



## BEST PRACTICES – CONDUCTING A BRAND AUDIT

---

*BELLWETHER FOOD GROUP, Inc.*

February, 2012

A brand audit is a 360° view of your brand from the perspective of the guest, the leadership team, the franchisees (if you have them), and the unit or field management. The brand audit is the basis for understanding the relevancy of your brand today, tomorrow and developing a strategy to insure being relevant in the future. It gives you and your leadership team a clear view of where the brand is today with your guests, relative to competition, and highlights the opportunities and threats to the continued success of the brand in the future.

We have been shocked at the number of brands we have worked with recently that have not done any consumer research in three, four or even five years. The environment is clearly different from 2007 or 2008, the consumers are behaving differently, and the competitive pressures have also changed. Operating a brand in this difficult environment without a clear understanding of how your guests use your brand and view it in the continuum of brands is like trying to land a 757 with a blindfold on.

### The Process

The process for a brand audit is pretty straightforward, and includes the following steps:

- Review sales performance history
- Review marketing activity and media spending
- Interview the leadership team
- Interview a cross section of field and unit management
- Interview a selection of franchisees (if appropriate)
- Conduct a quantitative survey of brand users
- Conduct focus groups with loyal brand users as well as lapsed and competitor -users of the brand
- Develop a lifestyle segmentation picture of the brand's consumers
- Synthesize all the information to paint a realistic picture of the brand today
- Develop the brand architecture
- Use this view of the brand as the basis and platform to build a strategy going forward

While these nine steps seem like a lot of work, much of it can happen in parallel. The key is to put it all together in a useable and user friendly format that spells out where the brand is today, and what needs to be done by the leadership team, franchisees and field management to take the brand to the next level. We will go over what happens in each step below.

### **Review Sales Performance and Marketing Activity**

In order to get truly grounded in the brand, it is a good idea to take a look at sales performance in total, by market and by unit over the past three to five years. This will point out what units or markets are over or underperforming relative to the system in total. Understanding the financial performance will also raise many questions to answer during the leadership and franchisee interviews.

In addition to the financial performance, it is important to look at the marketing activity, and any consumer research. The marketing spending, advertising and promotional activity can be correlated against the financial performance to understand how effective (or not) the spending was. We can also begin to understand the impact of print or TV advertising, new items, and promotions on overall sales and sales from region to region. In developing an understanding of what works and what doesn't for the brand, we can begin to form the initial ideas for growth strategies. By reviewing any consumer research you have, we can also begin to understand who your consumers are, and how they use the brand.

### **Interview Leadership, Franchisees and Field Management**

An important step in this process is to gather the input from everyone that lives the brand and touches the guests every day. This means in depth interviews with the entire leadership team, the franchisees (if appropriate ), and a select group of field and restaurant managers. The goal of this process is to see what the perceptions inside the organization are of the brand. And, importantly to understand what the differences in perception are between the three groups.

The interview process is simple, and functionally looks to understand three things – what does the interviewee see as opportunities for the brand? What does the interviewee see as barriers to achieving those opportunities? What are the one or two things the interviewee would change immediately to help the brand perform better? We ask a series of questions to approach these three areas from different directions. This ensures that we have captured the real underlying issues and opportunities for the brand.

### **Quantitative Research**

The Internet has made consumer research easier, faster and much much cheaper than in the past. To really understand how your consumers think about your brand we will develop a survey that can be fielded to your consumer email database or invited at the restaurant level. We typically look for between 1,000 and 2,000 responses, but have had as many as 11,000. The survey explores a number of areas including:

- How your consumers use your category of restaurants
- Who they think your competition is and how they compare them to your brand
- How connected to your brand they feel
- What drives loyalty to a brand for them
- What would drive greater frequency to your category of restaurant
- What would drive greater frequency to your brand
- Other specific topics that are important to the leadership team

The result is a wealth of information about how consumers view your brand, whether they are loyal to your brand or not and why they may or may not be loyal. We also typically delve into operational issues – food quality, service quality, speed of service, convenience etc. that will begin to set priorities for the leadership team as they consider possible strategies and initiatives to execute strategies.

### **Qualitative Research**

Following the quantitative research, we will conduct focus groups with both brand loyal consumers and lapsed and competitive -users. These are typically in two markets for the brand – ideally a strong performing market, and a weaker market, but strong competitor market.

The focus groups go through the same topics as the quantitative research, but seek to understand their decision processes and motivations on a deeper level. The quantitative research is the “what” if you will, and the qualitative research is the “why” or color commentary. We develop our hypotheses about why consumers use the brand the way they do from the quantitative research, and then test those hypotheses with consumers in a qualitative setting to understand the motivations behind their behavior.

During the qualitative research, we can explore other areas including menu design, proposed new menu items, pricing strategies, service issues or opportunities, or other aspects of the brand. We like to facilitate these groups on a very open and fluid basis to best understand what is top of mind and most important to the consumers as it relates to your brand.

### **Develop a Consumer Lifestyle Segmentation for the Brand**

We are firm believers that understanding who your consumers are is a critical step in developing strategies and initiatives that will resonate with your most loyal consumer groups. The process we use for lifestyle segmentation relies on PRIZM data from Nielsen companies. PRIZM breaks all US households up into 66 segments that define who they are, and how they behave.

The lifestyle segments include traditional demographic measures like age, ethnicity, income etc. and look to other psychographic measures including leisure time activities, typical media they

consume, urban vs. suburban and even the specific cars that the consumers in each segment tend to drive.

This analysis is completed based on the locations of each restaurant in the system. We can develop a profile of the consumers and employees – if lunch is an important daypart – within a defined radius of the restaurant. This analysis will clearly point out the differences in the makeup of the consumer populations that surround high performing and low performing restaurants.

### **Synthesize the Information and Develop the Brand Architecture and Strategy**

The final steps in the process are about clearly defining what the collected information is telling us about the brand, and how we should prioritize activities to take the brand to the next level. We work with the leadership team to review all of the data and information, and understand what it is telling us. We look for the recurring themes that describe how the consumers use the brand, and what drives loyalty to the brand for the long term.

Brand architecture is a way of thinking about the brand elements in a hierarchy. The starting point is understanding the strengths, weaknesses and opportunities for your brand today. So it reviews the attributes to clearly define what you are good at every day with your guests. Then we define the functional benefits of the brand today. What need state do you fill to your guests each and every day. What makes your brand better than your competitors? This is just the ante to developing your brand for long term success.

The next level is what starts to separate your brand for the rest of the competitive pack. It is really about how you make your guests feel about you emotionally. Well beyond the functional benefits are the emotional benefits of your brand. Once that has been identified, your time is best served by focusing your resources and energies around how you build on those emotional benefits. This is what drives loyalty today and separates the winners from the losers.

Take Chipotle for instance, we have conducted focus groups with loyal Chipotle users and those consumers can clearly articulate what they love about the brand and why they stay so loyal to the brand. They even are able to identify the things they don't like, but figure out ways to work around those things. For instance, long lines at lunch, they use the web or their iPhones to order in advance and just go in and pick it up. The funny part is they even talk about ordering online to go and then consuming it on premise just to avoid the long lines at lunch.

After the first three legs of the hierarchy have been identified, we then outline the personality for the brand. This is providing a better understanding of how to clearly and consistently communicate with your core consumers. Many brands today, try to communicate all things to

all people and it lacks clarity and consistency around the benefits of the brand. So the personality piece becomes an important element.

Finally and most importantly is to define the Brand DNA or Brand Essence for your brand today and for tomorrow. This serves as the true meaning and understanding of your brand today. This defines who you are and what you stand for. This drives everything you do and work on with your brand. Without this, you can't start to define the road map to success.

The final step in the process is to facilitate a day and a half strategy session with all the appropriate stake holders. We firmly believe that representatives of field management, and certainly franchisees should be involved in developing the strategy. After all, they are the ones charged with executing and living the strategy every day. The more buy-in and commitment you can get from these groups, the more they will own the strategy and be committed to its success. In this session we work through all the collected information, gather additional input from the strategy team, and begin to set priorities. We have techniques that ensure all are heard, and ways to prioritize initiatives and strategies in a democratic, efficient and effective ways.

In all, conducting a brand audit is a fairly quick process to gain a full understanding of where your brand is with consumers in today's trying marketplace. The total process usually takes between four and six weeks to complete. In our view, this is a small investment of time, money and resources that can have a significant impact on the success of your brand going forward.

*Founded in 2007, Bellwether Food Group is best known for our restaurant brand architecture work for chain restaurants, growth strategy and professional sales skill development work for manufacturers, and pre-acquisition due diligence work for private equity firms who invest in those industries.*

|              |  |              |
|--------------|--|--------------|
| Mac Brand;   | <a href="mailto:mbrand@bellwetherfoodgroup.com">mbrand@bellwetherfoodgroup.com</a> ;   | 773-348-8429 |
| Rob Hardy;   | <a href="mailto:rhardy@bellwetherfoodgroup.com">rhardy@bellwetherfoodgroup.com</a> ;   | 617-281-5175 |
| Jon Jameson; | <a href="mailto:jameson@bellwetherfoodgroup.com">jameson@bellwetherfoodgroup.com</a> ; | 843-422-4285 |