

Tracking *brand value* via the internet

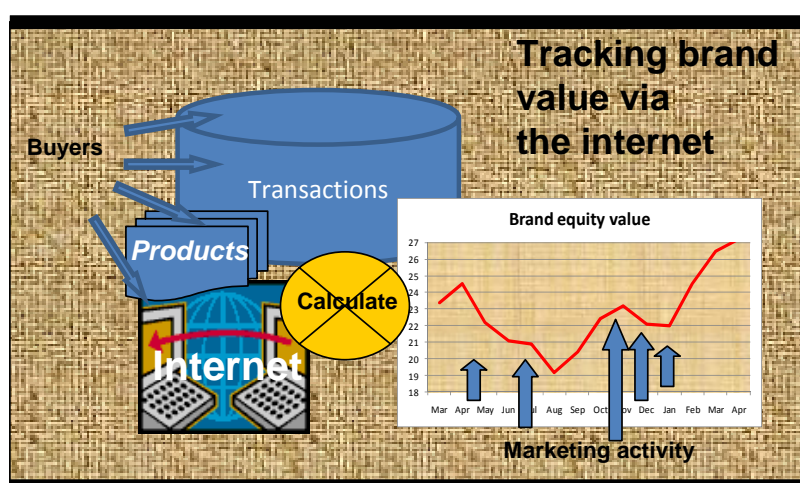
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Marketing accountability, brand equity and the Semantic Web

Commoditisation, reducing profitability due to competitive price wars, can be a threat to commercial organisations as markets mature.

Marketing departments should be the key to avoiding this decline in corporate value – but can often be drawn into making the situation worse. If marketing success is measured in terms of unit sales or market share, then marketing tactics can end up with creating market positioning that merely copies that of market leaders. Price cutting becomes the most expedient way of achieving higher sales. The consequences of rapidly declining margins can be disastrous for the organisation.

But marketing departments that insist that their role is of a more strategic nature, to build the profile of a brand – often referred to as creating brand equity – have a different problem. How do you measure this in a pragmatic way, in order to hold marketing accountable?



The debate on what brand equity is and how you measure it, has been raging for many years – with academics and marketing research organisations proposing views which range from subjective qualitative measures to those which propose various models for assigning a financial value. One value-based approach is to base the brand equity calculation on a combination of frequency of purchase and price premium – in other words, it is totally based on buyer behaviour. But it has to be the behaviour of a group of buyers, each buying competitive products. This makes the data collection process potentially quite onerous, particularly if the aim is to track this value on a regular basis, which is probably what you want in order to hold marketing accountable.

Access to this data on a regular basis is an issue. Retailers have this data, but only for their own customers – which is a start but which inevitably provides a skewed or biased sample. The answer would be a medium which is regularly available across the entire population and across a wide range of product categories for recording, reading and analysing information. The internet?

The problem is that while the internet is this ubiquitous medium, it doesn't tend to facilitate the recording and analysing of information or data, in any kind of structured format. This is what would be needed for the analysis and tracking of brand equity. As it happens, there has been a vision for some years, for the internet to do just that. It was expressed by Tim Berners-Lee, the chief architect of the World Wide Web in a paper in 2001. It is called the Semantic Web, also known as Web 3.0, or as he calls it: "linked data"

If customer transactions were recorded on the internet in a standard format, as defined by Web 3.0, someone with access to that data could, for example, calculate a measure of brand equity, by looking at the frequency of transactions for different brands and the average price premium earned on those brands. Brand equity could be automatically calculated on a regular basis. Imagine how powerful a tool that would be to most marketing departments wanting to assess the effectiveness of their marketing activity, or indeed most senior management teams wanting to assess the effectiveness of their marketing departments.

However, the Semantic Web has not happened yet. While Web 2.0 has been phenomenally successful with the likes of Google, Facebook, Ebay and Twitter, Web 3.0 hasn't. Why not? One view is that it is not in the interests of many participants, particularly commercial ones, to provide this kind of data in a standard structured form. And probably because of this, the groundswell of demand for agreed standards has also not materialised. It has remained in the domain of the academic enthusiast.

However, there has ultimately to be huge demand for the effective tracking of brand equity. For organisations like Coca Cola and Procter & Gamble, intangible assets represent a huge proportion of capital value. And brand equity probably represents the lion's share of intangible asset value. The prize is big, but the challenge of getting organisations to put transaction data on the internet in a standard format possibly bigger. Pragmatically, what can any single organisation do? Start focused, start small, start planning? Sectors where a high proportion of transaction information is already captured on the internet could be the forerunners: software, books and media, travel, insurance, share trading?

This is an opportunity seeking a pioneer. Who will be the one to put their name to the world's first recognised internet-based brand equity tracker? Anyone in marketing?

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