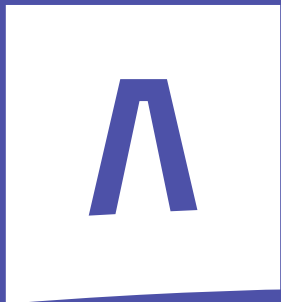




# Making and Saving Millions Through Brand Measurement

## Learnings from implementing the ISO Brand Evaluation Standard

April 7, 2022



MEASURE. DON'T GUESS.

**EDGAR BAUM**

CEO, AVASTA INC

GRADUATE LECTURER, FINANCE OF BRAND MANAGEMENT, U OF T

CO-AUTHOR, ISO 20671: BRAND EVALUATION STANDARD

# Welcome! What will today's presentation be about?

About Avasta

Learnings From 200+  
Implementations

Implementation  
Case Study

Discussion



# About Avasta

AVASTA

Building the measurement systems of value for intangible companies in a digital, customer-centric economy.



ADVISORY

GROWTH, RECOVERY  
& MAXIMIZING  
TRANSACTION VALUE



KNOWLEDGE

ACADEMIC  
PARTNERSHIPS,  
CERTIFICATION,  
STANDARDS  
DEVELOPMENT



PLATFORM

INTEGRATED STRATEGY  
MEASUREMENT & VALUE  
REPORTING



# Our Knowledge Partners



Avasta is a member of MASB and Edgar Baum has contributed to MASB's primary research



Avasta is contributing to a pending ANSI Standard on measuring and reporting corporate value and risk drivers: Intellectual Capital in the Boardroom



The ISO Brand Evaluation Standard has been explicitly taught for over three years within their Brand Management Graduate Certificate Program

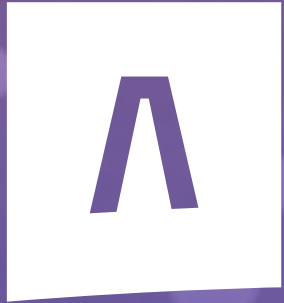


Avasta is the educational content partner for a new certificate in implementing ISO 20671: Brand Evaluation launched in October 2021



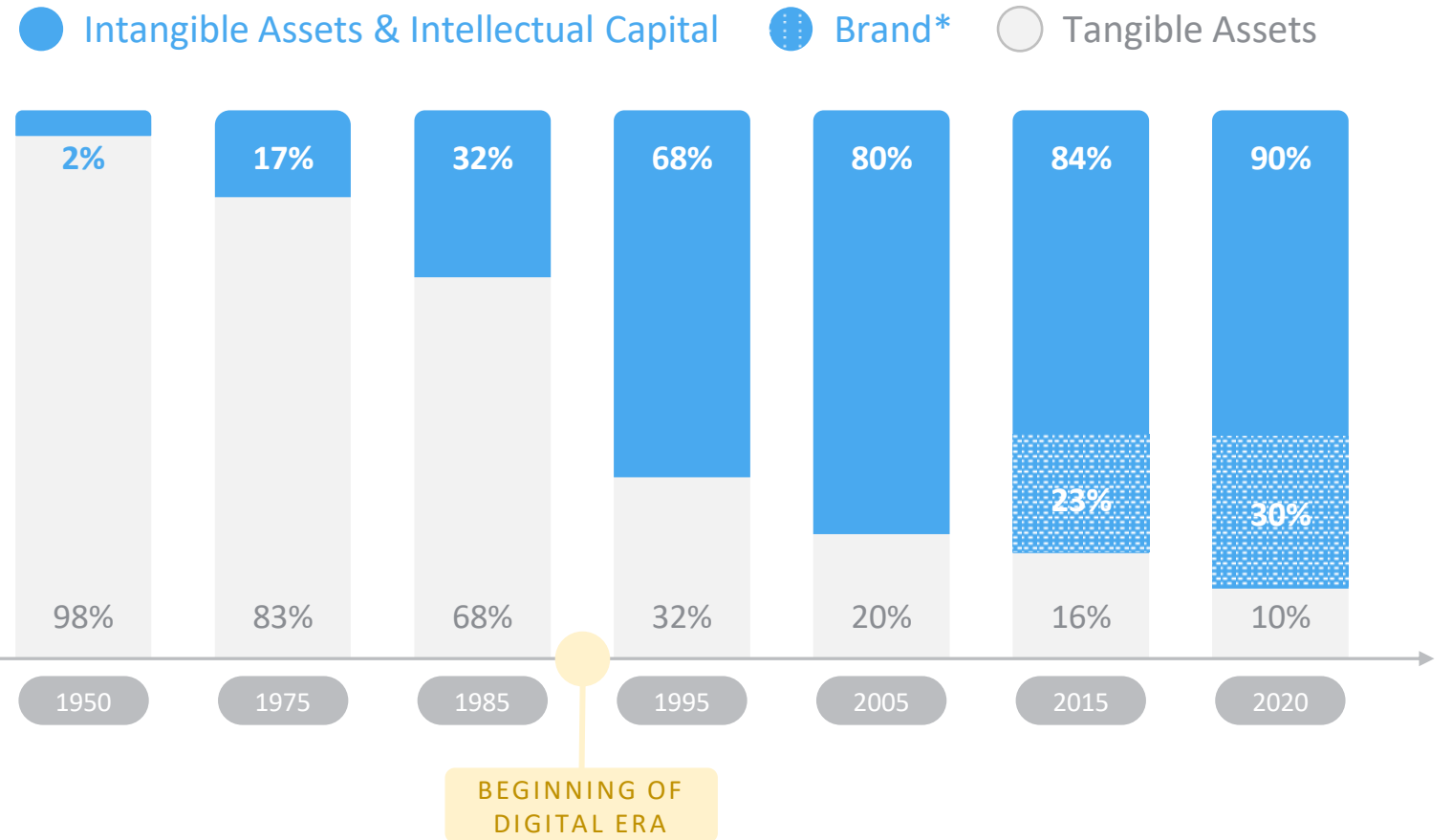
Avasta's internal training materials on ISO 20671 have been incorporated into MBA courses





Why does this matter?

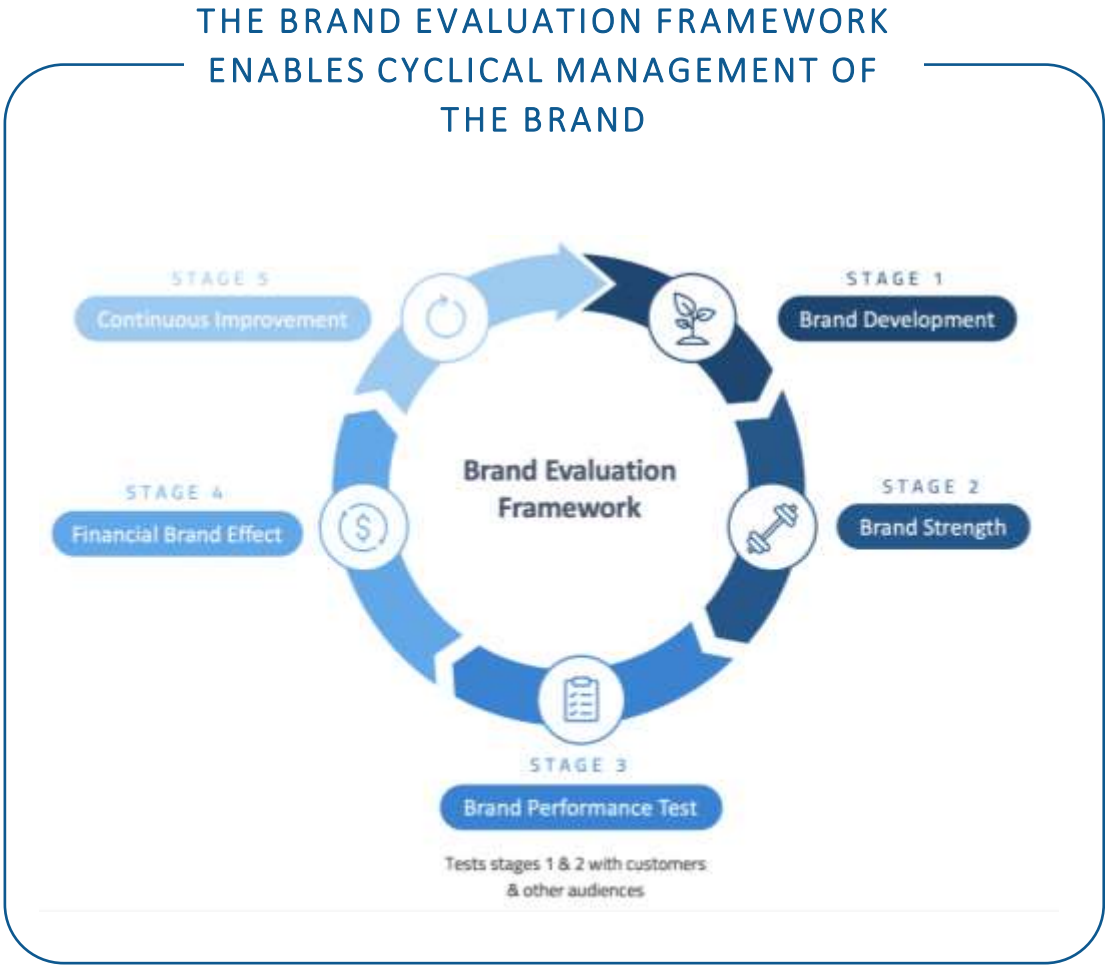
# Today's S&P 500 is 90% intangible



\*Independent measurements of brand value as a percentage of total S&P 500 value (Ocean Tomo original, MASB 2013-2015, University of Toronto 2020-2021)



# Brief overview of ISO 20671:2019 Brand Evaluation





# Learnings from 200+ Implementations

HOW IMPLEMENTING THE ISO BRAND EVALUATION STANDARD  
HAS BENEFITTED START-UPS THROUGH FORTUNE 100 COMPANIES  
AND THE ADOPTION HURDLES THAT STILL NEED TO BE OVERCOME

# Key Figures: U of T Graduate Certificate implementations

- Total implementations: **200+**
- Fortune 50 implementations: **17**
- Most by a single company: **5**
- Senior most implementer: **EVP, \$8B+ market cap company**
- Bankruptcies prevented: **1**
- Multimillion \$ start-ups launched: **2**
- Largest revenue impact to date: **\$40 million + (80% growth)**
- Biggest cost savings: **\$1.6 million**
- Truly knowing their customer: **Priceless**

U of T's Graduate Certificate students are founders, agency employees, brand managers, middle managers or senior leaders in North American and International companies.

They come primarily from Canada, USA, Middle East as well as Africa, South America and Asia

This is a 3.5-month course where students execute a 6-week pilot of the ISO Brand Evaluation Standard for their brand/company





# Industries and sectors where the Standard has been applied

- Financial Services
- B2B Technology
- Consumer Retail
- CPG
- Food
- Consumer Durables
- Consumer Services
- Automotive
- Brand/Creative Agencies
- Media & Entertainment
- Professional Services
- Medical Technology
- Oil & Gas
- Charities/Non-Profits
- Real Estate
- EdTech



# What problems/opportunities are brands trying to solve?

- Product/Market fit
- Measuring brand Impairment
- New competitor entry
- Strength/weakness of the employer brand
- Migrating from Retail to direct-to-consumer
- Brand extension
- COVID impairment
- Reversing sales decline
- Maintaining growth prospects
- Integrating acquired brands
- Building new brands/companies from scratch
- Impact of co-branding/sponsorships
- Identifying customer retention drivers
- Identifying better growth strategies



# Biggest benefits

- More than 30% of the students were able to calculate the financial impact of the brand with their customer for the first time in their organization
- More than 25% invalidated deeply held but incorrect beliefs about the brand/customer relationship for their organization
- 5% of students identified savings and mitigated risks that were greater than than \$1MM in their budget within the 4 months of the course
- Over 12% identified savings and mitigated risks that were between \$50K and \$1MM

*“[This engagement] was an eye-opening experience and was very much a moment of reality in regard to the truth of the phrase “I know that I know nothing”*

*“The most important thing I have taken from this experience is the importance of measuring data, something not frequently done with my organization. Establishing WHAT needs to be measured, WHY would that be the best element to measure, and what will we LEARN from measuring it (and others). “*

*“Most shockingly, I realized just how many liberties I was taking when it came to understanding a brand.”*

*“Our country president approved budget for 18 months to implement the Standard for the whole brand.”*



# Biggest challenges

- Less than 15% of participant-led recommendations were fully implemented
- Legal blocked over 20% of engagements
- Senior leadership didn't believe the findings over 40% of the time
- Remaining ~20% weren't allowed access to the necessary data within the organization to compare customer-in measurement with internal metrics

*“Specific to this project, it was also an ongoing conversation to define the project’s strategic direction independent of the investments already made.”*

*“I had several political challenges inside of the company. Most notably, personal attacks from colleagues who disagreed with the findings.”*

*“Our legal team wouldn’t allow us to talk to our customers about negative experiences for fear of lawsuits.”*

*“The executive leadership said the rebrand must happen immediately, even though my work showed that we’d likely lose more than 1/3<sup>rd</sup> of our customers within 6 months.”*



## IMPLEMENTATION TESTIMONIAL

Originally implemented in a private equity owned retail brand

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Since the original work, it has been implemented across all six brands in the portfolio

“

“In taking the course and implementing what I’ve learned, I was able to build and utilize the Brand Evaluation Framework in my everyday role. To any Brand & Marketing Managers that may read this, I highly recommend considering applying the framework to your brand. **It is a clear framework, with the flexibility to be adapted to many industries, and provides clear outputs that can be leveraged to explain brand value at the executive level.** This exercise can complement other strategic reviews and workstreams and bring organizations together under common brand and organizational objectives.”

”

**Brand Manager, reporting to the CMO**  
STUDENT TESTIMONIAL\*

\*Student’s name is hidden for confidentiality

## IMPLEMENTATION IMPACT

Roll up of five different companies serving three different types of B2B customers

---

Post-acquisition growth had stalled while most competitors were growing double digits.

“

[Implementing the Standard] helped us uncover the lies that we had been telling ourselves—about market opportunity, company preparedness, and our core audience—that had been the foundation on which we were trying to grow the business but couldn't figure out why it wasn't working.

With [this implementation], we got to the truth to understand where we should be focusing our efforts to set ourselves up for success. If nothing else, it got us to a single source of truth rather than 10 different “expert opinions” of the leadership and the board.

”

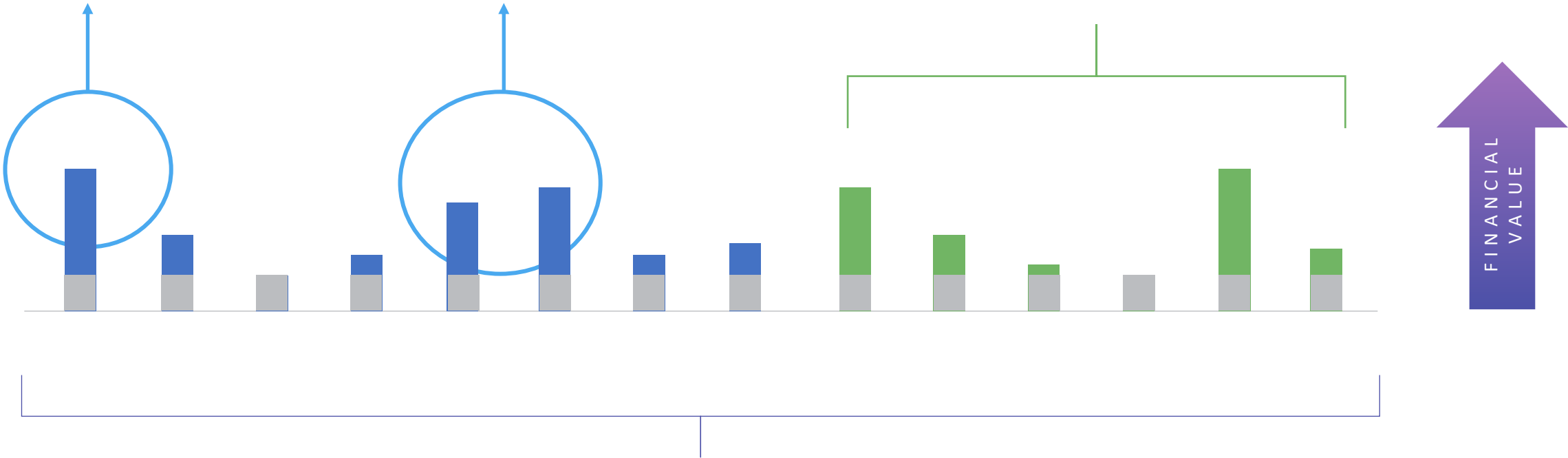
**C-Suite member, reporting to the board**  
CLIENT TESTIMONIAL\*

\*Our client's name is hidden for confidentiality

# Biggest Learning: Your Customer ≠ The Customer Base

Brand and purchase drivers as defined by customers' own desires - but missed by the organization

Brand drivers and wanted customers as defined by the organization



Brand driver spectrum as defined by the customer base and other market stakeholders



# Cross-functional benefits of the Brand Evaluation Framework

	Brand Marketing	Finance & Accounting	Customer Data (Data Scientist)	Customer Experience	Product Development	Strategy & Sales
Brand Marketing	Qualify the most valuable common metrics, to inform building and differentiating the Brand, as a purchase driver.	Demonstrate the revenue & profit dependent on Brand marketing.	Have a common way to define highest-value customers.	Demonstrate empirically and financially how customer experience provides a Brand halo.	Provide an early identification tool for product extensions and niche, high value customers.	Inform where the highest-value opportunities are in the market and which competitors are a threat with which customer.
Finance & Accounting	Communicate financial objectives based on the return period that different Brand marketing investments have.	Calculate the ROI of Brand and customer acquisition investments over the lifespan of the customer vs fiscal quarter/year.	Value customers based on their future potential, not just historic results, to inform future budgets.	Calculate the financial impairment of negative customer experience (normally not trackable in accounting).	Calculate the incremental gross \$ margin of products developed for niche audiences.	Financially calculate the value of new, Brand-driven opportunities for the business.
Customer Data (Data Scientist)	Provide early indicators of high value customers and their responses to different Brand marketing activities.	Identify the highest-value customer based on their Customer Lifetime Value (CLV) net of initial costs of acquisition.	Use new types of behavioral and psychographic customer data identifiers to inform better analytic decisions.	Enhance ability to identify the relationship between positive or negative customer experiences and future customer value.	Identify additional drivers of insight for product extensions and cross sales.	Provide a richer understanding of the present and potential customer base for strategy development and sales targeting.
Customer Experience	Distinguish the transition in Brand marketing activities required to enhance customer value from new vs existing customers.	Demonstrate the value of customer experience training and related investment as a driver of future revenue and profits.	Provide the highest-value metrics to track customer experience measurements in internal systems.	Distinguish the spectrum of customer experience drivers, from the customers' perspective, and compare to competitor alternatives.	Identify how product development can enhance Brand-driven customer acquisition and retention.	Demonstrate the voice of the customer in behavioral and financial terms. Show trade-offs between strategies and value to customers.
Product Development	Agree on different Brand marketing activities required for niche audiences, Brand extensions or cross sales.	Show the financial value of new products based on more efficient Brand marketing and customer targeting data.	Identify new and different types of data points that need to be tracked to reflect customer value.	Inform which types of Brand experiences that new products and services can enable for customers.	Prioritize new product development based on the highest-value to the business net of customer acquisition.	Demonstrate the Brand and business benefits of product development, not just the cost of development and potential revenue.
Strategy & Sales	Identify the best ways to leverage and build the Brand.	Understand the whole value (potential revenue less total cost) of pursuing strategies in the marketplace.	Leverage customer data by using a common language, to identify and present potential market penetration, based on the strategy.	Integrate expected customer experience benefits and risks with developing strategies and interactions with follow up sales.	Identify how new product development needs to be accounted for differently for strategies, new sales and follow up sales.	Have a holistic understanding of how the Brand can be leveraged as a market differentiator and sales driver, including financial benefits.







# Consumer Products Case Study

IMPLEMENTING THE ISO:20671 BRAND EVALUATION  
STANDARD TO FIND THE HIGHEST VALUE CUSTOMERS

# What They Wanted to Know

What needs to be done to grow the brand further?



## Strategy

- Do they need to sell directly to consumers or continue investing in other retail and e-commerce channels?
- How do they get the business insights required to make the right decision?



## Finance

What should their budget split be across sales channels?



## Sales

- Who were their highest value customers, and what made them so valuable?
- What percentage of high-value customers were generating the most profitable consumer sales?



## Marketing

How much of their ideal market was willing to purchase their products?



# What They Thought They Knew

## Client perception vs consumer perception

### Client's Perception

They had been growing steadily for the past 20 years.

They believed the market considered them to be a high quality, innovative brand.

They were having their best year ever, didn't know why and couldn't identify profitability drivers.

International competitors were becoming a threat.

### Consumer Perception

Their future growth is dependent on their ability to grow among the highest-value consumer cohort.

Market reported they were lagging in both quality and innovation.

They had a much higher share of high-value consumers than they originally thought and those consumers were willing to buy more.

International competitors were only a threat in the lower end of the price spectrum, not in the premium market.



# The existing evaluation of the brand (traditional approach)

## PRICE PREMIUM/DISCOUNT

Company has been regularly selling at a 10-15% discount to the premium brands in the category and at a 20-25% premium to the cheapest brands in the category

## STANDARD LICENSING RATE

The brand licensing/royalty rate % has been almost identical across their portfolio for more than a decade

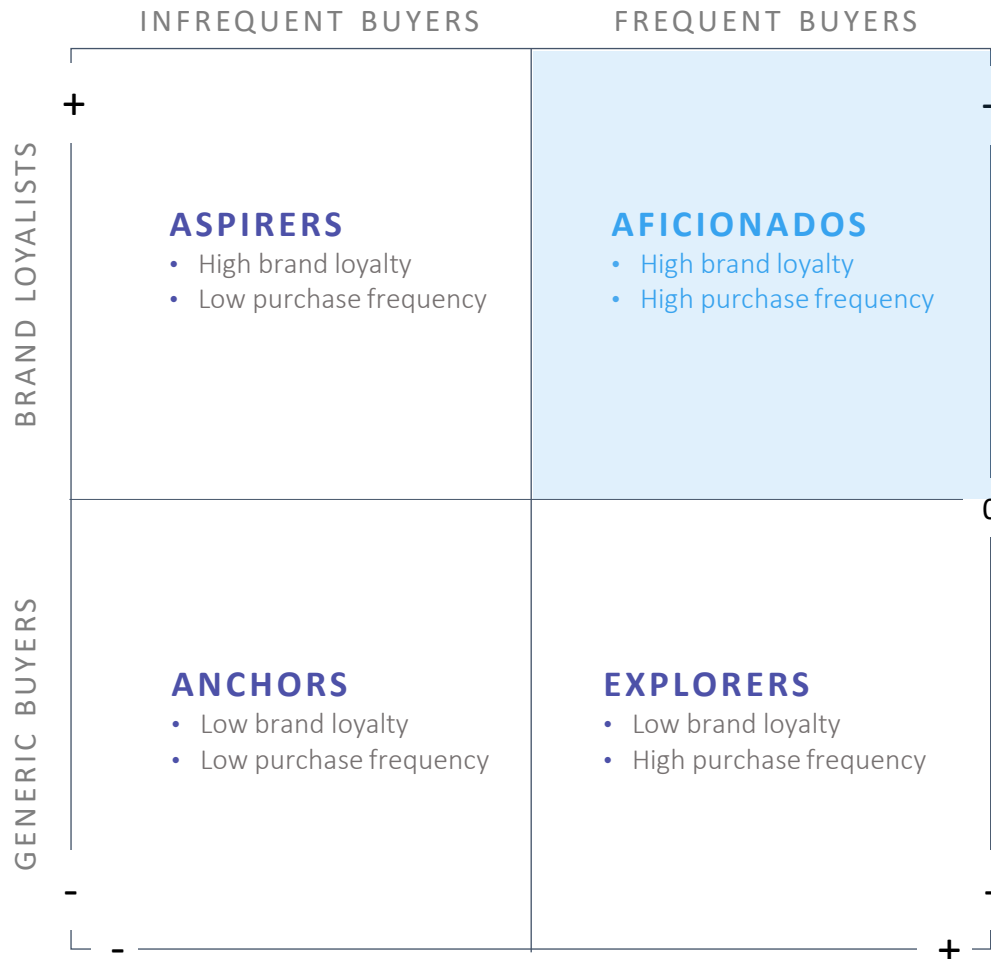
## GROSS MARGIN MARK-UP

The pricing policy of the company had been driven by a target markup on the production cost of the business



# What We Did

Helped them understand who their consumer was



Separated the market into four quadrants after identifying the two best indicators for consumer-value in the product category: brand loyalty & purchase frequency.

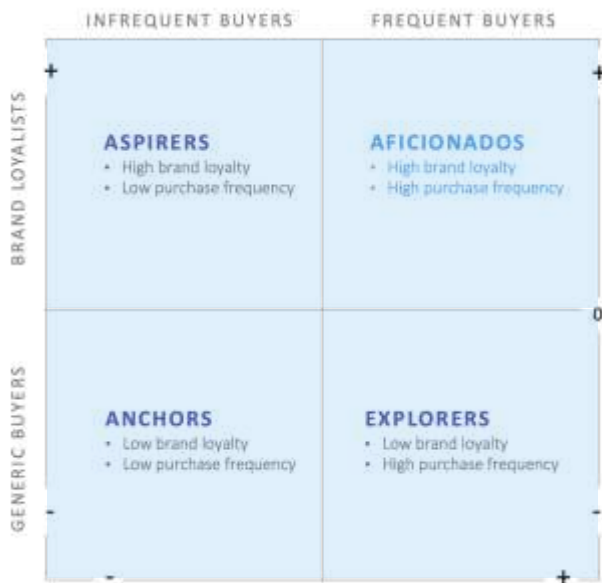
By grouping consumers into cohorts, we were able to better identify behavioral trends which, if leveraged, would lead to further growth and an increased ROI on marketing spend.

Understanding who the highest-value consumers are (Afficionados) allowed for us to analyze our client’s current market share and potential going forward in the most valuable consumer-cohort.



# What They Discovered

The majority of their consumer base fell into the high-value cohort



**AFICIONADOS**

- High Brand Loyalty
- High Purchase Frequency



**ASPIRERS**

- High Brand Loyalty
- Low Purchase Frequency



**EXPLORERS**

- Low Brand Loyalty
- High Purchase Frequency



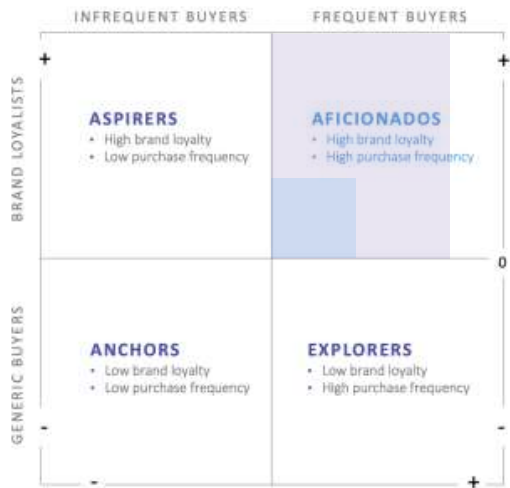
**ANCHORS**

- Low Brand Loyalty
- Low Purchase Frequency

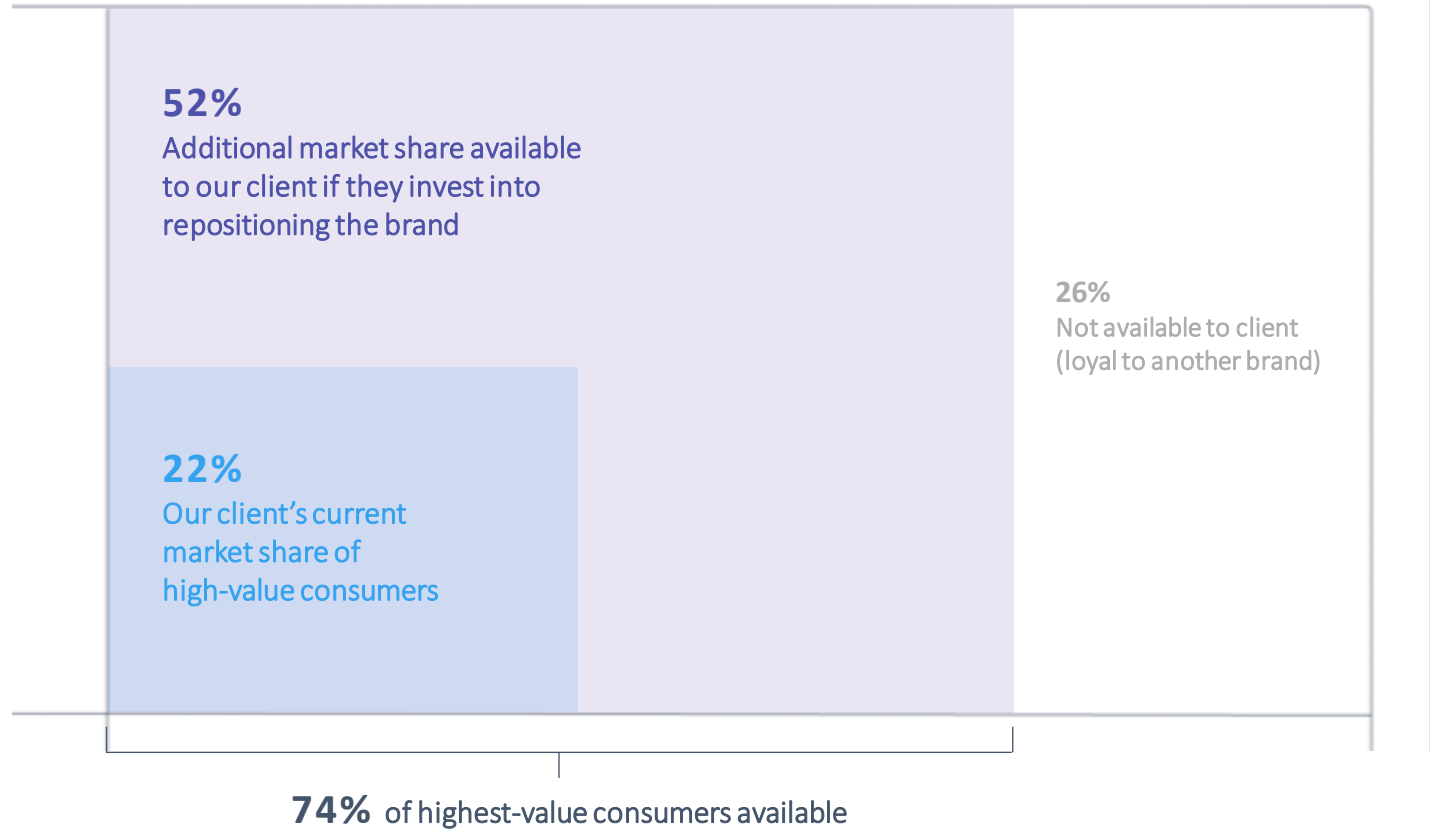


# What They Discovered

An additional 52% of the market's highest-value consumers is available for them to sell to

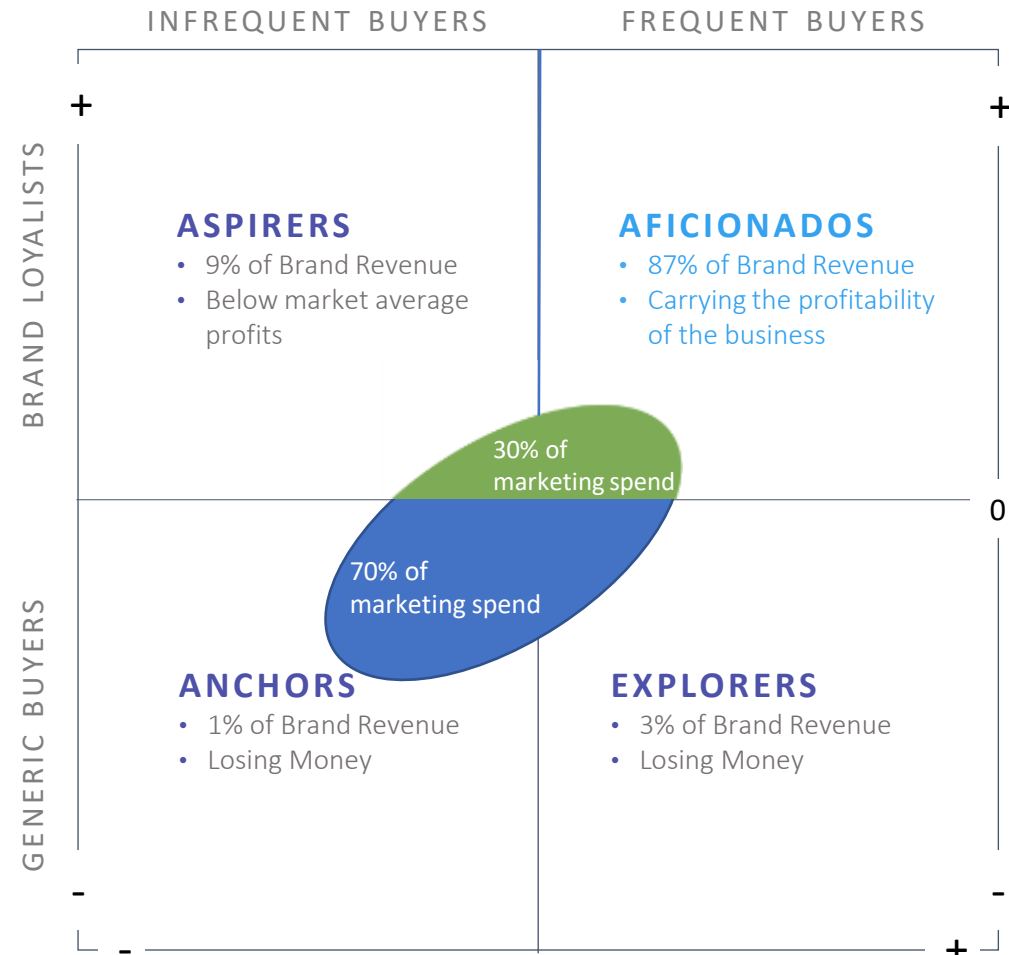


## AFICIONADOS High Brand Loyalty & High Purchase Frequency



# What was a financial “a-ha”

- Applying the findings to their business determined that their marketing spending was biased toward larger retailers, not the profitable consumers
- Leveraging the findings from implementing the Standard by customer audience identified that portion of the business was being run at a noticeable loss – missed by the finance department





# A MASB Specific offer from Bureau Veritas



**"MAKING & SAVING  
MILLIONS THROUGH  
BRAND MEASUREMENT"**

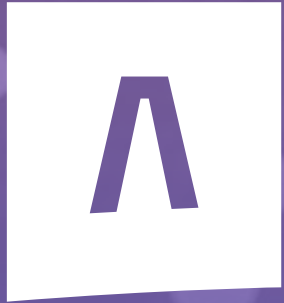
presented by: Edgar Baum, CEO - Avasta

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# Discussion



# AVASTA

MEASURE. DON'T GUESS.

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