



Imagination Report: Brand Valence

For some time and for a range of clients, we have been using a new yet simple metric for brand strength. The Wikipedia tells us that in psychology, "valence refers to the emotional value associated with a stimulus." Such valences are explicitly positive or negative.

We know that before higher-order, "rational" attributions are made to a brand (or an ad), we have an emotional (gut) feeling about it. We like it or dislike it in varying degrees, or it may evoke no emotional resonance at all.

Given that psychophysical reality, why not use an actual positive-negative scale to assess response to brands? We offer study respondents a scale ranging from -5 (dislike very much, or very unfavorable) to +5 (like very much, or very favorable). The neutral mid-point is zero, which intuitively means "I feel nothing." Zero. Nada.

Our experience so far shows that:

- The average ratings can differ markedly across categories. In some cases, no brand has a mean anywhere near negative territory. In others, negative ratings are not unusual, even for established brands.
- Within categories, the dispersion of mean ratings across brands has been meaningful and consistent with other brand measures.

In our perhaps heretical opinion, brand valence is preferable as an overall measure to purchase intent (for established products). The latter is subject to other possible influences such as need. Our brand valence score gets at the pure emotional value of a brand.

The Wikipedia

Speaking of . . . if you are not familiar with this unique reference tool, you should be. The Wikipedia is a collaborative, online encyclopedia. While it is lightly governed, entries are all written (and re-written and revised and corrected) by users.

The Wikipedia allows longer, more-detailed articles than is possible in the best printed encyclopedias. The English version is 12 times larger than the Encyclopedia Britannica! Independent analysis shows it to be highly accurate as well. This is the World Wide Web at its finest. The English version is at:

http://en.wikipedia.org/wiki/Main_Page



Re-Testing Consumers

On occasion, marketing researchers wish to collect data from the same people at two or more points in time (say, before and after a product experience). While such a pre/post design eliminates the need to match "test" and "control" cells, other kinds of problems are possible.

The experience of answering a set of questions one time can affect how a person answers them again later. Consequently, it is scientifically impossible to know whether any change is due to the stimulus or to the so-called test effects.

The optimum solution is to use a second cell that is tested twice but is not exposed to the stimulus. This allows you to factor out the effects of repeated testing.

Corporate Reputation

Writing in the *Journal of Advertising Research*, Graham Page and Helen Fearn of Millward Brown cast a clear light on the question of how a company's reputation actually affects it among category users.

They begin with measures across many companies of "reputation" and brand equity. Companies with poor reputations have poor equity scores, but the brand equity of those with good reputations varies widely. The authors conclude: ". . . a *bad* reputation does make building brand equity difficult, but a *good* reputation does not guarantee strong brands."

Further analysis suggests three dimensions of corporate reputation:

- Public responsibility (good citizen)
- Leadership and success
- Consumer fairness

Lo and behold it is the conventional "public responsibility" dimension that has the least bearing on brand equity. Thus ". . . consumers are influenced more by how a company's behavior affects them or their families directly."

Even though consumers give ample lip service to the importance of corporate citizenship, it rarely plays much of a role at the point of purchase. Much purchasing is habitual, as opposed to being a rationally deliberated choice. What will come into play before consideration of the lofty matter of corporate citizenship are the emotionally-charged questions of fairness (e.g. in pricing), product quality, and service experience.

Bated (sic) Breath

We just learned the origins of this term and felt compelled to share! It is an archaic truncation of "abated", implying that you "almost stop breathing through terror, awe, extreme anticipation, or anxiety."

Prediction Markets

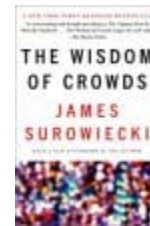
As we anticipated, there is a growing business of "prediction markets" (see previous issues of this newsletter). Similar to wagering on point spreads, participants essentially bet on future outcomes. The remarkable thing is how well these collective guesses do in predicting actual events.

For instance, a company called Newsfutures (<http://us.newsfutures.com>) offers to help corporations set up:

- * Sales forecasting
- * Strategic commodity price forecasting
- * New product development
- * Project completion estimates
- * Business intelligence
- * Industry trend-spotting

You can join a panel and get rewarded for sharing your predictions at <http://www.owise.com/>

As a reminder, this movement largely began with James Surowiecki's book *The Wisdom of Crowds*.



We did a small experiment to see how well a pool of average consumers would do at predicting certain marketing-related outcomes (e.g. trial of a new soft drink; penetration of the Firefox browser). Poorly, in a word.

While there may be some wisdom in that crowd too, a key ingredient is having an incentive to be correct. Consumers in a routine survey have nothing to gain or lose by making such guesses. Serious prediction markets work by attracting people who think they know something. Many of them prove to be wrong, but their collective wisdom is usually accurate.