



ONEquity platform

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Background

The HEINEKEN Company focuses on world class brand marketing. High levels of investments are made in brands for the purpose of building great brands for consumers. At the same time, our brands operate in a competitive environment. Thus, investments should drive consumers to make choices for our brands (and not for competition). In order to know if investments are effective, we need to measure brand performance amongst consumers. We measure on one side to know if we are reaching our targets. On the other side, we measure to know what to do next, which elements to work on and which marketing activities should be prioritized. To diagnose our progress over time, we must also update the measurement regularly. We need to know the performance of our brands in some detail in order:

- ▶ To inform the company leaders on our brand assets' performance amongst consumers.
- ▶ To optimize the allocation of spend.
- ▶ To understand our (non) consumer base.
- ▶ To decide on which brand messages to focus on.
- ▶ To obtain a high level read on commercial effectiveness.
- ▶ To identify commercial opportunities.
- ▶ To know if we have sufficient future earning power.
- ▶ To identify which 'jobs to be done'.

The performance of our brands amongst consumers (and versus competition) can be measured by a systematic Global Brand Health Tracking. The objectives of the Brand Health Tracking system are:

- ▶ Global data consistency with multi country comparison possibilities.
- ▶ One efficient single supplier which meets HEINEKEN's standards.
- ▶ Metrics that are simple and easy to understand.
- ▶ Incorporation within the planning cycle (Brand Plans) and appraisal system.
- ▶ Highest value for money invested.
- ▶ Easy to access system.

In short, the Brand Health Tracking System will deliver one version of the truth that can be used in combination with other existing frameworks to steer brand and portfolio management decisions.

The Brand Health Score Card

The key Brand Health indicators are summarized in the Brand Health Score card. The health of a brand is monitored by indicators in the following areas:

1. Brand Impact
2. Brand Imprint
3. Brand Personality
4. Brand Positioning
5. Perceived Brand Value and Quality
6. Brand Awareness
7. Brand Usage
8. Brand Appreciation

The structured logic behind this card is the following:

- ▶ When you want to build a brand you start with making 'noise' (communication/activation) of the brand to create a Brand Impact.
- ▶ You also want to create a picture of the brand in the mind of the consumer, the so called Brand Imprint.
- ▶ This should lead to a positive value and quality, with a certain personality and positioning attached to it.
- ▶ We require that the brand is at the front of consumers' minds.
- ▶ This should stimulate brand usage as well generate a positive appreciation.

These metrics from the score card are applicable for all brands. There are two measures which are brand-specific: desired personality and desired positioning.

Brand Impact	<ul style="list-style-type: none"> ▶ Advertising Awareness ▶ Sponsoring Awareness ▶ Advertising Evaluation
Brand Imprint	<ul style="list-style-type: none"> ▶ Authority ▶ Approval ▶ Closeness
Brand Personality	<ul style="list-style-type: none"> ▶ Desired Personality
Brand Positioning	<ul style="list-style-type: none"> ▶ Desired Positioning
Perceived Brand Value and Quality	<ul style="list-style-type: none"> ▶ Price value ▶ Packaging ▶ Product Quality
Brand Awareness	<ul style="list-style-type: none"> ▶ Top of Mind ▶ Total Spontaneous ▶ Total Aware
Brand Usage	<ul style="list-style-type: none"> ▶ Main Brand ▶ Regular ▶ Total Usage
Brand Appreciation	<ul style="list-style-type: none"> ▶ Overall Rating (Equity Score) ▶ Brand Preference ▶ Uniqueness ▶ Social Responsibility ▶ Sociable

All the metrics of the Brand Health Score Card consist either of percentages or of a measure on a scale 1-10. The following norms are applicable:

	Very insufficient	Insufficient	Minimum	Good	Very Good	Outstanding
Percentages	< 20	20 – 30	30 – 40	40 – 50	50 – 60	> 60
1-10	< 6.0	6.0 – 7.0	7.0 – 7.5	7.5 – 8.0	8.0 – 8.5	> 8.5

The norms related to percentages can be applied to all percentage-measures. The interpretation is that every brand has to be at least at a certain minimum level. The brand should strive for higher ratings than the specific minimum depending on its ambition and jobs to be done. The performance measures of the brand should always be evaluated in the context of its where-to-play choice and the competitive situation. If our brand is performing very well on all aspects and competition is minimal, then this is a different situation if competition is outstanding and our brand is only good.

The Brand Health assessment should be executed in perspective of:

- ▶ the brand's role in the portfolio,
- ▶ brand ambition,
- ▶ where to play decisions,
- ▶ consumer centered brand strategies (How to win)
- ▶ and the execution to bring the strategy to life and deliver the Ambition (What to do).

Brand Impact:

Brand Impact evaluates the level of successfulness of advertising and sponsoring activities. These activities contribute directly to brand equity. The most direct measure whether or not these activities are generally successful can be defined in terms of the impact that the brand has with its own activities. In the Brand Health Scorecard, the Brand Impact consists of the following measures:

- ▶ **Advertising Awareness**
- ▶ **Sponsoring Awareness**
- ▶ **Advertising Evaluation**

Advertising Awareness is a reflection of the media pressure and the creative impact of advertising (is our advertising eye catching). It is driven by the frequency of contacts, reaching the right audience, the channel strategy and creative quality of the communication.

Sponsoring Awareness indicates the visibility and impact of sponsoring. Influencers are the visibility of the sponsored event, media pressure, activated consumer promotions and sponsorship attractiveness.

Advertising Evaluation, measured as good advertising, informs about the creative impact of advertising versus competition in combination with the media pressure behind it (have consumers seen our advertising more frequently).

Brand Imprint:

Brand Imprint represents the picture of the brand in the mind of the consumer. It is about the type of impression the brand has made. The underlying measures are main drivers for brand equity. These measures are employed for the prioritisation of specific marketing activities. To measure the Brand Imprint, the following items are applied:

- ▶ **Authority:** a brand I can trust
an innovative brand
- ▶ **Approval:** a brand to be seen with
a prestigious brand
- ▶ **Closeness:** a great brand for me
a brand that shares my interests

Authority indicates how strongly our credentials have been developed related to the trusted (taste) experience and story as well innovations. It can be built by:

- ▶ On premise channel marketing: presence in the premium on premise segment, striking and premium visibility in bars, in bar promotions a.o. sampling and premium looking SKU's.
- ▶ Advertising: print campaigns, permanent billboards and TV credentials campaign.
- ▶ Public relation: press releases and brewery visits.

Approval reflects if the impression made is aspirational enough and if we need to spend money on image building. Drivers are:

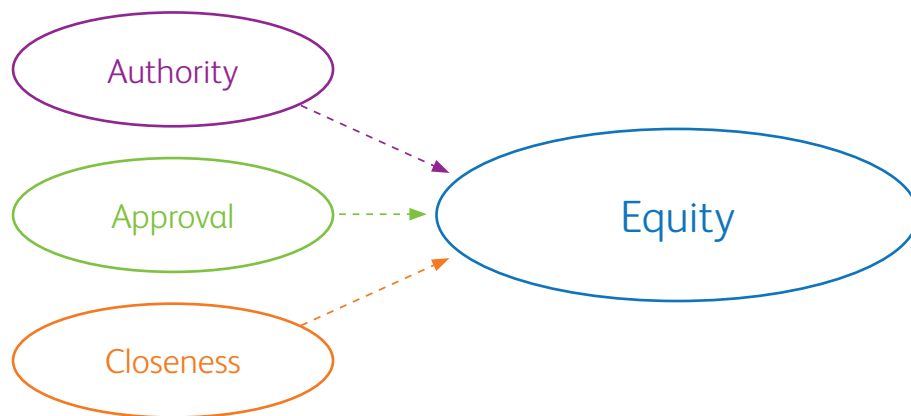
- ▶ Advertising: like outdoor print and TV campaign (aspirational and credentials).
- ▶ Channel marketing: strong presence in premium and presence in mainstream outlets, collective experiences and value added promotions.
- ▶ Sponsorship: locally relevant with premium exposure.
- ▶ Packaging: premium supporting design SKU's.

Closeness tells if the brand is connecting and engaging with consumers. This is a.o. driven by:

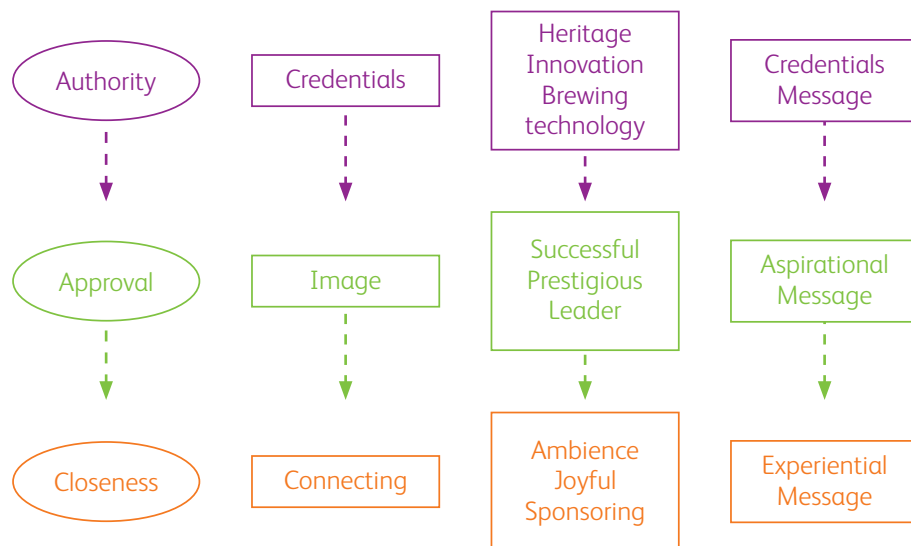
- ▶ Sponsorship: locally relevant and connecting.
- ▶ Communication: Outdoor, Television (experiential as well aspirational) and digital activations.
- ▶ Packaging: launch innovations supporting connecting experiences, extend standard SKU's relevant for several occasions.
- ▶ Channel marketing: broad presence in on- and off trade, collective experiences and value added promotions.

Authority, Approval and Closeness are drivers of brand equity. This is not only the case in beer or beverages but has also been proven in all categories. Recently we retested the validity of these drivers via modeling based upon our own data in cooperation with a Centre of Excellence at a University.

Brand Imprint: *continued*



The scores on these bubbles will help you in prioritizing marketing activities. Authority tells you if our credentials have been developed, Approval does the same for image and Closeness whether the brand is interacting with the consumers in a relevant way. Authority is linked with heritage and innovation, Approval linked to brand prestige and Closeness indicates if the brand is connecting with consumers on an emotional level. We can also link these bubbles with specific communications streams: credential messages, aspirational messages and experiential messages.



Desired Personality:

The brand personality consists of personality items unique to each brand. These are usually 3 to 5 items chosen from a fixed list. **Desired Personality** informs to what degree the brand has developed its aspirational personified characteristics. This represents the description one would make of the brand if it were a human being as it is described in the Biab (Brand In a Bottle). See chart. >>>



Desired Positioning:

The brand positioning consists of image items which are brand dependent. There are usually 3 to 5 image dimensions chosen from a fixed list. **Desired Positioning** indicates what the brand wants to be associated with and what it should be remembered for. It is a reflection of the role of the brand, its brand essence and the positioning platform (mainstream, premium) that the brand wants to claim or develop. It is the message about the brand that we want to land with the consumer.

Perceived Brand Value and Quality:

Perceived Brand Value and Quality is the overall perception of the current product and pricing in the market. It indicates how the consumer (retail) pricing is seen in relation to the added value of the current offer. If the brand introduces new packaging or product improvements, this generally is done to increase the added value perception or overall quality perception. Quality-value perceptions of brands can also be changed by successes of competitor brands. To measure Perceived Value and Quality the following items are used:

- ▶ **Price Value:** a brand worth paying extra money
a brand that is worth the price
- ▶ **Packaging:** has attractive packaging
- ▶ **Product Quality:** is a brand of high quality
has an appealing taste

Price Value indicates if the brand is priced in line with the overall equity or that consumers are prepared to pay even extra money for it. This can be achieved by:

- ▶ Adapting price points
- ▶ Introducing Multi packs and creating different price points
- ▶ Upgrading Equity

Packaging is an overall assessment about the attractiveness of the packaging.

Product Quality is the overall quality and taste perception. It tells if the product is perceived of high quality and if the taste is appealing. This can be influenced by:

- ▶ Adapting taste and product formula
- ▶ Sampling
- ▶ Improve Credentials

Brand Awareness:

Brand Awareness indicates the presence of the brand in the mind of the consumer. It is a reflection of striking and visibility of all touchpoints used. The following items are applied:

- ▶ **Top of Mind**
- ▶ **Total Spontaneous**
- ▶ **Total Aware**

Top of Mind tells if the brand is the most present brand in the mind of the consumer.

Total Spontaneous tells if the brand is actively present in the mind of the consumer.

Total Aware tells if the brand is actively or passively present in the mind of the consumer.

Brand Usage:

Brand Usage shows the usage level a consumer has with the brand. Changes in these categories are usually visible before there are any changes in sales figures or market share.

- ▶ **Main Brand:** the brand I use the most
- ▶ **Regular:** the brand I use regularly
- ▶ **Total Usage:** the brand I use regularly or occasionally

Main Brand is the indicator of the most loyal consumers. This is a.o. driven by availability, relevant sku's for many occasions and affordable pricing.

Regular tells if the brand has sufficient penetration for regular consumption. This can be stimulated by driving frequency, value added, promotions.

Total Usage indicates the total usage footprint, both on regular as well as occasional basis. Occasional usage can be influenced by price promotions.

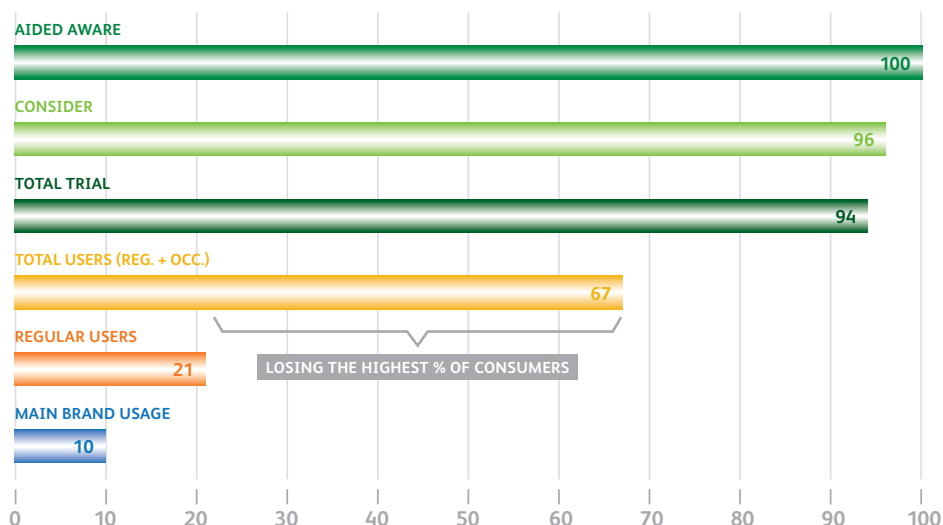
Brand Usage: *continued*

The Brand Health score card reflects the main usage indicators which are part of the consumption curve consisting of the different stages of brand relationship. It consists of:

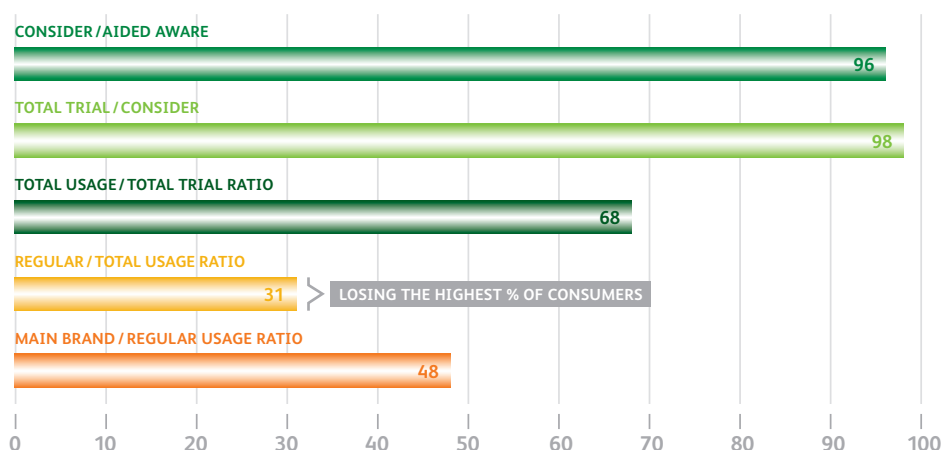
- ▶ **Total Aware:** tells if the brand is actively or passively present in the mind of the consumer
- ▶ **Total Consider:** tells if the brand is considered, tried or used and also of those aware but not tried and are willing to try
- ▶ **Total Trial:** tells if the brand has been tried or consumed
- ▶ **Total Usage:** the brand I use regularly or occasionally
- ▶ **Total Regular:** the brand I use regularly
- ▶ **Main Brand:** the brand I use the most

Below we see an example of brand with the different ratios switching from one stage to another. We can detect in which stage consumers may be lost and what should have prioritisation for attention. The other parts of the Brand Health Score card can indicate the reasons that consumers leave the brand in a specific stage. This will then guide to dedicated marketing programs. Influencing consideration is driven primarily by developing image perception/equity and price value perception. Total trial can be influenced by sampling and price promotions. The other stages of the consumption curve have been discussed before.

Consumption Conversion (Absolute Figures)



Consumption Conversion Rates



Brand Appreciation:

Brand Appreciation is the overall evaluation of the brand. It consists of 5 measures:

- ▶ **Brand Equity:** the rating I'd give the brand on a 1-10 scale
- ▶ **Brand Preference:** is the brand I'd like to drink most of all
- ▶ **Uniqueness:** is an original, unique brand
is really different from other beer brands
- ▶ **Social Responsibility:** a brand that encourages responsible consumption
a brand that acts responsibly towards the environment
and natural resources
- ▶ **Sociable:** sociable brand, a description if the brand would be
a human being

Brand Equity is the intangible power of a brand (scale of 1-10).

Brand Preference gives the preference of consumers, brand users or not.

Uniqueness indicates if the brand is perceived as original and distinctive. It reflects the origin of the brand and the differentiation of the marketing activities.

Social responsibility informs if the brand is seen as a socially engaged and caring about responsible consumption and sustainability.

Sociable informs if the brand is connecting with the group and is an indicator if it can play a role as a mainstream brand.

Top 6 KPI's

To evaluate the brand in a nutshell we can look at 6 Top KPI's.
These are:

- ▶ Authority
- ▶ Approval
- ▶ Closeness
- ▶ Equity
- ▶ Top of Mind
- ▶ Main Brand

These top KPI's inform you about the overall Equity, the overall intangible power of the brand, and the main brand drivers. Top of Mind indicates if the brand is sufficiently present in the mind of the consumer, while Main Brand indicates the amount of loyal consumers. Based on these measures you will know how strong your brand is (equity), if you have to work on specific areas, if you have a visibility issue (Top of Mind), and how loyal consumers are to your brand.

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