

How to measure brand equity for a medical device

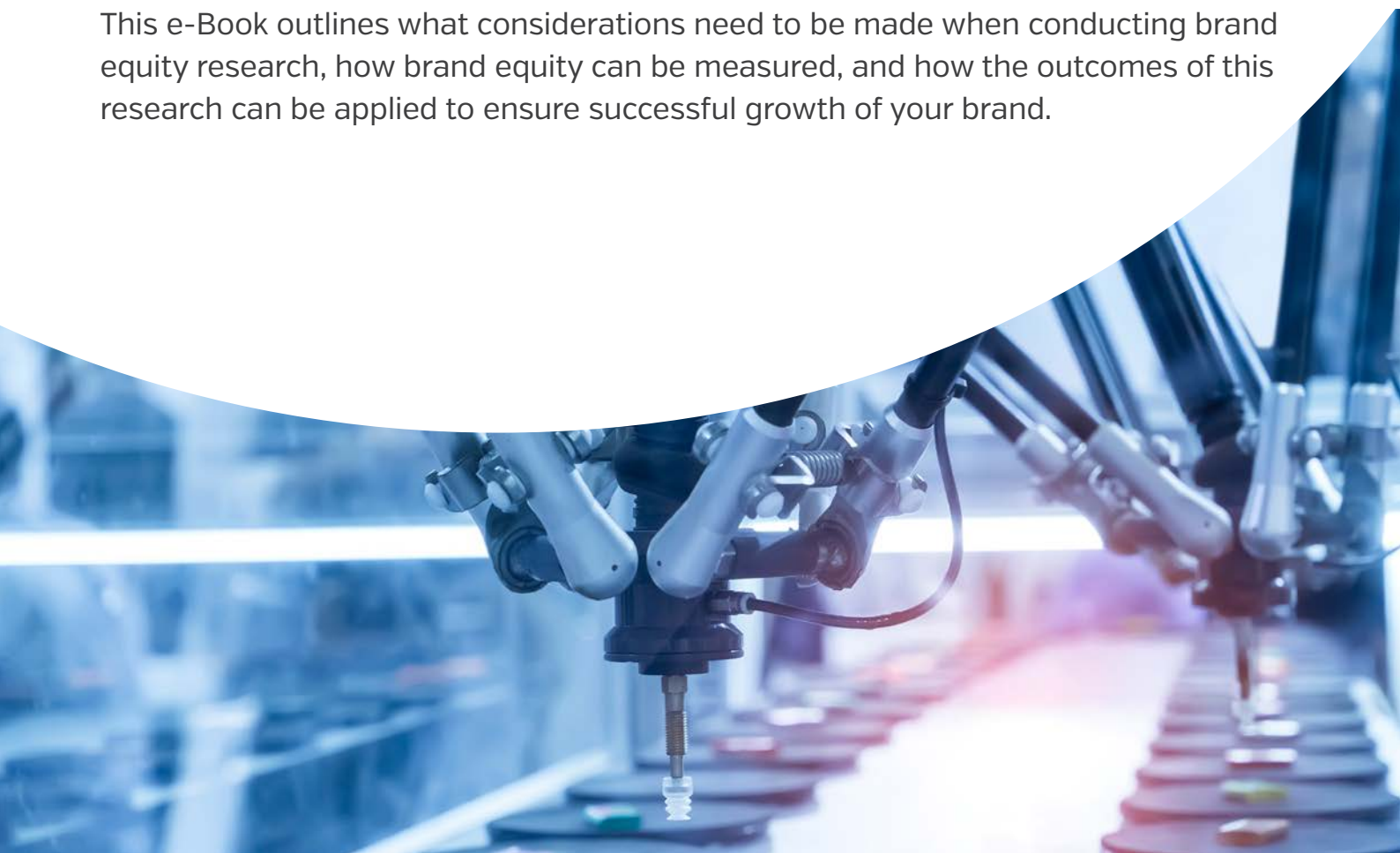
Introduction

Brand equity describes the value of a brand, determined by consumer perception. It is driven by a company's branding and marketing alongside the quality of the customer experience. Improving brand equity will influence a company's ability to attract more customers and inspire them to remain loyal. The growing importance of brand equity is widely recognized by business strategists and researchers alike.

Although financial performance indicators are important, they are usually limited and do not offer long-term insight into how to invest in brand building. Brand equity can be used to measure the progress of brand growth and keep track of brand health over time. Without an understanding of a brand's current equity, medical device companies can struggle to set clear brand goals and outline a marketing direction that will foster growth.

As such, research methods to capture the value of this intangible concept must be devised and tested. Having a credible and well-constructed system to measure brand equity can supplement financial performance indicators to give a more accurate and balanced assessment of brand health.

This e-Book outlines what considerations need to be made when conducting brand equity research, how brand equity can be measured, and how the outcomes of this research can be applied to ensure successful growth of your brand.



Measurement criteria and sample stratification

What is required for brand equity research?

Brand equity research should be used to:

- Create an overall brand equity score that can be comparatively analysed by market, customer stakeholder, and product
- Identify strengths, weaknesses, vulnerabilities, and threats of your brand compared to competitors
- Identify potential brand repositioning opportunities
- Track brand health and growth over time
- Measure the impact of strategic brand growth initiatives or campaigns
- Validate the value of your brand to the leadership team of your organization

The measurement criteria used to assess brand equity must accurately represent constructs that drive the relevant market in order to be linked to future sales. This will increase confidence that if brand direction is defined by brand equity measurements, it will lead to growth. It is often necessary to personalise these measurements to truly reflect the specific brand environment.

Brand equity measurements must be responsive to changes in brand perception; for example, if brand perception is hindered due to competitor action then the brand equity measurements should be able to accurately detect this. Additionally, brand equity measurements should be applicable across brands, products, and markets to provide comparisons against key competitors.

The different measures outlined in this article will not necessarily represent an optimum set in all contexts. Measures therefore need to be modifiable for different brand/ product circumstances to ensure they are relevant and fit the context and task at hand.

Sample/stakeholders

It is important that when undertaking brand equity research, an appropriate sample is used; this sample must be stratified to accurately represent each market’s key customer stakeholders and relevant competitors. It is just as important to know how your brand is perceived amongst potential customers as it is amongst existing customers. Therefore, the sample should contain:

- Brand users
- Potential brand switchers
- Competitor brand users (Containing all competitors from each specified market)

IDR Medical approach: Brand Equity Wheel

IDR Medical proposes using a “brand equity wheel” composed of 4 important dimensions of brand equity: **Awareness, Loyalty, Quality & Leadership, and Positioning**. Each of these key measurements are analysed against pre-determined, specific criteria and contribute towards an overall brand equity score which is tracked over time. The score, alongside in-depth analysis of each of the key measurements, can be compared across markets, customer stakeholders, and against competitors to give insight into brand health and highlight opportunities for improving brand equity.





1. Awareness vs competitors

Customer awareness of your products and services is an important part of brand equity. If a brand has high awareness it will increase customer confidence that the brand is reputable. Therefore, increasing awareness can lead to better acceptance of the product or service and drive customer choice. For brands looking to penetrate a new market, gaining recognition is important. However, for more well-established brands, unprompted awareness is more valuable as it reflects true market dominance. Measuring this can take different forms; some example questions for reference have been included to demonstrate how awareness can be measured:

- **What brands can you recall? (unprompted awareness)**
 - The first brands named by the customer when asked to recall known brands are “top of mind”. If a brand is “top of mind” it indicates that the brand is dominant to the respondent.
- **Have you heard of brand X? (prompted awareness)**
- **Can you estimate the market share of brand X? (perceived popularity)**
 - Measuring the perceived market share of your brand against competitors and the true market share measurement can help understand how popular your brand is seen to be.

2. Positioning vs. competitors

Measurements of positioning can be split into “associations” and “differentiations”. These are usually unique to a brand and can highlight potential strengths, vulnerabilities, and opportunities in comparison to competitors.

Brand associations include all the assets and liabilities a customer links to a brand. These qualities can drive differentiation between brands and influence purchase behaviour. Uncovering associations can allow brands to further develop and reinforce positive attributes whilst strategizing to combat any negative associations.

Associations can be grouped into three main customer perspectives: brand personality, brand value, and organizational associations. Example questions measuring these associations could include:

- **What does brand X mean to you?**
- **What does brand X stand for?**
- **Does this brand provide good value?**
- **Do you admire organization X?**

Brand differentiation is a summary measure of each brand’s associations. Without differentiation a brand will struggle to maintain a price premium and compete for market share. Therefore, it is important to understand the extent to which a brand is perceived as being differentiated vs. competitors and what the drivers of differentiation are.



3. Loyalty vs. competitors

Loyalty is an important aspect of brand equity that encompasses direct measures with existing users. Other brand equity measurements such as awareness and quality can be examined by their ability to increase customer loyalty.

Price premium

One of the most important indicators of customer loyalty is price premium; the difference a customer will pay for one brand compared to others. It is of such importance that acting on any other component of brand equity should be reflected in changes to the price premium. To measure price premium accurately, your sample must be stratified geographically and by customer type. If an emerging competitor is not included in determining this measure, the brand equity measurement could be inflated.

The most accurate measure of price premium can be obtained using conjoint analysis. Please follow this [link](#) to find out more about how to undertake conjoint analysis research.

Satisfaction & switching

Satisfaction is an important measure of customer loyalty built on user experience. A brand that prioritizes customer satisfaction will likely grow/maintain their loyal customer base, whereas increasing rates of customer dissatisfaction will influence a customer's decision to switch brand. Satisfaction measurements need to be personalised to the product/service and benchmarked against competitors. Example questions to measure satisfaction could include:

- **How likely are you to purchase from brand X?**
- **How likely are you to recommend brand X to others? (Net Promoter Score)**
- **How satisfied/ dissatisfied are you with brand X?**

4. Quality & Leadership Vs. competitors

Perceived quality is often at the core of what customers are buying, and in that sense, it is a bottom-line measure of brand equity. When perceived quality improves, generally so do other components of the brand equity. Greater levels of perceived quality will maintain a higher price premium and increase use of a brand. It can be measured against competitors by asking questions such as:

- **What brand has the highest quality?**
- **How would you rate the quality of brand X?**

Although perceived quality is a key measurement of brand equity, it can often lack sensitivity. For example, if a brand has high perceived quality but is not considered a leader overall, its brand equity will be limited. Questions surrounding leadership will test customers perception of popularity and innovation:

- **Would you say brand X is a leader in the field?**
- **Is the popularity of brand X changing?**
- **Is brand X innovative?**

Brand equity score

For the purposes of management and tracking, it is useful to have a single overall measure of brand equity. This summary score can then be analysed and compared across markets, product types and customer stakeholders.



The overall summary score can give an indication of a brand’s health across different segments and can be further analysed by each component of the brand equity wheel. This high-level insight can highlight areas of brand equity that require improvement across segments and can help plan strategies to improve brand health. It is important that brand equity is measured repeatedly over time to track the success of any strategies aimed at improving brand health.

IDR Medical has over a decade of experience in conducting market research tailored to healthcare markets. As a renowned market research industry leader, we have conducted projects in over 30 countries to drive success of brands, products, and services of our clients.

If you are interested in measuring the equity of your brand do not hesitate to contact us. We would be delighted to offer a primary consultation, by telephone or face-to-face, to discuss how we can assist you.

Find out more

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