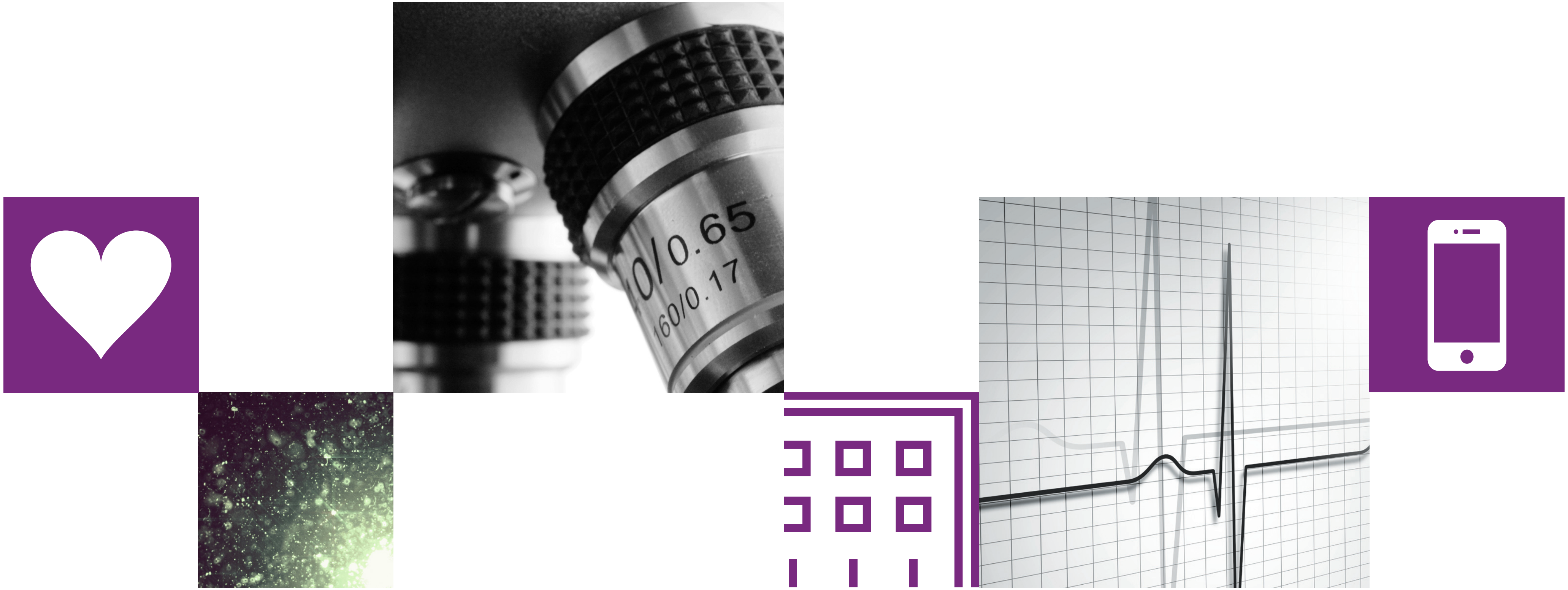
Opinion leader

Brownian motion for brands



To understand the performance of their brands, marketers need a more powerful microscope. Situational Equity can provide it.

Brownian motion for brands

In 1827, a botanist named Robert Brown sat at his microscope to examine a pollen grain suspended in water. When he realised that what he couldn't see was more important than what he could, it helped to change the laws of physics. Today, something similar needs to happen to our understanding of brand equity.

Brown observed that the pollen grain moved – slowly, subtly and steadily. His history-making realisation was that there was nothing he could see that properly explained why it did so. Fast-forward almost a century and his pollen grain had helped to explain the nature of the universe via the phenomenon of Brownian motion. Its movements, it turned out, were not inexplicable, nor did they have one single cause. They were the result of many thousands of other movements that were far more exaggerated, yet too small to see: those of the water molecules that pushed against the grain from all sides. Albert Einstein and others would use Brown's observation to prove the existence of rapidly moving atomic particles. They knew that what Brown saw was a subtle echo of the action of these particles, even though the particles themselves were invisible.

Today's aggregate measures of brand equity act as marketing's pollen grain. Their movements mean a great deal – but understanding what causes them would mean even more. Watching brand metrics move is not the same as explaining why they move. For that we need a more granular understanding of the many less obvious forces governing brand equity – and a more powerful microscope to help observe them.

Marketing's water molecules

For an example of the movement of marketing's "water molecules", let's take the example of a woman attempting to pay for her Christmas shopping on December 24th using a debit card, only to find that the card is repeatedly declined due to "unusual levels of activity" that day. The woman fumes that surely such activity should be expected on Christmas Eve – and she swears blind that she will switch banks the very next opportunity she gets.

What results could we expect if we asked this woman her views on her bank at this moment? Would she give us the same view as she would have done the day before? Of course not, but would her impressions, perceptions and intentions towards the brand be the same on Boxing Day, when the frustrations are a fading memory, or a week later, when she goes to draw money for a New Year's Eve night out, or on January 2nd when she is heading back to work and has far more urgent things to think about than switching banks? As far as she or any other customer is concerned, the bank's brand equity is far from constant. In fact, it fluctuates wildly according to context and different experiences.

Brand equity may provide a clear, single-number measure of how brands are doing, but it is situational equity that often holds the key to helping them do better.

Of course, when we ask for her views of the bank, and then aggregate these with the answers of consumers with different recent experiences, these big shifts in attitude will average themselves out. We will see brand equity moving very slowly, if at all, rather like Brown's pollen grain. The big swings in equity that occur from one situation to another become invisible in the aggregate view – but just because we can't see them doesn't mean they don't matter.

Situational equity – and why it matters

Situational equity, the measure of a brand's power in the mind in particular contexts, rises and falls in response to experience, as in the example of our frustrated Christmas shopper, but it also oscillates more rhythmically according to times of day, seasons of the year, or types of occasion. To measure situational equity is to look beyond the steady movements of the pollen grain to see the far bigger fluctuations causing them; it is to give marketers a more powerful microscope.

Why does situational equity matter so much? Let's take a different example: a commuter who gets off his morning train every working day at a central London station with a Starbucks. At 8.50am every morning he is compelled to buy a large black Americano from that Starbucks. That particular coffee blend and brand is enough to justify standing in a longer queue than that of another coffee shop next door, and it's enough to justify paying a higher price than the other coffee shop would charge. Yet, when that same commuter walks out of his office at lunchtime, things seem to have changed. At this point, there is no queue at the Starbucks, but like many other fellow office-workers, he will not even think about popping in to grab a sandwich or a drink. A different time of day, and a different context, results in a very different level of equity for the brand.

How about a whisky drinker who adores a particular single malt scotch and always has a bottle at home – but only ever drinks gin and tonic when on a night out? Or a brand of stout that sees its share of drinkers' spend plummet during the summer months?

Or a Mexican fast food brand whose restaurants are packed at lunchtime and early evening but far emptier during breakfast? In each of these cases, major fluctuations in situational equity represent significant challenges and opportunities for the brands involved. Brand equity may provide them with a clear, single-number measure of how they are doing, but it is situational equity that often holds the key to helping them do better.

Spotting the situational opportunity

Based on the above example, where is the biggest growth opportunity for Starbucks? It's difficult to grow its share of wallet at around 9am, when it already has queues stretching out into the railway concourse. On the other hand, there is huge scope for growth between 12 noon and 2pm, but only if the brand can understand its equity in this very specific situation – and generate insights to change it.

Where can these insights come from? Starbucks' overall brand equity threatens to provide a dangerously distorted view of its strengths and weaknesses at lunchtime, since its morning dominance skews the overall measure. It leaves us with the misguided view that Starbucks has more power in the mind of lunchtime consumers than it actually does. To take advantage of the situational opportunity, Starbucks needs a clear understanding of its equity during this very specific situation – and only then. Anything else obscures what is really going on. The task of research is to identify this situational equity opportunity, and to devise a means of measuring it in isolation so that the brand can formulate tactics, set targets and map its progress against them.

Acclimatising to a dynamic world

Dealing in situational equity requires brands and researchers to acclimatise to a different level of fluctuation – and identify which of the many movements that occur are really significant. As we have seen, situational equity can change hugely over the course of hours, days or months, or as a result of predictable events in a customer lifecycle. Not all of these fluctuations are significant; in fact, most of them are not.

Contextual factors govern the ways in which our attention is directed and our openness to external stimuli such as signage, advertising and other forms of brand prompting.

The fact that customers are more negative about their bank when their card has just been declined probably doesn't mean that they will close their account (we are all sadly accustomed to the rhythm of passionate commitment to switching being replaced by inertia). However, it is potentially valuable to know if customers are more frustrated than is usual in this situation – or indeed if they remain more committed to switching than is normal, a week after the initial situation arises. Understanding the standard range of fluctuation in situational equity enables us to identify when something unusual is happening – and respond quickly, well before the change starts to be reflected in slower moving aggregate measures of brand equity.

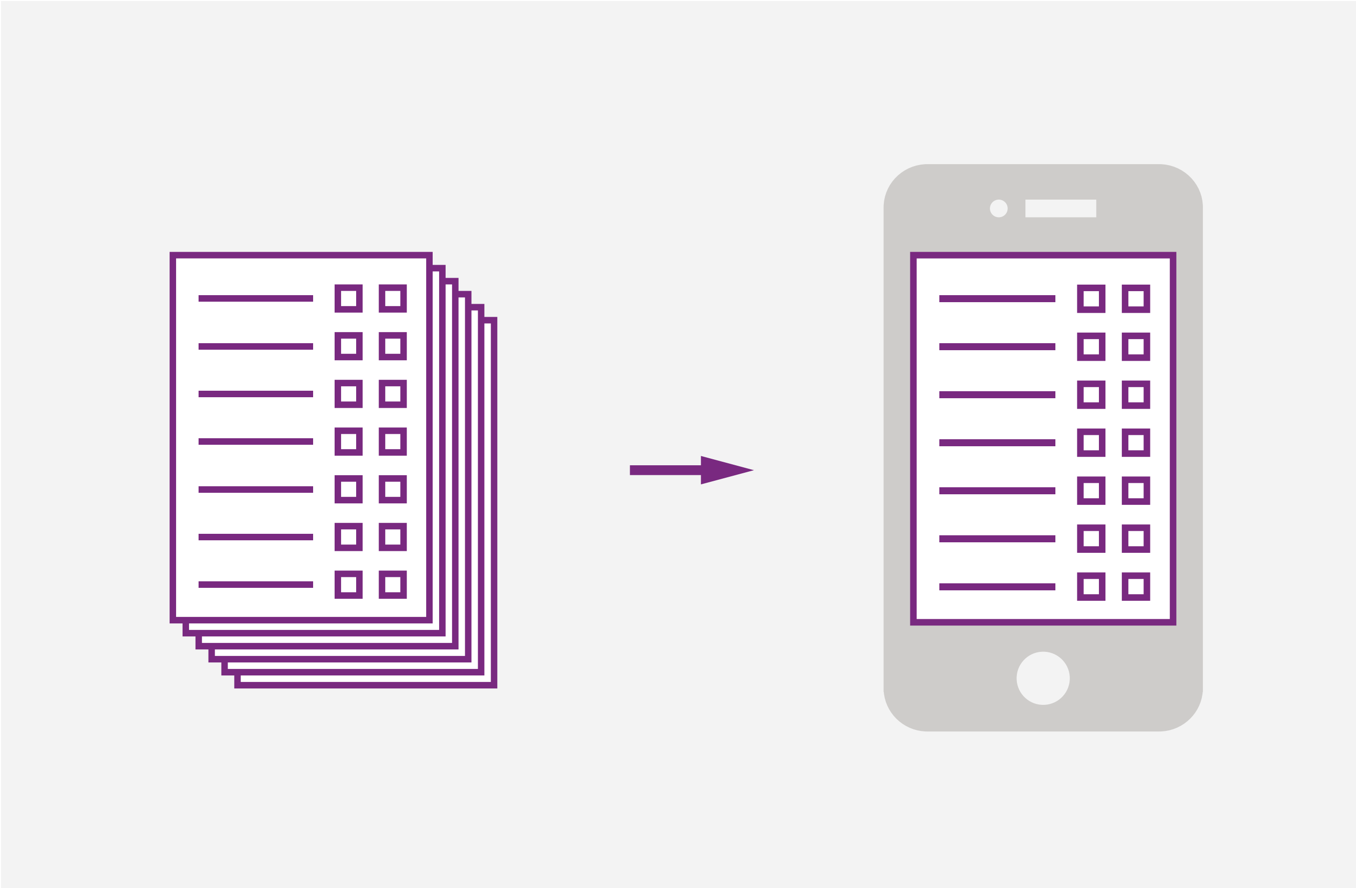
Understanding the situational baseline
Advances in neuroscience and the promptings of behavioural economics provide a valuable guide when it comes to understanding standard variations in situational equity. Heuristics and habits help to explain why a coffee brand would be far more powerful in the morning than at lunchtime, or why the reverse might be true of a Mexican fast food restaurant. Powerful affective memories shared by large numbers of people associate particular brands with very particular circumstances: a single malt scotch when sat at home, but a gin and tonic when standing at a bar with loud music; a pint of stout in a dark pub in winter, but a pint of cider in a summer beer garden.

Context not only influences our responses to brands, it governs our ability to notice and interact with them in the first place. Contextual factors govern the ways in which our attention is directed and our openness to external stimuli such as signage, advertising and other forms of brand prompting.

Building a better microscope
If we are to measure situational equity accurately in this complex contextual landscape, we need to get closer to the moment when brand interactions take place, and capture consumers' response to them in context. Indeed, with much of our more habitual behaviour, this is the only way to capture reactions

and interactions that we barely think about at all. This task requires a more immediate approach than that provided by traditional tracker surveys, which rely on long questionnaires and considerable acts of recall on the part of interview subjects. And in mobile technology we have a tool that is increasingly fit for this purpose.

By using short, smart mobile surveys that are delivered to relevant consumers more frequently, we can reach them at a point in time far closer to the experiences we ask them about. Using our understanding of how contextual factors govern brand interactions, we can frame these questions in a way that brings out the role of habits, heuristics and affective memories and helps to establish true situational equity. And armed with mobile technology, we can increasingly do this at scale.



Dealing with a data deluge

The immediate result is a lot more data that is closer and closer to real-time, and gives a far more granular view of the fluctuations in equity between different situations. In its raw form, this level of fluctuation could easily appear overwhelming. The key to analysing it efficiently and effectively lies in building models that chart situational equity's natural rhythms: between dayparts, between different types of brand experience, between different contexts of daily life. We can then use exception-based reporting techniques to reveal fluctuations outside these norms, and use our understanding of the baseline changes in situational equity to give a detailed analysis of how these might play out in future behaviour.

The situational models built through shorter, smarter, mobile surveys can also incorporate additional sources of brand equity data as they become available. In the Big Data era, we will have no shortage of data streams that could provide valuable insight on situational equity, provided we have an understanding of the situational equity baseline to compare them too.

In the not too distant future…

As we increasingly measure equity at a situational level, we will not only be able to identify quickly when changes start to occur – we will also be able to model what the effect of those changes is likely to be. A more precise understanding enables us to respond rapidly, and with greater confidence.

Let's gaze into the crystal ball and imagine a cola brand that finds its situational equity during office lunch breaks suddenly dropping within a particular city. Cross-referencing against competitor activity, it finds that this is a result of a rival beverage brand running a lunchtime promotion in that location. But how should the cola brand respond?

The competitor promotion is a situation just as lunchtime itself is, and as we have previously recorded the brand's equity in this specific situation, we are able to give a precise answer: we know what the typical impact of a rival promotion is, and we know how many days it would usually take for brand equity to return to normal afterwards; we can identify actions the cola brand could take to restore equity faster if necessary, and we can clarify the likely return on investment for doing so. If the deviation from the cola's typical situational equity during lunchtime is not too severe, the most cost-effective approach may be to do nothing and wait for things to return to normal. However, if the impact of the competitor activity has been greater than for a normal promotion, we can model likely future impacts using the situational equity baseline and recommend urgent action to restore equity if needs be. And we can do all of this on the basis of the initial mobile survey results.

Time for situational smarts

A research approach based around situational equity is inherently smart and inherently speedy. It will eventually provide a detailed model of how equity should be expected to change over time, and how changes in one situation tend to be reflected in subsequent situations when they occur. Situational equity gives us more data to deal with, but it also provides a meaningful framework for putting that data in context and understanding its significance from the start. Rather than waiting for the water molecules to move the pollen grain, we can pick up on their fluctuations as soon as they start to occur – and we can model the impact of those fluctuations with confidence.

Research that immediately places brand equity into its proper situational context isn't just a more precise way of understanding markets, it will soon be the only manageable way of doing so.

About the authors

Rosie Hawkins is Global Head of Brand & Communication at TNS, based in London. Throughout her career Rosie has specialised in brand and communication research in both client and agency roles. Rosie joined TNS in Australia in 2000 to lead the Brand & Communication research division.

After a regional role covering Asia Pacific, Latin America and the Middle East, Rosie was appointed as TNS's Global Head of Brand & Communication in 2008.

Rosie is responsible for driving and developing Brand & Communication expertise, new thinking and best practice across the TNS network and advising clients how to manage and grow their brands.

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