How to measure brand value?
According to Interbrand, a brand's value is measured according to three core components: The financial performance of the branded products or services. The role the brand plays in purchase decisions, The brand's competitive strength.
Components of brand value::
Brand equity has four dimensions—brand loyalty, brand awareness, brand associations, and perceived quality, each providing value to a firm in numerous ways

Brand equity is the added value a company has when they have a strong and positive brand name and public perception. This creates:

A marketplace that favors the company with the strongest brand equity.
Increased revenue and profits when customers choose your brand over another, even if it's more expensive to buy.
A better hold on customers at future buying opportunities, because greater brand equity leads to more goodwill and brand awareness.

Definition: Brand value is the value by which an item can be sold above the price that the supply/demand curve dictates.

Two broad approaches to measuring brand equity

Whether you're just starting out, or you've been working on building your brand for a while, measuring your progress lets you know the strength of your brand in the market, and how it has developed over time.

Try out these two broad approaches on the data types to measure:

Economical (O data)
This is operational data like sales data, finance data and HR data. As it can be quantified into numerical values, it can be measured over and over, providing datasets.

This data-driven approach to measuring brand equity would use the results to provide proof and insights on current performance, and predictions based on historical trends.

This sort of data can be measured more easily than emotions and feelings. But it can only tell you about past activities and what happened. It can't tell you what will happen in the future and why things will happen. This is where the second approach comes in.

Emotional (X data)
This approach to measuring brand equity uses experience data. In particular, it seeks to find qualitative reasons to explain emotional decisions and how brands 'sit' in people's minds.

Brands that invest in their brand equity get a 'mental advantage' over other brands. This advantage results in a bias towards buying the brand's product, even if it's sold at a premium.

It comes from the customer attaching their 'self-image' to the brand's messaging. By buying the product, they're buying into brand values, which they identify with. In this way, the product has the power to represent the customer's future prospects, inspire them or help their self-esteem.

A strong brand also finds it relatively easier to attract the 'elite' and motivate its workforce, meaning they'll be more likely to stay with the company longer, too.

7 ways to measure brand equity

Here are 7 ways to evaluate brand equity, including some examples of metrics you can use to collect operational and experience data:

1. Brand evaluation

One way of measuring brand equity is by trying to understand the total value of the brand as a separate monetary asset, which can be included on a business's balance sheet. This metric shows the worth of the brand, reflecting the brand's contribution to the company's success.

How can we measure a brand's financial value? There are differing schools of thought on this, where results produce divergent estimates of brand value or agreement on the direction of change, differing from one year to the next.

It's worth considering the value in terms of:

Cost-value to create and build the brand - this could include budget spend on advertising, trademarking or licensing.
Market-value of what it's worth when put into the market to sell, when looking at similar companies and brands
Income-value of what it brought into the company, or how much the company saved by growing the brand.
2. Brand strength

Brand strength, or the power of the brand, can be measured by emotional data - the differential value the brand has acquired in someone's mind, as a result of multiple interactions over time.

Equity is almost synonymous with 'attitudinal strength' or 'strength in the mind' and is a proxy measure for the relative consumer demand for the brand.

You can capture this data using consumer surveys, and a series of evaluative questions that assess the relative preference, or 'wantability' the consumer has for the brand.

Review these common models for establishing brand strength:

Millward Brown's MDF framework
Ipsos' Brand Value Creator (BVC)
TNS' Conversion Model (CM)
3. Brand awareness

Brand awareness is how well your brand is known by your target customers, the market and by key stakeholders.

Since brand awareness is an emotional-based metric, it can be measured with questions asking about:

A customer's future intent to buy.
A customer's current brand awareness now and over time
The purchase history of target customers
How much 'conversation share' there is - A measure of the customer's time that is passed speaking about your brand in everyday conversations.
Key methodologies to use include:

Focus groups, research panels or customer brand perception surveys
Sales data
Customer feedback routes like using social media reviews and mentions
Website search volumes on your brand
4. Brand relevance

This is connected to customer satisfaction, but focuses on whether your customers agree that the brand provides unique value. This can increase your brand equity level as the brand is perceived to be more valuable and relevant to a target market or to fulfill a specific purpose.

Some ways you can measure this include:

Customer satisfaction (CSAT) surveys can help you understand your customer's satisfaction levels with your company's brands, products, services, or experiences.
A Net Promoter Score (NPS) can provide insight on the customer's emotional connection to a brand, which is a key driver for increasing brand loyalty.
Using a survey-based statistical technique called Conjoint Analysis to reveal key consumer decision-making processes and the value customers place on a brand's features.
5. Output metrics

You can determine brand equity through outputs like email marketing or social media messaging about the brand.

It relates to ROI operational data that tells you if your effort (e.g. number of communications out) was worth the investment. Email marketing won't singularly determine your brand equity, but it will improve your brand awareness and perception, and as awareness grows, revenue should improve too.

This information can be gained from sales transactions about promoted brand products. The pricing power, or the brand's ability to command a premium without losing business to a competitor is often associated with "brand equity" in consumer and service markets.

Other methodologies for investigating outputs are:

Analysis of variance testing (ANOVA) to understand how different groups respond to variations to a brand's messaging or development version

Cost-comparison of pricing valuations
Customer responses back to communication call to actions - for example, signing up to an email list, joining a loyalty program
6. Financial data

You can understand a product or services' brand equity by looking at the financial results and sales performance of the business.

Historical data is necessary to assess brand performance, like the market share, profitability, revenue, price, growth rate, cost to retain customers, cost to acquire new customers and branding investment.

Also, don't neglect some key indicators of good brand equity, which should all be increasing if you're on the right path:

The value of a customer over their lifetime
The price premium in comparison with your competition
The revenue growth rate
7. Competitive Metrics

If your competitors are doing badly, or if they are giving you a run for your money and creating great marketing campaigns, their activities will have an impact on your brand.

You can see how your brand equity performs within a competitive market, but in particular, you can conduct Competitor analysis to evaluate your competitors' strengths and weaknesses, how their brand compares to yours.

If their brands are performing well, you'll see variances in:

Your acquisition rate against their rates
Your dominance position in the market - including sales, social media engagement and following
Revenue generated through certain channels that are being used by other competitors

What is brand personality?

Brand personality is the set of human characteristics unique to your brand. It's defined by the same types of descriptors you'd use for human personality traits—for example, friendly, nurturing, or professional—and expressed in the way your brand acts, writes, and presents itself to the world.

Your brand personality is also a core part of your broader brand experience, which encompasses the emotions customers feel when interacting with your business.

How to develop a strong brand personality

You don't have to be an expert marketing strategist to create and express a great brand personality. In four steps, you can build out a personality that makes your brand feel relatable to your target audience.

1. Get to know your target audience

Understanding your target market can help you select the most effective brand personality traits. Instead of choosing traits at random, target market research encourages you to consider what your ideal customers—the people you most want to reach—will connect with.

Define your target audience by outlining their characteristics, such as demographics (age, income level, gender, and marital status), values, interests, and hobbies. Keep these details in mind as you build your brand personality.

2. Narrow down your brand personality dimensions

One trusted way to choose brand traits is by using the five dimensions of brand personality from social psychologist Jennifer Aaker. This brand personality framework states that a brand's personality traits can fall under five categories:

Ruggedness: Rugged brands like Harley-Davidson and Jeep tend to be outdoorsy and tough
Sincerity: This personality type tends to be ethical, honest, positive, and down-to-earth, such as Hallmark or Bombas socks
Excitement: Brands with traits that fall under this dimension, like Red Bull and Tesla, can be creative, spirited, and even edgy
Competence: Competent brands are intelligent and reliable like Microsoft and Volvo
Sophistication: These brands are often upper-class, glamorous, and charming—think Apple or Tiffany & Co.
Choose the dimensions that you believe would appeal to your target audience the most, building on the demographics, values, and hobbies you outlined above. You can hone in on one dimension or even blend together two or three.

3. Choose the top adjectives that describe your brand

Woman in cozy red sweater working on laptop
Once you've defined your brand's broad dimensions, identify which specific brand personality traits you want to express within them. Aim to select a combination of 3-5 traits that can differentiate you from your competitors.

For example, Nike and Charmin are two brands that fall under the "excitement" dimension, but their brand personalities are still distinct. Nike leans on the inspirational and passionate side, while Charmin tends to be more playful and spirited.

4. Incorporate your personality into your brand strategy

Brand personality shapes your brand identity as a whole. To start expressing your personality consistently, take time to align other aspects of your brand with your core personality traits.

For example, if you describe your brand as "sophisticated," assess if your brand colors and typography communicate sophistication. If your logo is in a script font, this may help you convey that sentiment. Consider using calm, neutral tones to further your brand initiative.

You should also lead with your brand personality in customer interactions, such as responding to Yelp reviews or appeasing customers who have a poor experience with your business. Think of creative ways to incorporate your personality in each channel that you use to interact with clients.

How to Develop Brand Architecture

Katrina Kirsch
Katrina Kirsch
Published: January 26, 2022
Just like every building needs a foundation, every business needs brand architecture. It's the structure that allows you to organize your offerings, develop a brand identity, and gain brand equity.

team of marketers develop a brand architecture model for their company
The right brand architecture provides clarity around your products or services and influences how your brands and sub-brands relate to one another.

Without this framework, there's no connection between your brand's offerings, messaging, and identity. This inconsistency can confuse consumers and dilute the overall value of the brand. (Think of it like walking through a building where every room has vastly different interior design).

To ensure your brand architecture fits your business, this post will share the various brand architecture models, highlight real-life examples, and provide steps to choose the best structure for your company.

What is brand architecture?

Brand architecture is the organizational framework a company uses to structure its brands, sub-brands, and products or services.

The framework helps define both the breadth and the depth of a brand, which makes it easier to develop marketing campaigns, identify growth opportunities, and ensure consumers understand the offerings.

brand architecture framework

Image Source

Companies use brand architecture to inform internal efforts. It acts as the foundation for the brand identity, style guide, and brand story, but it also helps increase efficiency by highlighting opportunities for cross-promotion, brand awareness, and mergers and acquisitions.

Brand architecture isn't always obvious to consumers, who use it as a way to categorize the company and understand how it meets their needs. For example, people may not know that Alphabet is the parent company of Google. But they have a specific perception of Google's brand equity and transfer it to products like Google Sheets, Google Docs, or Google Search.

Ultimately, brand architecture is meant to bring order to a brand's offerings and build brand equity. Not every architecture will work for every business, so let's look at the options to see which may be the right fit for your brand.

Brand Architecture Models

The most common brand architecture models are branded house, house of brands, endorsed brands, and hybrid brands.

Branded House

brand architecture example: masterbrand

Image Source

A branded house architecture combines several house brands under a single umbrella brand, leveraging the well-established master brand for its equity, awareness, and customer loyalty. Oftentimes, the house brands are designed to target different audience segments to maximize reach and revenue.

For instance, Apple uses a branded house architecture to create a seamless look and feel across its sub-brands: iPad, iPhone, iMac, Watch, and TV. By leaning on Apple's loyal customer base, the sub-brands increase their equity and more easily attract buyers.

Image Source

The following companies use a branded house architecture:

FedEx: FedEx Express, FedEx Ground, FedEx Freight, FedEx Office, etc
Virgin: Virgin Mobile, Virgin Pulse, Virgin Money, etc
HubSpot: Marketing Hub, Sales Hub, Service Hub, CMS Hub, Operations Hub
House of Brands

brand architecture example: branded house

Image Source

A house of brands architecture downplays the master brand in order to feature the sub-brands. This structure allows the sub-brands to shine on their own because they aren't tied to the messaging, appearance, or positioning of the master brands. But it also increases the complexity because each brand has a distinct audience, brand identity, marketing strategy, and equity.

Due to that complexity, companies that use a house of brands structure are often large global brands with established equity. While the master brand may be widely recognized, like the consumer goods company Unilever, it can also be behind the scenes, like the fast-food company Yum! Brands.

brand architecture example: house of brands

Image Source

The following companies use a house of brands architecture:

Procter & Gamble: Pampers, Tide, Bounty, Bounce, Dawn, Tampax, and more
Yum! Brands: KFC, Pizza Hut, Taco Bell, and The Habit Burger Grill
GE Appliances: Monogram, Café, GE, GE Profile, Haier and Hotpoint
Focus Brands: Aunties Anne's, Cinnabon, Jamba Juice, Carvel, and more
PepsiCo: Pepsi, Lays, Quaker Oats, Gatorade, Aquafina, Tropicana, and more

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brand architecture example: house of brands

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PepsiCo: Pepsi, Lays, Quaker Oats, Gatorade, Aquafina, Tropicana, and more
Hybrid Brand

brand architecture example: hybrid brand

Image Source

A hybrid brand architecture combines the house of brands and branded house models. The goal of this structure is for the sub-brands to have similar styles as the master brand while maintaining distinct brand identities.

Companies that use a hybrid architecture may mention the master brand in marketing, but most adopt this model as a way to keep the master and sub-brands separate after rounds of mergers and acquisitions. It's also a good approach for brands that want to cater to vastly different target audiences, like Marriott Bonvoy.

By taking a hybrid approach, the company maintains a diverse portfolio of brands that includes luxury hotels, such as the Ritz-Carlton, alongside budget-friendly options, such as Residence Inn.

brand architecture hybrid: mariott bonvoy brands

Image Source

The following companies use a hybrid approach:

Alphabet: Google, Nest, YouTube, Fitbit, Waze, and more
Microsoft: LinkedIn, Skype, GitHub, Mojang, and more
Amazon: AmazonBasics, Presto!, Mama Bear, AmazonFresh, Zappos, and more
Levi's: Levi's, Dockers, Denizen, and Signature by Levi Strauss & Co
Endorsed Brand

brand architecture example: endorsed brands

Image Source

Another option for brand architecture is the endorsed brand model, which has a master brand and sub-brands that rely on an association with it. Each sub-brand benefits from the strength of the others because they all share the same endorsement.

Oftentimes, an endorsed brand incorporates the logo and colors of the master brand. Of course, this allows the sub-brand to leverage the reputation of the main brand for improved brand equity, awareness, and security.

The endorsed approach is great for companies that use a hybrid approach and want each sub-brand to have its own identity, without separating it from the master brand. Unlike the house of brands approach, the endorsed model lets everyone know the main brand behind the products or services. And unlike the branded house approach, an endorsed brand can have a different look or feel from the master brand.

brand architecture example: endorsed brands marriott hotels

Image Source

The following brands use an endorsed approach:

Nescafe by Nestle
Playstation by Sony
Rice Krispies by Kellog
Polo by Ralph Lauren

How to Develop Brand Architecture

Defining brand architecture is one of the first steps a company should take when building a brand because it lays the foundation for an organized, intuitive branding strategy. Although brand architecture can become complex, with dozens of sub-brands, the right structure can ensure each brand remains true to its identity.

You can develop a brand architecture for your business in three steps: research, strategy, and application.

1. Research

Strong brands don't simply choose a model and run with it. Conducting research is an essential step to developing brand architecture because it gives you the information you need to organize offerings in a way that makes sense for your company, customers, and industry.

The more data, the better. But gathering the following information will provide the insights you need to get started.

Brand audit - Brand loyalty, brand awareness, brand perception, brand equity, brand assets, and brand portfolio

Market research - Buyer personas, market segmentation, product/service use, pricing, customer satisfaction, and competitive analysis
Before you make any decision, it's wise to review your company's mission, vision, and values to ensure the brand architecture aligns with business goals.

2. Strategy

With data in hand, it's time to design the brand architecture. If you're revamping an old architecture, this step may require tough decisions on whether to get rid of or sell brands that don't fit into your desired architecture. If you're starting from scratch, you have to decide how closely you want your current (or future) sub-brands to be connected to the master brand.

You can test out each architecture by seeing what the brand would look like in each approach and creating a list of pros and cons. Maybe the branded house model won't work because you have several distinct brands that can't be grouped under the parent brand.

When you find a structure that may work, outline the connections between the master brands, sub-brands, and products or services. You need to know how everything works together because defining distinct brands, designing cross-promotions, or marketing to customers.

Along the way, make sure to consider your available resources (employees, budget, time). Certain approaches take more work than others, so you want to choose a brand architecture that fits your current capacity as well as your future vision.

3. Application

Choosing a brand architecture is just the start of creating a lasting brand that people love. But for the sake of this article, the last step is to share the finalized structure with your team.

Since brand architecture is part of your brand identity, you can unveil it alongside your overarching brand positioning strategy. Make sure to include a clear structure that highlights the relationships between the master brand, sub-brands, and offerings, in addition to any connections between sub-brands. Everyone on the team should know the strategic role of every brand within the architecture framework and how it relates to customers.

As your company grows, your brand architecture must change to include any new offerings or brands — whether it's the result of a new product launch or an acquisition.

By taking time to conduct brand research, develop a brand architecture strategy, and share it with your team, you're setting your entire organization up to make efficient branding decisions that have a long-term effect on brand equity.

What Is a Brand Pyramid? A brand pyramid is a simple visual framework that outlines a brand's identity and market positioning. Creating one allows you to help your team communicate your brand's essence, personality, core functionality, and emotional and material benefits.

Brand pyramids are divided into five tiers that a business must move through to reach the top: features and attributes, functional benefits, emotional benefits, brand persona/core values, and finally, brand essence.

6 Methods to Measure Your Brand's Value

Having a definition helps nail things down a bit. And because the definition of brand value can be fuzzy, the challenge of measurement is still a big one. What's more, brand value will mean different things to different people in different contexts. This doesn't mean that it's useless to calculate your brand's value. What it does mean is that there are several different possible approaches to measuring it. Your company should pick the one that makes the most sense for your identity, circumstances, and goals:

Cost-Based Valuation

This method calculates brand value based on how much it costs to build the brand. So, you'd add up all the expenses incurred in brand-building from the very beginning. Things like contracts with branding agencies, promotions, trademarks, salaries of employees who focus on brand, marketing, etc. This measurement gives a value based on what you put into your brand. It's important to remember that it doesn't necessarily reflect the current brand value in the public sphere. Based on the success of your branding investment, as well as other industry changes, your brand value could be higher or lower than this number.

Market-Based Valuation

This method looks estimates the value of your brand based on the current market climate. You can easily assess market-based valuation by looking at the sale price of similar brands. You can also look at valuation, stock performance, or ask leaders in other companies what they would pay for your brand. By gauging a variety of different market measures, you can land on a realistic estimated market value for your brand.

Income-Based Valuation

This method looks at the income generated by your brand currently. In other words, what money is your brand bringing in for the company? This takes some discernment, as you need to look at all the financial streams of your company. Then, you must assess which parts can be attributed directly to the reputation and awareness earned by your brand. While it's tricky to land on a number, it's a useful frame for understanding brand value.

Revenue Premium Valuation

In some ways, this method is a more specific form of income-based valuation. It compares your brand to non-branded alternatives to decide how much people will pay for a recognized brand. How can you get a clear and specific measure of brand value? By seeing if people pick your brand based on brand identity alone and extrapolating from there.

Customer-Based Valuation

This method involves assessing the number of current customers, predicting numbers of future customers, and assigning lifetime values to each. This lifetime value can be an average that encompasses the typical customer, or customers in different categories with different values. Customers are a good measure of brand value, as loyal customers stick with a brand they identify with and like.

Net Promoter Score (NPS) Valuation

"Net promoter score," in essence, is a measure of how well your brand does at inspiring organic, word-of-mouth promotion. You can calculate it by asking customers how likely they are to recommend your brand to someone they know. You can calculate the score by subtracting the percentage of detractors from the percentage of promoters. Do you want someone to recommend a product or service to someone in their community? Well, they need to know, like, and trust the brand, so this is a great measure of brand value.

Revenue premium as a measure brand value

The Revenue Premium Measure. We define revenue premium as the difference in revenue (i.e., net price x volume) between a branded good and a corresponding private label: Revenue premiumb=(volumeb)(priceb)−(volumep1)(pricep1)

How is brand value calculated?
We can use the PEG ratio (price/earnings divided by growth), which standardizes the expected growth, to determine how much investors will pay for a dollar of earnings. If two companies are offering relatively similar products, a difference in the PEG ratio will ultimately highlight differences in brand value

What is brand value of a product?
What is brand value, and why is it important? It represents the emotional connection consumers feel with a product or company. It's what makes them loyal to a certain brand, and more likely to return in the future

What is the brand value of Nike?
As of 2022, the Nike brand was valued at more than 33 billion U.S. dollars, which is an increase of nearly three billion U.S. dollars from the previous year.
...
Brand value of the sports company Nike worldwide from 2016 to 2022 (in million U.S. dollars)

Characteristic	Brand value in million U.S. dollars
2020	34,792