asset by the market.
- Data on comparable or similar transactions may be accessed in the following sources:
  - Company annual reports.
  - Specialized royalty rate databases and publications.
  - In court decisions concerning damages.

Valuation methodologies

3) The income approach

- This approach measures the value by reference to the present value of the economic benefits received over the rest of the useful life of the brand.
- There are six recognised methods of the income approach.
    - **Price premium method** – estimates the value of a brand by the price premium it generates when compared to a similar but unbranded product or service. This must take into account the volume premium method.
    - **Volume premium method** – estimates the value of a brand by the volume premium it generates when compared to a similar but unbranded product or service. This must take into account the price premium method.
    - **Income split method** – this values the brand as the present value portion of the economic profit attributable to the brand over the rest of its useful life. This has problems in that profits can sometimes be negative, leading to unrealistic brand value, and also that profits can be manipulated so may misrepresent brand value. This method uses qualitative measures to decide the portion of economic profits to be accredited to the brand.

EVROPSKÁ UNIE
Evropské strukturální a investiční fondy
Operační program Výzkum, vývoj a vzdělávání

Valuation methodologies

3) The income approach (continuation)

- **Multi-period excess earnings method** – this method requires a valuation of each group of intangible assets to calculate the cost of capital of each. The returns for each of these are deducted from the present value of future cash flows and when all other assets have been accounted for, the remaining is used as the value of the brand.
- **Incremental cash flow method** – Identifies the extra cash flow in a branded business when compared to an unbranded, and comparable, business. However it is rare to find conditions for this method to be used since finding similar unbranded companies can be difficult.
- **Royalty relief method** – Assume theoretically a company does not own the brand it operates under, but instead licenses the use from another. The royalty relief method uses available data of similar arrangements in the industry and assigns the value of the brand as the present value of future royalty payments.

Semantic Brand Score

- The Semantic Brand Score is a measure designed to assess the importance of one or more brands, in different contexts and in general whenever it is possible to analyze textual data (even big data).
- This metric has its foundations in graph theory and combines methods of text mining and social network analysis.
- The Semantic Brand Score was developed based on the conceptualizations of brand equity proposed by Keller and Aaker.
- These well-known models inspired the measurement of a different construct on textual data: brand importance.

Semantic Brand Score

- Brand equity is traditionally assessed through a series of models, which are often based on the administration of questionnaires to consumers or, for example, on financial evaluations.
- By contrast, the Semantic Brand Score is calculated on texts that potentially represent spontaneous expressions of different stakeholders: they are not subjected to direct interviews, thus reducing possible cognitive biases.
- The metric can be calculated, for example, by analyzing newspaper articles, consumer dialogue on online forums, or posts published on social media.

Semantic Brand Score - Definition and calculation

Pre-processing

- The calculation of the Semantic Brand Score requires that the analyzed texts are preliminarily transformed into networks of words, i.e. graphs in which each node represents a word. Links between words are given by their co-occurrence within a given range, or within a sentence.
- A pre-processing of natural language is advisable to clean up texts, for example by removing stopwords and word affixes (stemming).
- Consider for example the following network, obtained from the pre-processing of the sentence "*The dawn is the appearance of light - usually golden, pink or purple - before sunrise*.".

Semantic Brand Score - Definition and calculation

Prevalence

- This dimension measures the frequency of use of a brand name, i.e. the number of times a brand is directly mentioned.
- Prevalence is linked to the concept of brand awareness, with the idea that a brand that appears more often in a text is more familiar to that text authors.
- Similarly, the fact that a brand name is frequently mentioned increases its recognition and recall, for those who read it.

Semantic Brand Score - Definition and calculation

Diversity

- This dimension measures the diversity of the words associated with a brand.
- These are textual associations (and not mental ones as in the brand image theorized by Keller), i.e. the words that are most frequently used in conjunction with a certain brand.
- Calculation is obtained by means of the degree centrality indicator, which corresponds to the degree of the node representing the brand.
- The idea is that a greater number of textual associations makes the discourse around a brand more informative and can be a signal of higher brand strength.

EVROPSKÁ UNIE
Evropské strukturální a investiční fondy
Operační program Výzkum, vývoj a vzdělávání

Semantic Brand Score - Definition and calculation

Connectivity

- This last dimension measures the level of connectivity of a brand with respect to general discourse, i.e. its ability to act as a bridge between other words (nodes) in the network.
- Ideally it represents the brokerage power of a brand, i.e. its ability to link different words, groups of words, or topics.
- Calculation is based on the metric of weighted „betweennness“ centrality.

EVROPSKÁ UNIE
Evropské strukturální a investiční fondy
Operační program Výzkum, vývoj a vzdělávání

Semantic Brand Score – Final calculation

Semantic Brand Score

- The Semantic Brand Score is the standardized sum of prevalence, diversity and connectivity. The three components are all important and only together they represent the full construct of brand importance.

EVROPSKÁ UNIE
Evropské strukturální a investiční fondy
Operační program Výzkum, vývoj a vzdělávání

Questions exercises

- What is the value of the KOFOLA brand from the customer's point of view?
- Explain what is the strength of the PRIBINÁČEK brand?
- Explain what marketing benefits can be earned by PRIBINÁČEK?
- Process your own TATRA brand analysis.
- Process the TATRA brand ranking.
- Analyze TATRA brand awareness in the Czech Republic and the global marketplace.

EVROPSKÁ UNIE
Evropské strukturální a investiční fondy
Operační program Výzkum, vývoj a vzdělávání
MINISTERSTVO ŠKOLSTVÍ, MLÁDEŽE A TĚLOVÝCHOVY

Key Words

- Brand Value, Customer Perspective, Cbbe, Strongest Brands In The Czech Republic, Brand Awareness, Customer-Based Brand Equity, Brand Identity, Brand Reaction, Brand Relationship, Qualitative Methods, Quantitative Methods, Exploratory Research, Expert Estimates, Secondary Data, Case Study, Pilot Study, Focus Group, In-Depth Interview, Projection Techniques.

Literature

- AAKER, D.A.: Building Strong Brands, Pocket Books (29 April 2010), ISBN-13: 978-1849830409.
- BRAUN, Erik; ESHUIS, Jasper; KLIJN, Erik-Hans. The effectiveness of place brand communication. Cities, 2014, 41: 64-70.
- KAPFERER, J., The new strategy brand management: creating and sustaining brand equity long term. London: Kogan Page, 2004. ISBN 0-7494-4283-2.
- KELLER, K L. – KOTLER, P., Marketing management, Praha:Grada Publishing, 2013. ISBN 978-80-247-4150-5.
- KELLER, Kevin Lane; PARAMESWARAN, M. G.; JACOB, Isaac. Strategic brand management: Building, measuring, and managing brand equity. Pearson Education India, 2011.
- KOTLER, Philip; ARMSTRONG, Gary. Principles of marketing. Pearson education, 2010.
- KOTLER, Philip; PFOERTSCH, Waldemar. B2B brand management. Springer Science & Business Media, 2006.
- Morgan, N., Pritchard, A., a Pride, R. (2004). Destination branding: Creating the unique destination proposition. Oxford, United Kingdom: Butterworth-Heinemann.
- PEATTIE, Ken; BELZ, Frank-Martin. Sustainability marketing—An innovative conception of marketing. Marketing Review St. Gallen, 2010, 27.5: 8-15.
- ZENKER, Sebastian; BRAUN, Erik; PETERSEN, Sibylle. Branding the destination versus the place: The effects of brand complexity and identification for residents and visitors. Tourism Management, 2017, 58: 15-27.