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**Brand evaluation —**

**Part 2:**

**Implementation and reporting**

*Évaluation des marques —*

*Partie 2: Mise en oeuvre et rapports*

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Published in Switzerland

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## Foreword

ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work. ISO collaborates closely with the International Electrotechnical Commission (IEC) on all matters of electrotechnical standardization.

The procedures used to develop this document and those intended for its further maintenance are described in the ISO/IEC Directives, Part 1. In particular, the different approval criteria needed for the different types of ISO documents should be noted. This document was drafted in accordance with the editorial rules of the ISO/IEC Directives, Part 2 (see [www.iso.org/directives](http://www.iso.org/directives)).

Attention is drawn to the possibility that some of the elements of this document may be the subject of patent rights. ISO shall not be held responsible for identifying any or all such patent rights. Details of any patent rights identified during the development of the document will be in the Introduction and/or on the ISO list of patent declarations received (see [www.iso.org/patents](http://www.iso.org/patents)).

Any trade name used in this document is information given for the convenience of users and does not constitute an endorsement.

For an explanation of the voluntary nature of standards, the meaning of ISO specific terms and expressions related to conformity assessment, as well as information about ISO's adherence to the World Trade Organization (WTO) principles in the Technical Barriers to Trade (TBT), see [www.iso.org/iso/foreword.html](http://www.iso.org/iso/foreword.html).

This document was prepared by Technical Committee ISO/TC 289, *Brand evaluation*.

A list of all parts in the ISO 20671 series can be found on the ISO website.

Any feedback or questions on this document should be directed to the user's national standards body. A complete listing of these bodies can be found at [www.iso.org/members.html](http://www.iso.org/members.html).

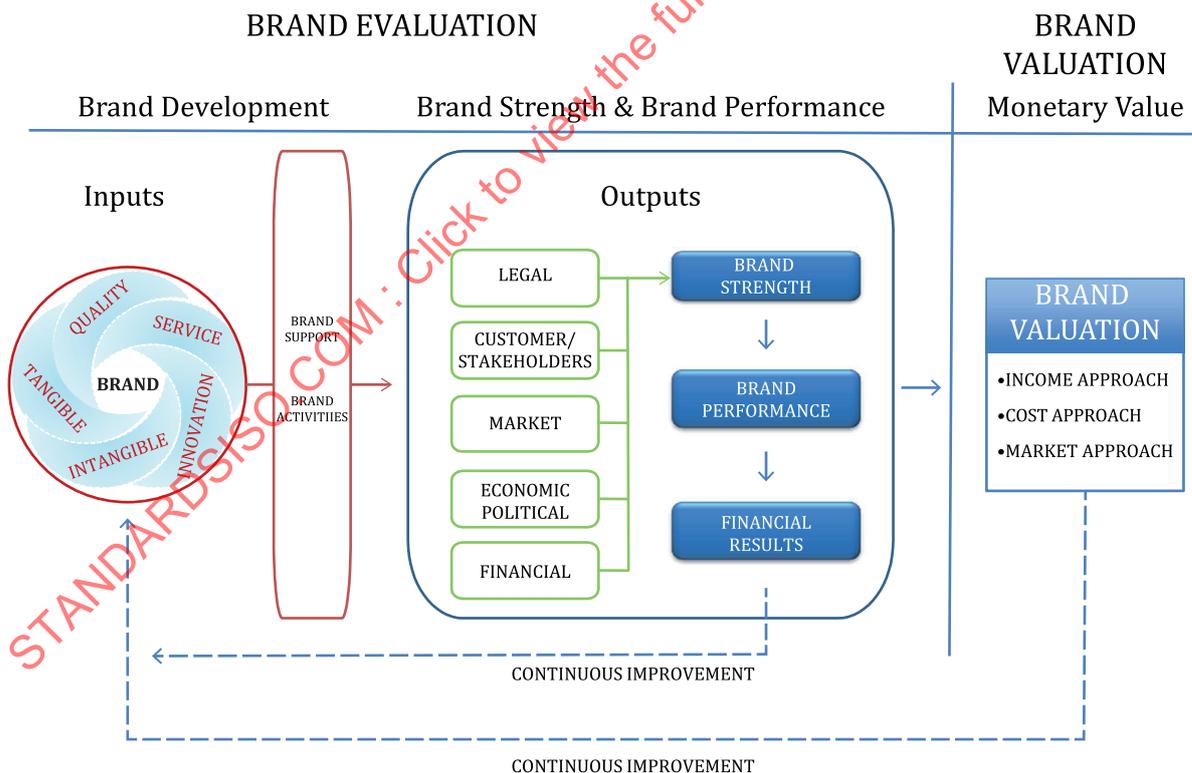
## Introduction

This document is part of the ISO 20671 series of standards and distinguishes between and expands on ISO 20671-1 and other ISO brand-related standards including ISO 10668. It offers an approach to implement an evaluation and report its findings conforming with ISO 20671-1 and ISO 10668. This approach acknowledges that operating entities change and grow over time and therefore includes a process that adapts to the changing needs and objectives of the organization.

ISO 10668 is an accounting-driven valuation process representing a point-in-time financial value of the brand that can enable an organization to report this value. Organizations conforming to the processes of ISO 10668 are independent of the brand-owning entity and are used to providing an assessment of the brand. Brand valuations showing conformity to ISO 10668 processes can be used to convey the financial value of a brand to external audiences such as investors, tax authorities, and prospective buyers or licensees of the brand.

ISO 20671-1 is a process standard that a brand-owning entity applies internally or with the support of an external brand evaluator. It provides a framework for evaluating an operating entity's brand over time with a focus on the customer and other relevant stakeholders. One potential use of the standard is to support management and the marketing function, determine the allocation of funds for investment with the objective of developing brand(s) and serve as the basis for external reporting of brand performance.

ISO 20671-1 provides a conceptual framework for conducting brand evaluations as shown in [Figure 1](#) below.



**Figure 1 — Brand evaluation framework**

A full implementation of the ISO 20671-1 brand evaluation framework enables an organization to address four steps of evaluation:

- Brand development: Identifying how the organization views the brand's role within the organization (brand elements), invests in it financially and operationally (brand support) and

subsequently delivers it to the market including marketing, stakeholder engagement and brand protection (brand activity). These are quantified by relevant input indicators.

- b) Brand strength: Quantifying output indicators of brand strength across the five dimensions of evaluation.
- c) Brand performance: Documenting and validating the indicators of brand development and brand strength on customer choices within the market (market choices) as well as to determine the financial implications (financial results) for the brand owner. This includes identifying and calculating the effect that the brand strength has on financial performance and the effectiveness of brand development achieving the organization's intended goals.
- d) Brand value: Providing a point-in-time monetary value of the brand's total contribution to the enterprise given its anticipated time horizon.
- e) Continuous improvement: Creating a feedback loop for improvement in returns through reviews of changes in brand evaluation results between two periods.

Continuous improvement is informed by changes in brand evaluation results between two periods. Presently, brands are often taken as incidental parts of a business, necessary for the sake of having a name, a logo or a trademark. Brands should be proactively managed and measured to increase entity value. Brands should be managed using the brand evaluation standard to increase value as established by improvements in brand strength and brand performance and, ultimately, the financial value of the brand.

Brand evaluation thus creates a feedback loop for the continuous improvement of a brand that creates greater value for the entity over time. By investing (changing the composition and value of brand input factors) based on such feedback, brands can be improved to provide greater benefits and better experiences to customers and other stakeholders and higher returns on the brand asset to the entities which use and own the brand. This document, therefore, constitutes a basis for high-level corporate planning and governance.

The principles of this framework also apply to external investors and lenders. By monitoring brand strength, brand performance, and/or brand valuation, return targets can be defined not only for the internal planning process but also for investors and lenders who realize the importance of brands as valuable assets.

The framework recognizes that any brand evaluation is complex and multidimensional, and it constitutes information for multiple uses. The value of a brand can be evaluated simply as brand strength using dimensions and indicators appropriate to the brand. Brand strength is a necessary step in evaluating brand performance, the impact of the brand in the market and where other variables such as competition can affect outcomes. Brand performance can in turn be used as part of a method for determining a monetary brand valuation. Improvements to brand strength can be identified through continuous measurement of the relationship between brand input factors and the dimensions that make up brand strength.

# Brand evaluation —

## Part 2: Implementation and reporting

### 1 Scope

This document provides requirements for implementing and reporting brand evaluations.

### 2 Normative references

The following documents are referred to in the text in such a way that some or all of their content constitutes requirements of this document. For dated references, only the edition cited applies. For undated references, the latest edition of the referenced document (including any amendments) applies.

ISO 20671-1, *Brand evaluation — Part 1: Principles and fundamentals*

### 3 Terms and definitions

For the purposes of this document, the terms and definitions given in ISO 20671-1 and the following apply.

ISO and IEC maintain terminology databases for use in standardization at the following addresses:

- ISO Online browsing platform: available at <https://www.iso.org/obp>
- IEC Electropedia: available at <https://www.electropedia.org/>

#### 3.1

##### **brand support**

monetary and non-monetary investments across the brand that can correspond to *brand activities* (3.2) and have an impact on brand

#### 3.2

##### **brand activities**

non-monetary actions and activities associated with the brand that can have a measurable effect on brand strength

#### 3.3

##### **brand development**

systemic measurement and analysis of investment into the brand distinct from other investments in the business process and the resulting outcomes and cost effectiveness

Note 1 to entry: It is comprised of identifying and measuring brand support indicators as they have been allocated toward brand elements and subsequently delivered to the market via brand activities including their impact on brand strength.

**3.4 brand performance test**

category appropriate evaluation that provides an estimate of the extent to which changes in brand strength, aggregate of the measured indicators across the five (5) output dimensions, affects market level customer/stakeholder behaviour

Note 1 to entry: A strong brand can have a weak impact in a category if other purchase factors are more important than the brand. A less strong brand can have a greater impact if other purchase factors are not important. The level of competition would be an example of other purchase factors.

Evaluating brand performance requires an in-market comparison or simulated market test to estimate the extent to which the selected measures of brand strength translate into a different level of sales or consumption. A simple market test would be the extent to which high brand strength is related to higher customer purchasing levels or more frequent purchasing. Alternatively, it can involve a comparison of price with brand strength amongst customers in establishing purchase volume.

**3.5 financial results**

calculation of the financial effect that the brand, via an evaluation of the absolute or relative brand strength, has on the entity's business performance identified in a *brand performance test* (3.4)

Note 1 to entry: The calculation may be as a percentage of revenue, margin, profitability, or cash flow. This financial effect can also vary by stakeholder in the event of varying brand strength scores identified in a brand performance test.

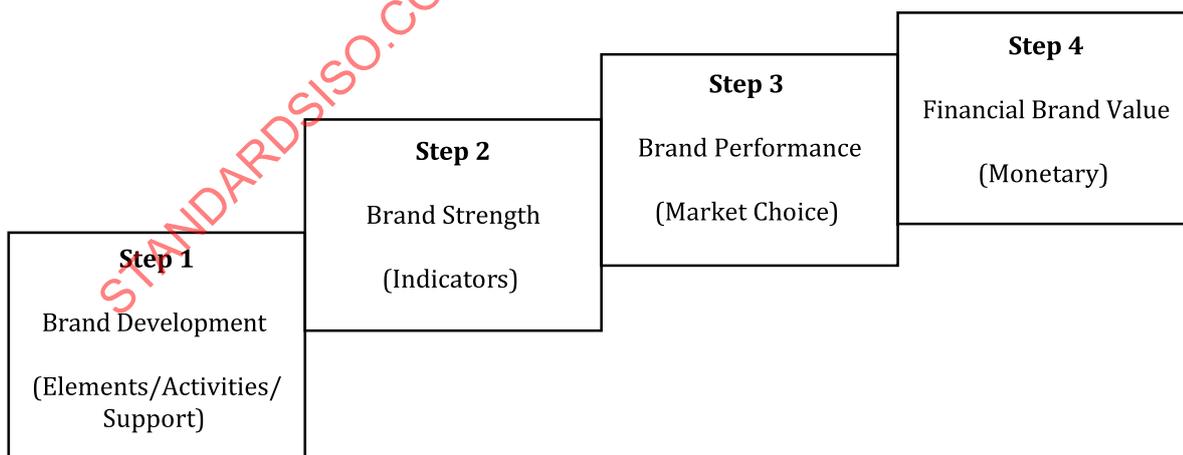
**3.6 brand reporting**

systemic report outlining changes in *brand development* (3.3), including any resultant changes in brand strength and *financial results* (3.5), as identified using a *brand performance test* (3.4) and other standard-conformance measurement practices

**4 Steps of brand evaluation**

**4.1 General**

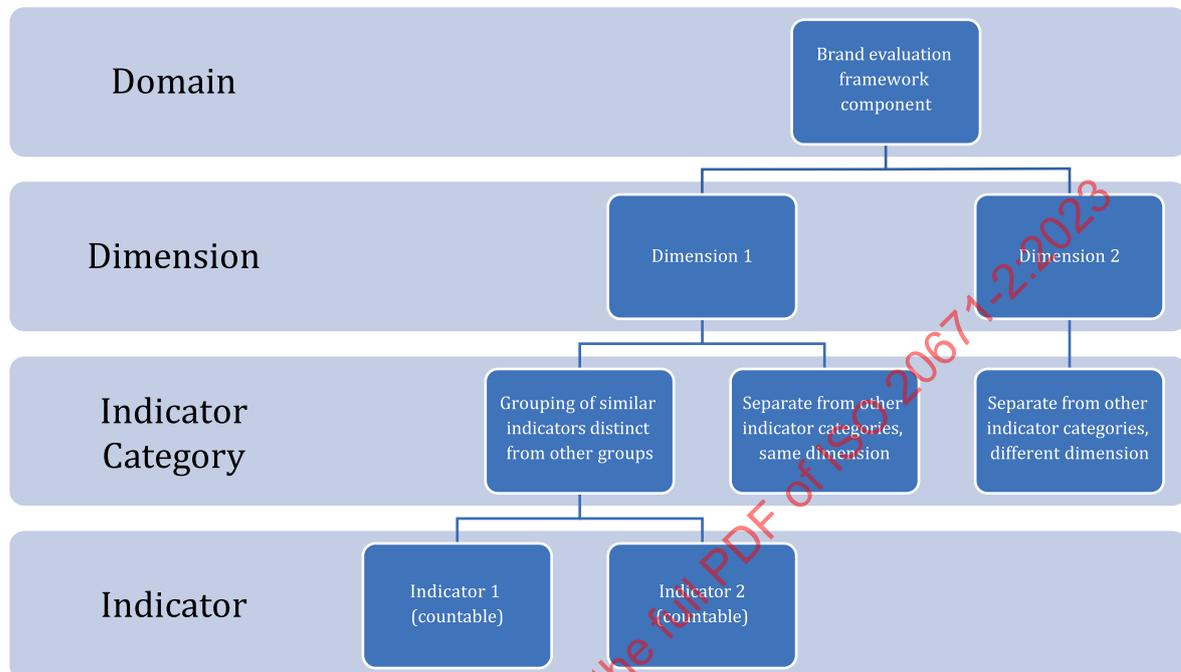
There are four brand evaluation steps as shown in [Figure 2](#):



**Figure 2 — Brand evaluation steps**

For all four brand evaluation steps, as shown in [Figure 3](#), a dimension is a set of related concepts that are measured through categories of indicator metrics. Indicators shall be chosen to account for a substantial amount of the interactions that a brand has in the marketplace with stakeholders for that dimension. At a minimum, the degree of relevance of a dimension to a particular brand and the degree and consistency of the relationship between one dimension and other dimensions used in the

evaluation, shall be validated by the evaluator. Dimensions are quantified by component indicators. The weight (importance) of dimensions, indicator categories and the underlying indicators are not necessarily fixed and can vary by industry, stakeholder, geography and over time. Dimensions, indicator categories and their component indicators shall be tested for their relevance and validity periodically as identified by the evaluator.



**Figure 3 — Indicator classification**

## 4.2 Step 1 — Brand development

An organization shall identify, define, and describe brand activities and brand support for each of the five input elements. These brand elements refer specifically to assets (whether tangible or intangible) and investments deployed specifically for brand support and brand activities.

The evaluation should take the form of an audit in which relevant personnel in the organization complete an interview; results are summarized across the interviewees. The results of the brand development identification shall be included in the entity's brand evaluation audit report. This audit can be both qualitative and quantitative.

Sample input elements and example audit questions are provided in [Annex A](#).

## 4.3 Step 2 — Brand strength

### 4.3.1 General

Dimensions of brand strength shall be included in the brand evaluation. These dimensions include: legal, customer/stakeholders, market, economic/political and financial. For each dimension, one or more indicators shall be chosen to best reflect the brand strength component. For example, an evaluator may choose brand awareness and brand loyalty metrics to be the indicators for the customer/stakeholders dimension. The indicators selected shall be appropriate and relevant to the brand being evaluated.

The audit shall reflect which indicators have been validated and which have not and the rationale for the selection of the indicators shall be disclosed. Validation can be accomplished by comparing internal indicators with external or independent indicators.

Sample output dimension and example indicators are provided in [Annex B](#).

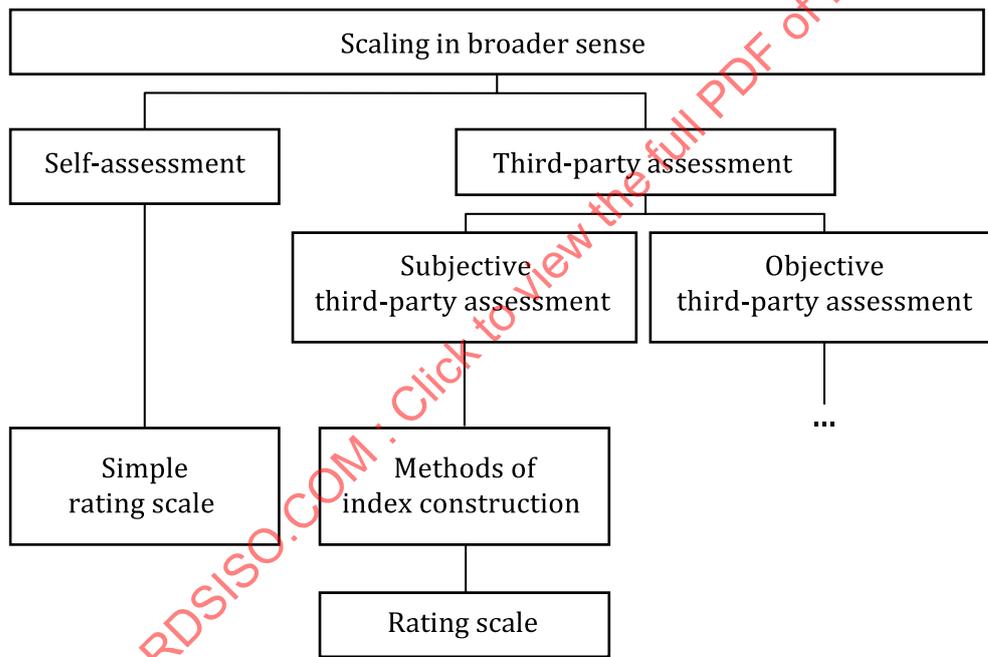
Brand strength is the non-monetary, point-in-time measure which illustrates the perceived competitive strength, compared to its competitors amongst customers/stakeholders. It is sometimes referred to as “brand equity” or “brand health.” Brand strength can be measured in many ways, but the approach taken shall be done consistently over time, which enables continuous improvement.

**4.3.2 Methods for determining the indicators for brand strength**

The quantified indicators should be designed in such a way that they can be updated regularly and are verifiable. In this context, the type and composition of a quantitative indicator, e.g. image index, loyalty rate, satisfaction index, is less important than a regular and verifiable collectable data point.

A brand strength dimension shall be composed of quantifiable indicators, which is the structuring that offers the possibilities for comparisons and benchmarking that are required for a brand evaluation and valuation.

A brand strength indicator should be presented using a numeric scale to convey relative and absolute scores. The scaling process is not limited to the definition of measurement scales, but also includes the assignment of figures to objects or properties by means of these measurement scales and, as a result, can be taken to correspond to the concept of measurement (see [Figure 4](#)). See [Annex E](#) for an example of an indicator classification.



NOTE The advantage of a rating scale lies in its ease of use, however, respondents often tend to assume extreme or middle positions.

**Figure 4 — Overview of scaling methods**

This measurement provides a convenient means to monitor brand strength over time. When doing so the weights should be validated to an extent that the stakeholders are confident that the resulting aggregate is a reasonable estimation of brand strength. An example of this approach is provided in [Annex C](#).

If indicators are consistent and correlated to the extent that they are combinable through a weighting procedure, they should be combined for reporting purposes. If not, they should be presented in an unaggregated scorecard format.

An organization should use an objective third-party assessment (demographic survey representative of the market-relevant customer groups (market participants) whenever possible. Internal management evaluations can be based either on a self-assessment of the enterprise’s management in line with past

experience or on a subjective third-party assessment (independent expert rating). This is recommended only if feasibility of an objective, third-party assessment is financially onerous on the brand-owning entity or not executable due to market access or other factors. The brand evaluator needs to document the rationale behind the brand strength assessment chosen. If a self-assessment is conducted, it can be useful to establish the criteria for the brand evaluation framework at the start of the process. [Annex D](#) provides more details on this.

As noted above, a brand strength evaluation should result in a set of measures that reflect the strength of a brand in terms of the associations, perceptions, beliefs, and experiences of the brand as they exist in the mind of the customer/stakeholder. It can also include higher-order measures of the tendency to react favourably to the brand via attitudes, engagement, satisfaction and behavioural intentions toward the brand.

Brand strength should not necessarily imply the extent to which consumers will choose the brand in the marketplace. Consumers can be motivated favourably toward the brand but still select another product based on other considerations. Price and availability will typically affect consumer choices and, depending on the nature of the product, other factors can influence choice as well. The ultimate value of the brand to the organization depends not only on the brand strength that has been created, but also on the extent to which this affects customer/stakeholder purchase behaviour. It is thus necessary to evaluate the extent to which consumer choices actually depend on the brand. This is the goal of a brand performance evaluation.

#### 4.4 Step 3 — Brand performance

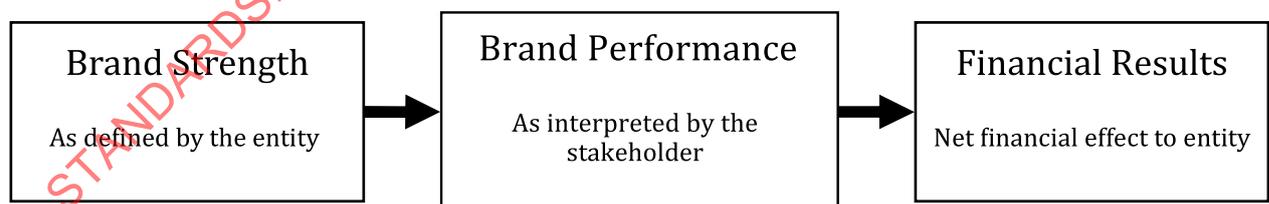
##### 4.4.1 General

An organization that has an established process for measuring brand strength shall proceed to the next step of brand evaluation and conduct a brand performance analysis.

A brand performance analysis shall document and validate the indicators of brand strength on customer choices within the market (market choices) and should determine the financial implications (financial results) for the brand owner. This includes identifying and calculating the effect that the brand strength has on financial performance and the effectiveness at achieving the organization's intended goals.

The brand evaluator shall document and validate the brand performance process including how it can be replicated in the future in periodic instances.

Brand performance should be viewed as an intermediate step between brand strength and brand value as demonstrated in [Figure 5](#).



**Figure 5 — Brand performance as an intermediate step**

There are two general approaches provided which can be used to determine brand performance. Both are based on comparing the brand being evaluated to a comparison, benchmark product or service. The comparison is to an unbranded or a weakly branded product that is otherwise comparable (except for price) to the evaluated brand. The objective is to compare the brand to itself, absent the branding. The logic for picking the comparison product should be fully explained. The comparison can be a private label generic version of the brand, a local brand, or a weak or copycat competitive brand. It is necessary that revenue information be available for the comparison product. Otherwise, the choice of a comparison product will vary depending on the kind of brand being evaluated.

An airline, for instance, can compare its brand with a weak competitor with a similar route structure or a discount carrier that spends little on branding. The logic for picking the comparison product should be fully explained. It is possible that in some cases, more than one comparison will be needed to validate that the brand performance results are stable over different comparisons.

It is important to understand that the branded versus unbranded comparison is not intended to be a competitive analysis based on all the brands in a category. The evaluated brand can perform better or worse than a branded competitor, but the evaluation is concerned only with how much the brand's current performance is due to its brand strength, and not with whether it performs better or worse than other brands.

If the organization's competitive situation were to change, the brand could be weakened or strengthened, and this would be reflected in a future evaluation.

**4.4.2 Revealed preference approach**

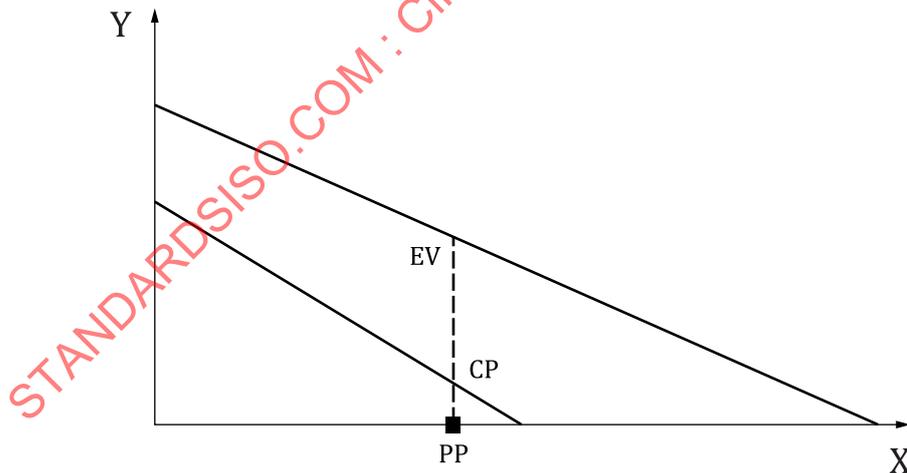
The revealed preference approach uses actual market data that “reveals” consumer's choice behaviour from actual purchases of the evaluated brand and comparison product. A regression formula of the form below can be used to relate brand (1 = evaluated brand and 0 = comparison product) and the price (P) and the revenue correspond to the evaluated brand or the comparison price or revenue.

$$\text{Revenue} = \text{Intercept} + \alpha\text{Brand} + \beta P + \gamma P \times \text{Brand} + \text{Other variables} + \text{error term}$$

where revenue data over different periods is used for both the evaluated brand and the comparison product.

Both the brand effect and the interaction of brand with price can be estimated from this regression (other variables can be included if they are thought to be important predictors).

The analysis provides a comparison of the revenue of the evaluated brand at its typical price point with the comparison product at the same price point, the latter being interpolated from the data. As shown in Figure 6, this provides an answer to the counterfactual question of the revenue premium (dotted line) of the evaluated brand over the comparison other things being equal (including price).



**Figure 6 — Revealed preference approach****Key**

X	price
Y	revenue
PP	is the price point of the evaluation
EV	is the revenue of the evaluated brand at the price point
CP	is the revenue of the comparative product at the price point

This approach to brand performance requires market data over many periods of time. In some cases, the data may not be available or may be too volatile or otherwise not of high quality.

**4.4.3 Stated preference approach**

The stated preference approach uses consumer research data to directly estimate brand performance. Target consumers for the evaluated brand are recruited and incentivized to participate in a consumer survey. The survey takes the form of a discrete choice experiment in which consumers “state” their first choice or the rank order of their choices from a set of alternatives. At a minimum, the alternatives shall include all combinations of brand and price, i.e. evaluated brand at typical price point, comparison product at its low price point, evaluated brand at the low price point, comparison product at the typical price point of the evaluated brand. It is also possible to include factors other than brand and price.

Note that in this case consumers actually make choices that cannot be observed in the marketplace (e.g. comparison product at the typical price point of the evaluated brand). Another advantage is that this is an experiment, so that the results are easier to interpret causally. Choice experiments in the form of conjoint studies are often used in marketing though they have not typically been applied to brand evaluation.

The comparison product can be selected in the same way as the revealed preference approach. In addition, with a choice experiment it is possible to use a hypothetical comparison product.

**NOTE** The hypothetical can be described as a choice alternative using a concept format. For example, a comparison for a hypothetical beverage brand named “Yum” can be posed as the following concept: “Yum is a new fruit flavoured drink about to be introduced in the market. Yum offers the same package size and flavours as the brands currently available. Yum is the product of a new company.” The name of the product can be rotated through several other names to reduce any brand cues from the name.

The choice data from the experiment can be analyzed using regression analysis, with the logit model being the most used. The model relates the probability of a choice to the underlying utility of the brand and price factors assuming an S-shaped relationship such that utilities that are more equal change the choice probability more than utilities that are more unequal. Brand performance is the utility of the evaluated brand at its typical price point compared to the utility of the comparison product at the typical price point of the evaluated brand.

**4.4.4 Impact on financial results**

A completed brand performance test should be used to calculate the relative and absolute impact (if any) of the brand on financial performance. This impact should be in the form of a financial (revenue, margin, profit, cash flow or purchase volume at an equivalent price) effect that is established through an analysis of the relationship between brand strength and the selected financial metric. The financial results calculations should identify the degree to which stakeholders that attribute a higher (or lower) brand strength score to a brand also translates to a financial effect advantage (or disadvantage). This relationship should be calculated for each competitor brand or alternative compared in the brand performance test. If 4.3 is executed by the brand evaluator, the calculations and formulae shall be disclosed.

#### 4.5 Step 4 — Financial brand value

With both the revealed and stated preference approaches, the overall goal is to evaluate the financial value of the brand for the organization by answering an essential hypothetical question: What would have been the company's financial performance if the product or service were unbranded?

The objective is to disentangle the contributions to sales of the brand from other factors, e.g. product quality and price. The answer can be found using the estimated models of brand performance.

There are various methods for a brand value calculation as provided in ISO 10668. This includes variations of the income, cost, and market approaches. The selected approach shall be disclosed and documented by either the brand evaluator or brand valuator, or both.

For the purposes of describing the implementation of this document as terms of brand value, the following discounted cash flow method, as presented in ÖNORM A 6800, can be used.

With the revealed preference approach, brand value,  $B_v$ , is determined by the brand performance revenue (cash flow) premium over the comparison product projected over some time horizon as shown in [Formula \(1\)](#):

$$B_v = \sum_{t=0}^H \left( \frac{B_{PC}}{(1+R)^t} \right) + T_v \quad (1)$$

where

$B_v$	is the total financial value of the brand considering all expected future cash flows up to the time horizon;
$B_{PC}$	is the brand performance contribution to cash flow for the time period $t$ ;
$t$	designates the specific time period;
$H$	is the time horizon under consideration;
$R$	is the discount rate;
$T_v$	is the terminal value

With the stated preference approach, assuming the actual retail price of the products are set to maximize profit, the estimated logit model can impute the counterfactual amount of sales for the unbranded product within a period of time, holding other factors the same, e.g. quality, price, market conditions.

The difference between this counterfactual quantity and the realized sales quantity results in a difference between the overall cash flow without the brand and actual cash flow.

This gap is the extra value that branding brings within this period.

As with the revealed preference approach above, the financial value can be evaluated by simply projecting this gap into the future and summing up the discounted present value.

## 5 Reporting

Results of the brand evaluation do not have to be reported on the firm's balance sheet or other financial statements. The information shall be reported internally to executive management.

Derived information from the brand evaluation can be reported externally to investors and creditors through notes that disclose information relevant to either the balance sheet or income statement, or both, at the discretion of the board and after review by financial auditors. The audiences for a brand

evaluation report can also include operating management, employees, licensees, and the general public. Derived information from the brand evaluation can also be included in integrated reporting statements.

The brand evaluation report shall include Step 1 descriptions of the brand development elements, activities, and support. Summary responses to the audit questions shall be included. The brand evaluation report shall also include Step 2 dimensions and indicators of brand strength.

The report shall document the process used in selecting indicators, the frequency of their collection, how they are calculated, and their degree of validity. Explanations of potential enhancements to validity using different approaches and cautions using existing methods should be included for indicators that have not been validated. If an aggregate measure of brand strength was calculated, it shall be reported. If a scorecard of multiple indicators was created, it shall be reported.

The brand evaluation report shall include Step 3 brand performance based on market choice data. The approach chosen to the calculation of brand performance shall be explained. This should include details of the research methodology and statistical analysis employed.

The brand evaluation report should include Step 4 financial brand value. It does this by relating brand performance to financial metrics such as revenue and cash flow. The point-in-time monetary estimate of brand value should be reported.

## 6 Continuous improvement

### 6.1 General

This brand evaluation shall be conducted regularly over time to continuously improve the brand and its derived financial return. The brand evaluation shall be conducted at least annually.

### 6.2 Executing a continuous improvement cycle

This continuous improvement can begin with conformity at any step of the brand evaluation process as shown in [Figure 2](#).

Executing the continuous improvement cycle should be done at least at the time of evaluation, but great value can often be derived by reviewing progress more frequently. Branding expenditures should be considered as investments and the financial return should be monitored over time.

### 6.3 Brand accountability

#### 6.3.1 General

Brand accountability refers to the reviewing enterprise establishing explicit oversight of the brand by certain principles. The process of continuous improvement should create linkages for brand accountability as summarized in [Figure 7](#). Continuous improvement should provide relevant information for the various brand principles. Each principle should become a link in the overall process of improvement, leading to greater accountability and returns over time.



NOTE The chain of continuous improvement is inclusive of the four brand evaluation steps.

Figure 7 — Linkages for brand accountability

### 6.3.2 Connection between marketing and consumers

The role of marketing is to develop the brand using different types of resource elements to implement brand support and activities designed to strengthen the brand. Brand strength measures the degree to which the brand activities and support result in consumers being predisposed toward the brand. It is measured using indicators from the different dimensions of brand strength. Brand performance measures the extent to which consumers actually choose the brand in the market. It reflects how well brand strength is actually reflected in the marketplace.

### 6.3.3 Connection between marketing and finance

The financial value of the brand, as determined by the brand evaluation, allows finance to place a monetary value on the brand that can be used to rationalize investments by the organization in brand development. In this way, brand is treated as an intangible financial asset, rather than as an expenditure, and internal funds can be allocated accordingly.

### 6.3.4 Connection between finance and investors

Finance provides information to investors about the contribution of the brand to the organization's financial performance. This allows investors to make more informed decisions about which companies to invest in. These better investment decisions will allow capital to flow to firms that are continuously seeking to improve their brand asset.

Thus, the four brand evaluation steps shall be embedded in a continuous improvement loop that supports brand management.

## Annex A (informative)

### Example of input elements and audit questions

#### A.1 Tangible elements

- Brand protection: does the entity invest in the protection, management, monitoring and enforcement of the rights, which safeguard the brand(s) and their operation?
- Brand investment: is there a comprehensive brand investment budget?
- Resources: are resources available to the company behind the brand that differentiate the brand?
- Staffing: what percentage of staff is dedicated to brand management?

#### A.2 Intangible elements

- Cultural, intellectual and strategic resources: does the brand use cultural, intellectual and strategic resources?
- Brand positioning: does the entity carry out specific market segmentation and a brand positioning?
- Brand personality: is a distinct brand personality established?
- Brand reporting: is an adequate brand reporting instrument implemented?

#### A.3 Quality element

- Quality commitment: is there a commitment of top-step management to the quality of products and services?
- Quality process: does the company gather customer feedback on perceived quality?

#### A.4 Service element

- Offered services: what is the structure of the brand's after-sales process?
- Service orientation: how does the company react to specific customer requests?
- Service effectiveness: how quickly can the company react to customer requests?

#### A.5 Innovation element

- Product development: what percentage of revenues is invested in research and development for the brand?
- New markets and distribution: how many new markets have been opened up in the last three years?
- Sustainability: does the entity invest in research and development of sustainable products for the brand?

## Annex B (informative)

### Example of output dimensions and audit questions

#### B.1 Legal dimension

- Documentation of brand rights: in which countries / for which goods / services is/are the brand(s) protected?
- Ownership and limitations: has the owner as well as the limitations of these rights been examined?
- Continuity and enforcement: is the continued existence of the rights and their enforcement adequately secured?
- Fields of application and registration: are the fields of application (e.g. countries, goods and services) of the brand in accordance with the fields of application?

#### B.2 Customer/other stakeholder dimension

- Market research: does the entity apply market research methods appropriate for the company size and industry?
- Behavioural indicators: are the most essential and appropriate behavioural indicators collected?
- Customer attitudes: does the entity capture both positive and negative attitudes?
- Online/social media: is social media adequately used and tracked?
- Customer relations: does the entity encourage and evaluate customer relations?

#### B.3 Market dimension

- Market size, volume, value, growth and segments: does the entity has information about market size by volume and value, market growth and the segments?
- Market coverage and shares: does the entity have information about market coverage and market shares in comparison to the competition?
- Market potential: does the entity have information about the market potential?
- Competitors: does the entity track the number and change of competitors as well as the overall market development?
- Distribution channels: does the entity consider all possible distribution channels?

#### B.4 Economic and political dimension

- Risks and opportunities of export markets: does the entity have information about market risks and opportunities of export markets?
- Influences on the success of the brand: does the entity consider positive and negative external influences on the success of the brand?

## B.5 Financial dimension

- Earnings figures: are the earnings figures tracked and evaluated in an appropriate manner and in comparison to the competition?
- Balance sheet figures: are the balance sheet figures tracked and evaluated in an appropriate manner and in comparison to the competition?
- Brand performance figures: are the brand performance figures tracked and evaluated in an appropriate manner and in comparison to the competition?
- Brand value and company value (optional): are the brand value and company value tracked and evaluated in an appropriate manner and in comparison to the competition?

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## Annex C (informative)

### Example of methodology for aggregate brand strength

The below example is for illustrative purposes. The dimensions and indicators shown and the calculation methods provided are for illustration of the methodology and are not to be considered set for any given brand's circumstance.

The aggregate metric serves to provide a single measure of the brand strength by combining indicators across dimensions.

The following output dimensions were selected due to their direct measurability:

a) Legal dimension

- 1) Number of countries / goods / services in which the brand(s) are protected.
- 2) The fields of registration (countries, goods and services) of the brand are in accordance with the fields of use.

b) Management

- 1) Number of innovations.
- 2) Service quality, response time.

c) Customer/other stakeholder dimensions

Behavioural indicators

1. Awareness: percentage of persons in the broadest group of market participants who know at least the name of the brand/enterprise.
2. Reach: percentage of persons in the broadest group of market participants who have been buyers or customers at least once.
3. Purchase intensity: grouped in the following three intensity classes:
  - i. intensive users,
  - ii. average users, and
  - iii. extensive users.
4. Customer loyalty/satisfaction: percentage of repeat buyers in the broadest customer group and classification in the following three intensity classes:
  - i. High brand loyalty: the brand to be evaluated accounts for at least seven out of ten purchases in the product category.
  - ii. Average brand loyalty: the brand to be evaluated accounts for more than three and less than seven out of ten purchases in the product category.