

Brand Investment and Valuation & Improving Financial Reporting

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Marketing Accountability Standards Board
of the Marketing Accountability Foundation



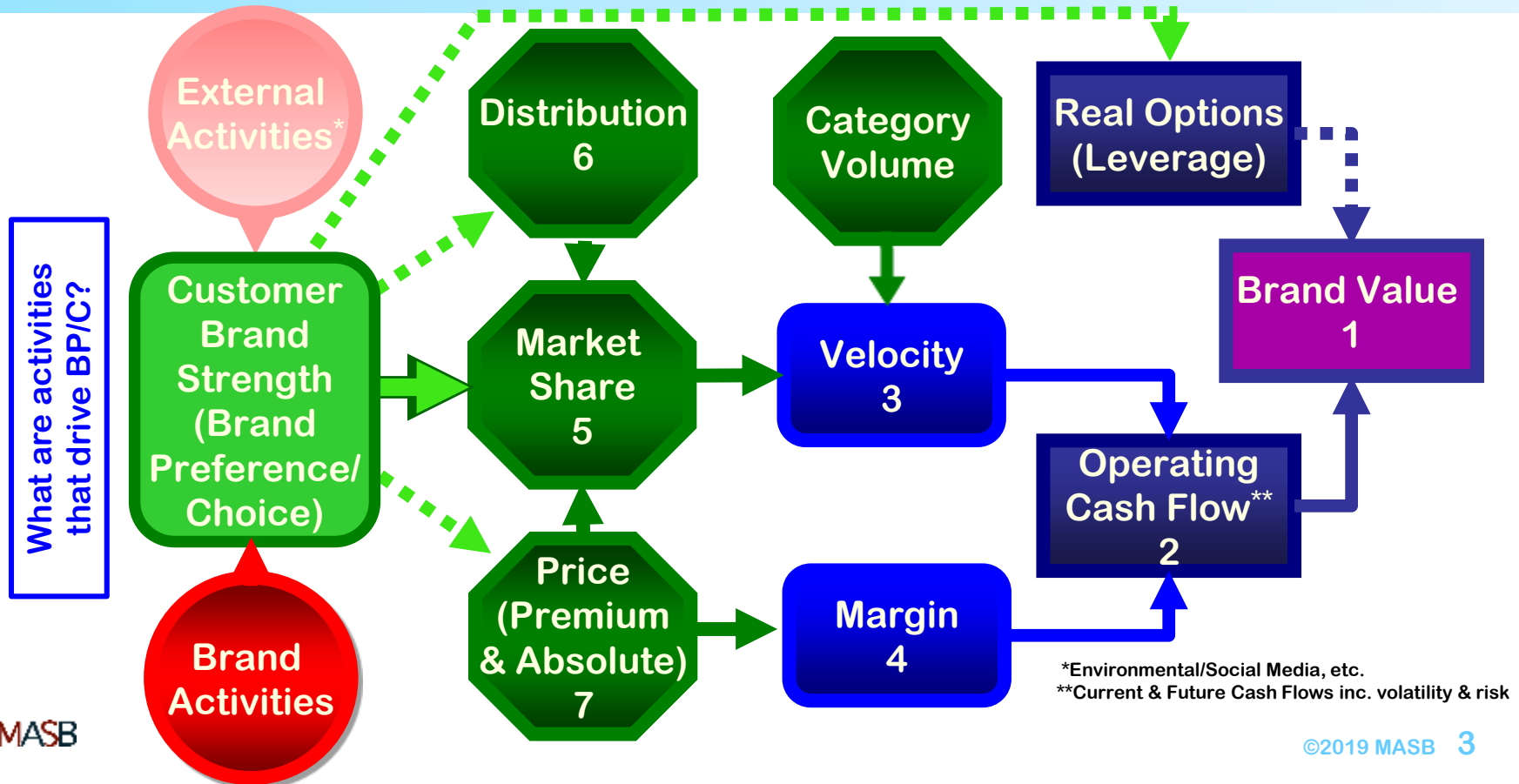
BIV Game Changer (Phase II)

Project	Brand Investment & Valuation (BIV - Drivers) (Stewart)
Issue Addressed	Brand Preference/ Choice Brand Value (but how to increase it)
Project Objective	Establish drivers of “generally accepted” BP/C standard metric
Expected Outcome	Empirically proven drivers for increasing BP/C & Brand Value
When	2018

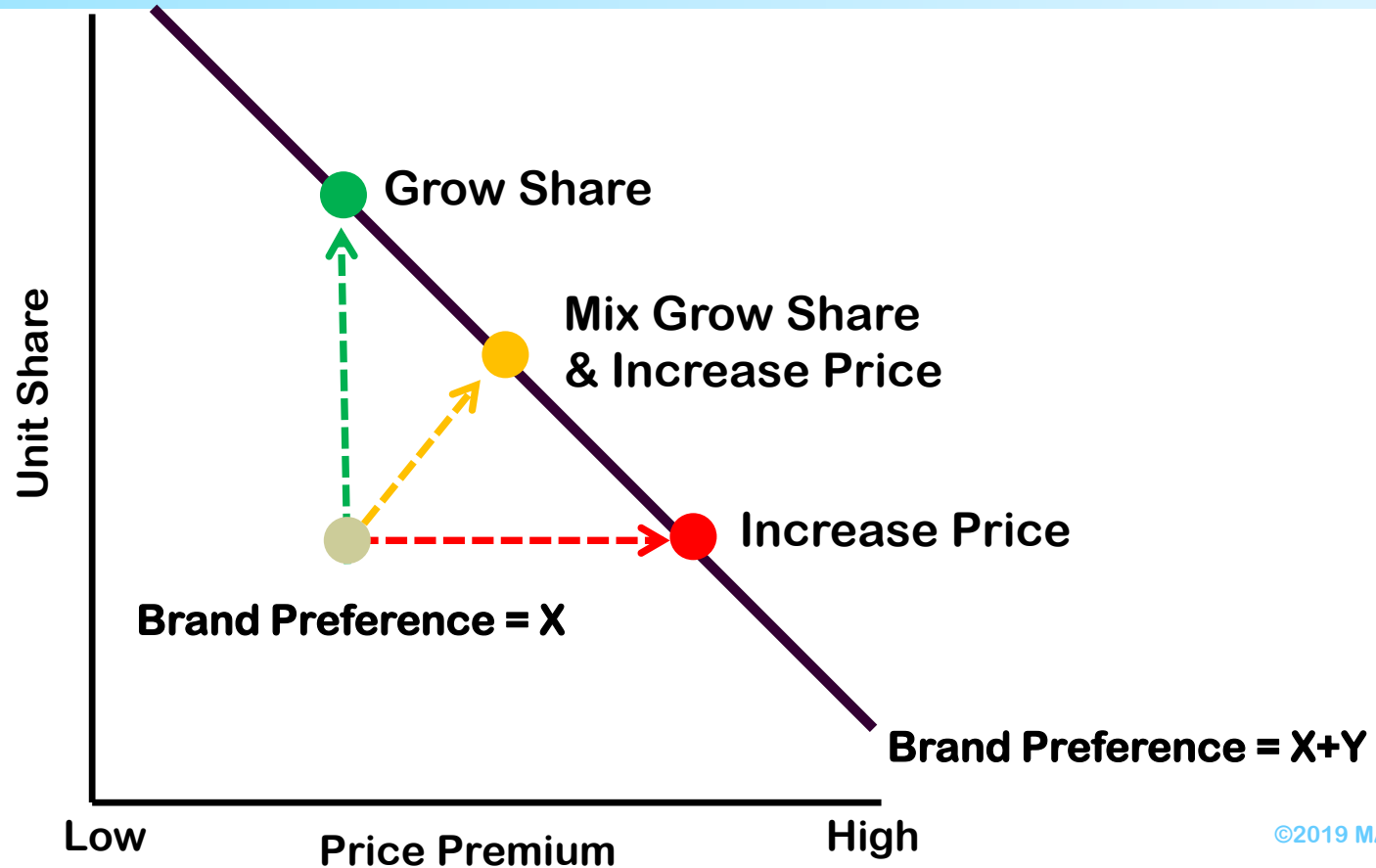
Strategy
Identify drivers and practices to continuously improve the consumer brand preference metric, improving market impact & financial performance.

Note: “drivers” refer to actions or decisions brand & finance teams can implement that will have a statistically significant & relevant effect on financial performance.

Brand Investment/Valuation Model



Brand Options with Increased Brand Preference



Link Between “Brand Strength” & Share

Common Metrics

	Average Unit Share Variance Explained	Median Unit Share Variance Explained	Number of Categories with Correlation > 0.30*
Preference (choice)	68%	80%	6 / 6
Awareness – Unaided	48%	44%	4 / 4
Brand Loyalty	45%	43%	5 / 6
Value	32%	44%	3 / 4
Purchase Intent	27%	26%	4 / 6
Brand Relevance	19%	18%	2 / 4
Awareness – Aided	18%	26%	4 / 6
Advocacy	15%	13%	2 / 4

- Seven common classes show moderate cross-category relationships to share
- Cross-category consistency weak for all but unaided awareness
- Their performance is substantially lower than that for preference (choice)

Link Between “Brand Strength” & Share/Preference Common Metrics

	Average Variance Explained in	
	Preference (w/Price & Dist.)	Unit Share
Awareness – Unaided	52%	48%
Brand Loyalty	50%	45%
Value	41%	32%
Purchase Intent	33%	27%
Brand Relevance	28%	19%
Awareness – Aided	28%	18%
Advocacy	23%	15%

- Other “Brand Strength” classes show similar relationships to preference & share
- Suggesting again* that these common classes of metrics are captured by preference (choice) & therefore not likely to add any predictive power

BIV Team Members

Team Leaders



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Team Heroes



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Communication

IFR Game Changer

Project	Improving Financial Reporting (IFR) (Moore)
Issue Addressed	Intangibles >80% of Corp Value (need better info)
Project Objective	Marketing at table when reporting of Brand Value is required for all brands
Expected Outcome	Brand Value as KPI, MD&A Notes or B/S ... better info for capital providers
When	2018

Strategy
Advocate for the inclusion of brand value in financial reporting. Having failed to thus far engage with the accounting constituencies, we have to engage with other parts of the financial/investment community. So financial returns from corporations will ultimately be driven and measured by buyer behavior in markets.

Engaging Other Parts of the Financial Investment Community

- FASB is not engaging on or advancing this topic
- Privately, private equity organizations think brand value assessments are key to investment and acquisition decisions
- We need to dial up our game in the assessment of these decisions where brand plays a fundamental role
 - Coach/Kate Spade
 - Amazon/Whole Foods
 - Dr. Pepper/Snapple
- We need to create a stream of facts around these cases
- Can we establish this function within academia?

What is your perspective?

IFR Team Members

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Thank-you!



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