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EFFECTS OF THE BRAND ON SALES AND REVENUE GENERATION

Submitted

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EXECUTIVE SUMMARY:

This thesis builds upon existing research on the corporate brand's impact on business outcomes, acknowledging its longstanding presence in academic and business literature despite being a relatively newer concept compared to product branding. While there is a widespread belief in the potential of corporate branding to enhance sales and shareholder value, empirical evidence at a macro-level has been lacking.

To address this gap, the thesis utilizes corporate brand data provided by Principle Partners, a reputable consulting firm specializing in corporate branding. By analyzing this data alongside financial metrics and media investment data, the study aims to provide precise evidence of the corporate brand's influence on sales revenue growth.

Drawing on Gregory's theory of intangible capital, which posits that understanding the various layers of intangible assets leads to a more comprehensive understanding of value creation, this research seeks to extend Gregory's work. Specifically, it aims to explore another aspect of the corporate brand's contribution to revenue growth, thus enriching our understanding of intangible capital.

By examining longitudinal data, the thesis investigates how the corporate brand, both as a whole and its individual components, evolve over time and impact a company's earnings per share. Rather than being a predictive model, the study aims to understand the magnitude of the corporate brand's effect on revenue growth and how its different aspects influence sales/revenue per share.

The findings of this research can inform future studies on product branding and shed light on how corporate and product brands interact to create value. Ultimately, the thesis aims to provide insights that help corporate communications leaders better understand the role of the corporate brand in value creation. This increased understanding can provide additional evidence of the corporate brand's significance to senior company leaders, facilitating better decision-making regarding corporate branding initiatives and resource allocation.

INTRODUCTION:

This study delves into the longstanding interest in branding, tracing back to the late 19th century, and the more recent emergence of the corporate brand concept in the 1970s. While product branding aims to enhance awareness, reputation, and perception to drive customer loyalty and increased sales, corporate branding targets shareholder value and goodwill. However, concrete evidence of corporate branding's impact on sales has been lacking. This thesis aims to address this gap by leveraging existing corporate brand data from CoreBrand Index® provided by Principle Partners, alongside financial metrics and media spending data, to empirically demonstrate the corporate brand's influence on sales revenue growth.

The problem statement revolves around the elusive nature of quantifying the corporate brand's contribution to a company's performance, posing questions regarding the extent, duration, and cost of its impact. Without clear answers, senior management may be hesitant to allocate

resources to activities with uncertain returns. This research seeks to provide evidence to make the corporate brand more visible and valuable to senior leadership, thereby justifying investments in its enhancement.

The substantive focus lies in utilizing data from Principle Partners, encompassing some of the world's largest companies, to quantitatively measure the corporate brand's impact on sales/revenue per share growth. BrandPower, derived from Commonality and Favourability scores, serves as the primary metric, representing the overall strength of the corporate brand. The longitudinal nature of the data allows for an examination of changes over time, including the influence of factors such as paid media investment.

Theoretical discussions draw from Gregory's theory of intangible capital, which posits that non-financial assets like the corporate brand contribute to an organization's value creation. This study extends Gregory's work by focusing on sales/revenue per share growth as a component of intangible capital, complementing previous research on market cap. Additionally, institutional theory and social constructionist perspectives inform the understanding of corporate branding as both a top-down construct shaped by management and a socially constructed entity influenced by external interactions.

Concepts and definitions center around BrandPower as a quantitative representation of the corporate brand's strength, derived from measures of Commonality and Favourability. While not capturing the entirety of the corporate brand's essence, BrandPower serves as a practical metric for evaluating its performance and impact on business outcomes. The notion of intangible capital underscores the importance of measuring and valuing non-financial assets for assessing business health and informing strategic decisions.

In summary, this thesis aims to provide empirical evidence of the corporate brand's influence on sales/revenue per share growth, addressing a long-standing challenge in marketing and communications management. By quantifying the corporate brand's impact and its components, this research seeks to enhance understanding among senior leadership and justify investments in corporate branding efforts.

LITERATURE REVIEW:

The impact of the corporate brand on sales per share is a pivotal aspect of this study, rooted in the transition from intuitive marketing to evidence-based decision-making in the field. Clancy and Krieg (2007) underscore the shift from gut instincts to data-driven approaches, highlighting the need for marketers to justify expenditures and anticipate returns. The corporate brand, distinct from product branding, serves as a unique asset for companies, prompting the question of its contribution to sales per share growth and the mechanisms through which it influences such growth.

To understand this relationship, the CoreBrand Index® was utilized, focusing on BrandPower as the primary measure of the corporate brand. BrandPower, a combination of Commonality and Favourability, represents public recognition and perception of the brand's overall reputation, management perception, and investment potential. This research aims to elucidate how BrandPower affects sales per share growth and the specific roles played by its components.

Utilizing time-series data across various companies, industries, and sectors, the study delves into this relationship.

Literature review involved a thorough search using the University of South Florida (USF) library, focusing on branding from consumer and corporate perspectives, brand theory, and brand design theories. Additionally, Google Scholar was utilized with search terms such as brand design, brand theory, consumer branding, corporate brands, corporate versus product brands, marketing theory, and brand familiarity and favourability.

The analysis process followed a data-driven quantitative approach, guided by a systematic framework outlined by Gujarati (1995) for conducting quantitative research. This included statement of hypothesis, mathematical model specification, econometric model formulation, data collection, parameter estimation, hypothesis testing, forecasting, and model utilization for control or policy purposes.

Various brand measurement methodologies were explored, aligning with Keller's (2001) model for building brand strength and Fischer's (2007) criteria for financial brand valuation. Mintz and Currim (2003) emphasized the importance of marketing metrics that correlate marketing inputs with financial outcomes to define success. This study aimed to measure the impact of the corporate brand on sales/revenue per share growth, aligning the measurement with metrics relevant to senior management's goals and concerns.

The theory of intangible capital, advanced by Gregory (2018), underpins this study, emphasizing the value creation potential of non-financial assets. This study seeks to uncover an additional layer of value attributed to the corporate brand, contributing to a deeper understanding of intangible capital. Haigh (2017) highlighted the tendency to undervalue identifiable intangible assets, suggesting the need to recognize and quantify intangible capital, particularly in the context of acquisitions.

In summary, this research endeavors to bridge the gap between intuitive marketing and evidence-based decision-making by exploring the impact of the corporate brand on sales per share growth. By employing robust methodologies and drawing on theoretical frameworks, this study aims to provide valuable insights into the role of the corporate brand in driving financial performance.

Corporate Brand Construct

The absence of a specific hypothesis for the construction of a brand-name component has been noted in the literature (Round and Roper, 2012). Typically, when measuring brand value, the focus is on brand awareness and brand association, which are similar constructs to the ones used to quantify value in the corporate brand in this study. These constructs, such as Commonality and Favourability, offer a quantitative representation of the brand, encompassing both its mass (size) and quality (perception).

Aaker (2004) defines the corporate brand as the brand that defines the organization, stands behind the offering, and is defined by association affiliations. This definition aligns with the BrandPower data examined in this research, which identifies the strength of the organizational brand and measures it consistently across companies, industries, and sectors.

Marketing theory provides a foundational understanding of the role of brands in driving consumer behavior. Ludicke (2006) identifies marketing as a social system with the brand as the central

tension point. Marketing helps communication leaders direct their messages towards markets and consumers, facilitating sales rather than merely satisfying internal audiences.

Brand theory, as described by Chandler and Owen (2002), suggests that brands influence consumer behavior by communicating signals that appeal to customers' needs and desires. This study aims to demonstrate how corporate brands impact sales/revenue per share, aligning with the product market model proposed by Ailawadi et al. (2003). This model suggests that brand value manifests in three distinct markets: consumer mindset, product market outcome, and financial market outcome. The product market outcome, focused on in this research, aims to demonstrate competitive advantages for brands by increasing the company's performance in the marketplace.

The gaps in the literature regarding the impact of brands on sales/revenue generation stem from a lack of measurable data to assess corporate brand strength on a large scale. The CoreBrand® Index provided by Principle Partners addresses this gap by offering data that can fill this void in the literature. This study utilizes the BrandPower data to measure and analyze the impact of corporate brands on sales/revenue per share, providing valuable insights into this understudied area.

In summary, this research draws on various theoretical perspectives from marketing and brand theory to understand how corporate brands influence sales/revenue per share. By addressing gaps in the literature and utilizing robust data sources, this study contributes to a deeper understanding of the value and impact of corporate branding on business outcomes.

RESEARCH PROBLEM:

The exploration question addressed in this Expert proposal is: How does the performance of the corporate brand affect sales/revenue per share? This question is examined and quantitatively analyzed at the corporate level, aiming to understand the relationship between the strength and growth of the corporate brand and the corresponding sales/revenue per share. The study utilizes historical data collected on the corporate brand of 621 companies from 2011 to 2016, along with comprehensive paid media spending and corporate-level financial data, using sales revenue per share as the dependent variable.

The purpose of this research is to isolate and identify the impact of a company's corporate brand on sales/revenue per share development, considering factors such as industry differences, sector variations, and brand architecture. By examining variations in these factors, the study seeks to elucidate how the influence of the corporate brand varies under different circumstances. The insights generated are intended to assist corporate brand managers in making more informed decisions and managing expectations for their efforts.

The data involved in this study are archival research collected by Precept Partners for clients' use. The companies studied are among the largest global organizations in the world, including Apple, Microsoft, GE, and many others. The data is collected in the US and is based on the company's corporate brand, which is measured by assessing respondents' awareness of a brand and, if familiar, evaluating their perceptions across several key favorability attributes. This data is

utilized as a quantitative representation of the corporate brand in conjunction with fundamental financial factors and paid media spending.

The study employs quantitative research methods to isolate and identify the impact of a company's corporate brand on sales/revenue per share growth. The corporate brand data consists of measures of commonality and three favorability attributes gathered in Precept Partners' CoreBrand® Index (CBI). The favorability attributes include overall reputation, perception of management, and investment potential. These attributes are averaged to create a favorability score, and the corporate brand measures are expressed as scores from 0 to 100. Additionally, sales/revenue per share is utilized as the dependent variable to determine if stronger corporate brands result in higher sales revenue.

The theoretical discussions addressed in this research include the concept of intangible capital, as discussed by Gregory (2018), which posits that the corporate brand contributes value to an organization that can be measured and managed for company growth. Institutional theory in the marketing context is also considered, emphasizing how corporate brands can be communicated to increase their value. The study extends these theories by focusing on the impact of the corporate brand on sales/revenue per share, revealing the sales/revenue component of intangible capital.

In summary, this Expert proposal seeks to analyze the impact of the corporate brand on sales/revenue per share growth, providing valuable insights for corporate brand managers and contributing to a deeper understanding of the value and influence of corporate branding.

RESEARCH METHODOLOGY:

Research Design and Data Collection

The data collection process for the CoreBrand® Index (CBI) involved gathering information on BrandPower, an exclusive measure of corporate brand strength developed by Precept Partners for its consulting practice. Based on research collected in the CoreBrand® Index Survey, BrandPower combines Commonality and Favourability attributes into a measure of the size of a company's audience and its perception. Respondents are impartial observers, consisting of senior executives within the largest companies in the US. They represent senior business leaders and affluent consumers. The companies have discretionary income and investable assets.

The CoreBrand® Index has been in use since around 1990 to assess corporate-brand strength of companies, to build brand-valuation models, and to produce predictive return on investment models for corporate brands. No dataset like this exists elsewhere. Approximately 1000 brands have been reported annually from 1990-2001; from 2002 to the present, the data has been reported quarterly.

The following factors are tracked:

- Commonality: Based on respondents who know something more than the company name.

- Favourability: A measure of perception of a company based on the average of Overall Standing, View of Management, and Investment Potential.
- BrandPower (the combination of Commonality and Favourability).
- Culture of Innovation (a attribute tracked but not part of BrandPower; it measures how much innovation is in the DNA of a company).

This data was intended to be a quantitative representation of the corporate brand to be used as a variable in business modeling. BrandPower and its components are the features of this study. The results of this study are intended to help managers understand the impact that the corporate brand has on business outcomes and how to better allocate resources to steer it.

A limitation of the study was that the audience was limited to a sub-set of the total population. While this limitation was deliberate, a portion of the total population was excluded. Additionally, responses were on a 100-point scale, meaning there is an upper and lower limit on the BrandPower data while financial data is on a continuous scale and can continuously grow or decline. Therefore, with BrandPower, understanding the impact of the absolute level of BrandPower as well as its rate of growth is important.

During interviews, respondents were first read a brief introduction, explaining the purpose of the survey and ensuring confidentiality. Finally, the importance of the respondents' participation was acknowledged, and they were thanked. Then, the respondents were asked to rate their Familiarity with a list from 40 randomized companies. Commonality was assessed using a 5-point scale: 1=Unfamiliar, 2=Know the Name Only, 3=Somewhat Recognizable, 4=Familiar, 5=Very Familiar. Then, if respondents rated a company 3 or higher, indicating they knew something more than the name of the company, they were asked to rate their Favourability towards the company on three key attributes. The attributes were: Overall Standing, View of Management, and Investment Potential. The attributes were each evaluated on a 4-point scale: 1=Poor, 2=Fair, 3=Good, 4=Excellent. The data was structured based on frequency distribution of the results.

To calculate Commonality, the percentage of respondents to provide each scaled response was calculated. Then, these results were weighted with a response of 3 being weighted as a 1, a response of 4 being weighted as a 2, and a response of 5 being weighted as a 3. These results were added and then divided by 3, to reduce the score to a 100-point scale. For example, if Company A's Commonality results were as follows: "Unfamiliar" = 10%, "Know the Name Only" = 20%, "Somewhat Familiar" = 40%, "Familiar" = 20%, and "Very Familiar" = 10%, the result would be: $(10 \times 0 + 20 \times 0 + 40 \times 1 + 20 \times 2 + 10 \times 3) / 3 = 36.7$ Commonality Score. I refer to these as scores because they are weighted-average percentages.

Each of the Favourability attributes was calculated similarly. For example, if Company A had Overall Standing ratings of Poor 20%, Fair 10%, Good 60%, Excellent 10%, the result would be: $(20 \times 0 + 10 \times 1 + 60 \times 2 + 10 \times 3) / 3 = 50.0$ Overall Reputation Score. The other Favourability attribute scores were categorized the same way, and then scores for the three attributes were averaged together to create a Favourability score. Then, BrandPower was created by multiplying Commonality x Favourability x 0.01. For example, if Company A's Commonality score was 36.7 and its Favourability score was 50.0, its BrandPower would be: $36.7 \times 50.0 \times 0.01 = 18.4$ BrandPower score.

In 2016, a new attribute was added to the survey: "Culture of Innovation." It was intended to be a measure of the innovation in a company's DNA; therefore, the attribute is more than just product

or service innovation. This attribute was scored and structured the same way the other Favourability attributes were, but it was independent and not integrated into BrandPower.

Key Descriptive Statistics

The subsequent stage involved identifying key descriptive statistics on the variables in the study. Appendix A outlines several of the model variables to provide a better understanding of the components of the data. It also contains a key for all variable abbreviations in this Expert proposal. The first number on this table is the mean for the sales per share (SPS) 5-year growth%. This represents the sales/income per-share, 5-year percentage change. This number was used in the target (dependent variable) in the chi-squared automatic interaction detector (CHAID) model. The companies studied were divided into high and low sales/income per-share, 5-year percentage change companies. This model allows predictions of whether a company would be a high- or low-growth company, based on whether their company falls above or below the mean of 20.6%.

When evaluating the corporate brand, I found that in Year 0, BrandPower ranged from a low of 0.3 to a high of 82.5, with a mean of 29.3. For Commonality, in Year 0, there was a low of 1.9, a high of 98.2, and a mean of 43.3. For Favourability, in Year 0, there was a low of 12.3, a high of 91.4, and a mean of 63.3. The Favourability attributes generally follow a similar pattern as Commonality. All scores are on a 100-point scale. This result indicates that BrandPower had a lower ceiling than Commonality or Favourability. Commonality spanned almost the full range of the scale; meanwhile, Favourability had a higher floor, but a lower ceiling than Commonality. This outcome suggests that a company can have almost any level of Commonality, but respondents are unlikely to rate a company zero or 100 for Favourability. Therefore, BrandPower tends to be more sensitive to Commonality since it has a wider range of scores. Consequently, the BrandPower score—which is the interaction between Commonality and Favourability—is significant, but understanding each of its components is critical for a deeper understanding.

One weakness of BrandPower analysis is a crisis situation. Often, in a crisis, a company's BrandPower score increases. This increase may not seem logical, but there is a rationale to it. In a crisis, the company tends to be heavily covered by the media, resulting in increasing Commonality. However, the nature of that media coverage is often negative, resulting in decreased Favourability. Therefore, it is crucial to understand the data to comprehend everything it conveys to us.

Another interesting finding in the data was a steep decline in advertising spending from Year - 9 to Year - 1 (no data was collected in Year 0). While the minimum for each year was 0.0, both the maximum and the mean over that period declined significantly. Further research needs to be done to determine whether it is a real decline in advertising investments or a redistribution of marketing resources to other channels that are not considered advertising.

RESULTS AND FINDINGS :

Analysis

The investigation commenced with data analysis. The non-modelling stage is designed to familiarize the researcher with the data and the relationships between the variables. This step reveals how the data interrelates; it is a crucial stage in understanding the rationale behind model interactions, which is essential for constructing a model that not only makes predictions but also appears plausible and has utility for professionals and their organizations. This step lays the groundwork for the process (Jank, 2011). The data analysis stage is followed by the modelling stage. During this stage, the CHAID model was utilized, using the software to identify the relationships between the predictor variables and the target variables. In this case, the objective was to determine whether a company is likely to fall into the high sales/income per-share category (> 20.6% growth) or the low sales/income per-share category (< 20.6% growth).

Data Preparation

The initial step in the long-term planning process was to consolidate the various data calculation sheets that formed the dataset for this study. The process involved Brand Power, paid media (advertising spend), and fundamental financial data. This process resulted in a total of 845 companies in the dataset. However, further data preparation was required.

The next stage in the data preparation process was to further narrow down the dataset in cases where Brand Power data was missing, which included companies that were excluded from the survey or were too recently added to be considered. Companies were included if they had brand measures available from Year 0 (the target year for the dependent variable) through Year - 5, five years prior to the dependent variable.

Per the license to use the data, companies were assigned a random number, and company names were removed to anonymize the companies (a key has been retained, so any discrepancies can be reviewed). Then, the data was sorted based on Brand Power in 2016; any companies that were excluded from the survey in 2016 were removed.

Next, the data was sorted based on Brand Power in 2011; any companies that were excluded from the survey in 2011 were removed. No companies were covered in 2011 and 2016 that were not covered in the intervening years.

Then, the decimal positions were adjusted based on the type of data. For example, Brand Power data has a single decimal, while figures representing dollar values have two decimal places.

Changes were calculated for all the data for 1, 3, and 5-year historical change. These changes were calculated based on percentage change as well as trend for all variables.

Where available, projections for change in financial data were calculated for 1 and 3-year change. These projections were also calculated based on percentage change and trend of change.

With these data preparation steps completed, the total universe of companies left for analysis was 621 companies. Currently, the data was ready for initial data analysis, a stage in which four additional companies were removed, resulting in 617 companies modelled.

Initial Data Exploration – Univariate Test

The most crucial phase in the analytical process is data analysis. As defined in Jank's (2011) textbook, data analysis is not a deep statistical analysis or modelling process. Rather, it is a process where the analyst familiarizes himself/herself with the data. This process allows the analyst to better understand the data so that s/he is better informed when it is time to develop a model. The first analysis performed in my study was a quintile analysis. The data was first sorted from highest to lowest, based on Brand Power in Year 0.

Interesting findings are revealed in Table 1 below. Companies with the strongest corporate brands work to maintain their corporate brand strength since they have already built them. Their sales/income growth relies on fundamental areas of strength for the brands they have proactively constructed. Conversely, companies with the weakest corporate brands have yet to build corporate brands with sufficient leverage to impact sales/income growth. Those companies either continue to struggle, go out of business, are acquired, or enhance their corporate brands and increase success. Companies with mid-level corporate brands reside in the "sweet spot;" their corporate brands are strong enough to be used to grow sales/income per-share, and they have room to grow them. These findings are consistent with findings in Core Brand research conducted for BusinessWeek and Core Brand/Fundamental's Brand Lab research.

The shaded cells in Table 1 confirm findings from Koch et al. (2019) paper published by the American Society for Seriousness, which asserts that the highest rates of growth for Brand Power occur in the middle levels.

- Level 1 - \$278.1mn
- Level 2 - \$91.2mn
- Level 3 - \$50.5mn
- Level 4 - \$21.8mn
- Level 5 - \$11.5mn

The quintile analysis also revealed a directional relationship between corporate brand and advertising spending: This observation is deemed crucial for uncovering return on investment (ROI) for communications spending and to help identify which companies should be poised to take advantage of communications spending. Suttle (2020) may elucidate what is observed in the quintile analysis in Table 1 (above). Level 1 brands are more mature and may not have room to grow. Level 5 brands are small and need to achieve critical mass before they can grow. Middle-level brands have mass and awareness but have not fully matured, yet they do have an opportunity to grow. The shape of the relationship (non-linear) provided further justification that CHAID analysis would be the most appropriate technique. The fact that growth rates are different at different levels of corporate-brand strengths fits the method's binning of the variables.

Relationship Analysis

The next step in the data analysis phase was to conduct a relationship analysis between the independent and dependent variables. Since there were so many variables in the dataset, a traditional correlation matrix would have been cumbersome. Instead, the brand factors, Brand Power, Commonality, Favourability, Overall Standing, Perception of Management, Investment Potential, and Culture of Innovation, and their related rates of growth were correlated to the 1-

year, 3-year, and 5-year sales/income per-share % growth rates to help identify where the relationships were strongest (see Addendum B). The findings of the correlation analysis showed that a stronger relationship existed between the brand factors and the sales/income per-share % growth rate north of 5 years than in 1 or 3 years. The longer the history of data, the stronger the connections were. This finding is reasonable for a limited period; the suspicion is that at one point, this result will diminish. This result suggests that brand consistency is an important factor in driving sales growth over time. Another finding of this analysis was that 1 and 3-year Brand Power growth were most associated with 5-year sales/income per-share growth; also significant was 1-year growth in Investment Potential. All of these indicated areas of strength for a. Other influential factors are Commonality level in Year - 3, Year - 2, Year - 1, and Year 0; the 5-year Commonality growth rate; the 1-year growth in Perception of Management and Investment Potential; and the 5-year growth in Brand Power. Again, these relationships demonstrate that the corporate brand takes time and consistency to translate into business growth. Consultants have presented this consistent theme to their clients for too long, and it supports the concept that investment in communications should be consistent over the long term, rather than being erratic. Corporate communications should be viewed as an investment rather than just a cost. The result of the correlation analysis also supports the hypotheses that suggest that Brand Power and its components variably impact sales/income per-share growth over time.

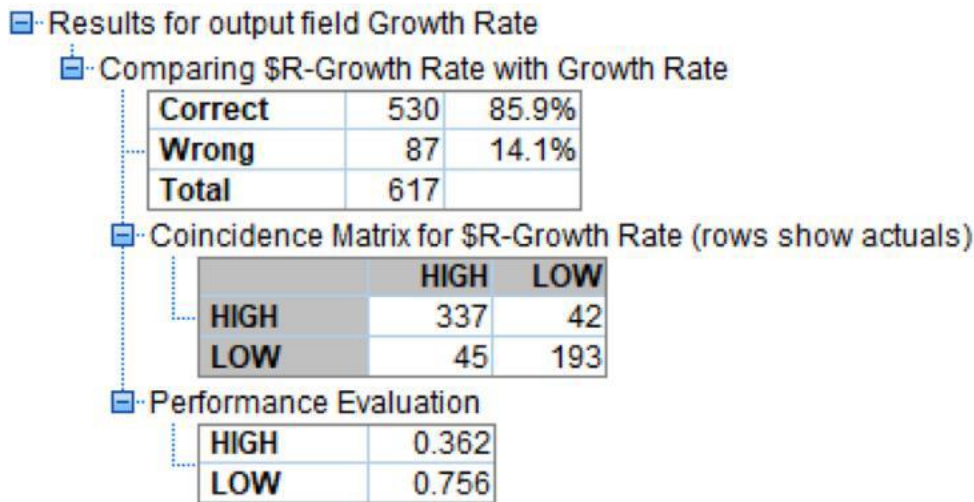
Hypothesis Testing

The current review conducted various tests to confirm or refute the null hypotheses for this study. The aim of these hypotheses was to determine whether various corporate-brand factors influence sales/income per share growth. In H1, H2, H3, and H4, the factors tested were Brand Power and its components, Commonality, and Favourability. Commonality is often expressed as the awareness of the company and, in this case, it consists of more than just the respondent company name. Favourability is an average of the attributes Overall Standing, Perception of Management, and Investment Potential. These attributes typically represent a hierarchical progression of one's perception of a company. Usually, Overall Standing is the highest-rated attribute and represents a more straightforward property to highly rate. Perception of Management is usually the second-highest rated attribute and represents a deeper commitment, as it specifically addresses the leadership and individuals in an organization. Typically, Investment Potential is the lowest-rated attribute, as it represents a more difficult level of commitment; it indicates the respondent's willingness to invest in the company. A fourth attribute that is not part of the Brand Power calculation is Culture of Innovation; although this attribute was not part of my hypothesis testing, it was examined. Culture of Innovation is a single attribute that seeks to evaluate the innovation environment within an organization. It is not an activity specifically of product, service, or process innovation; rather, it is a measure of the innovation inherent in an organization's DNA. H4 tests the industry association effect on a company's sales/income per share growth. In the CHAID analysis, this hypothesis identifies how the impact of corporate brand differs for companies in different lines of business. Sector and industry affiliation were tested as part of the CHAID analysis. In the CHAID analysis, the most efficient way to test H1, H2, H3, and H4 is simultaneously. This type of testing allows the model to evaluate the significance of each factor relative to each other. When the CHAID analysis evaluates all factors, it can identify the true impact of each factor on the dependent variable.

Macro Model Results

Once the predictors and their relationships had been identified, the results of the model needed to be assessed. Figure 5 identifies the outcome of the model.

Figure 1.



This model performed with an 85.9% precision rate, meaning that in almost 86% of its predictions, the model was correct. Out of 617 forecasts, 530 were accurate while 87 were wrong. Of the 379 high predictions, the model accurately predicted sales/income per share 5-year growth to be above 20.6% 171 times. It predicted sales/income per share 5-year growth to be below 20.6% accurately 359 times out of 238.

This precision rate is high and could likely be improved over time as more is learned about the relationship between the corporate brand and sales/income per share growth. Additionally, as more data becomes available, the model can be refined further.

Additional Models

Once the macro model had been constructed, additional work was required at the sector level. The sectors chosen were consumer staples, industrials, and technology. These sectors were selected because they are vastly different in terms of product, customer, supply chain, and production. If there were differences in how the model performed based on sector alignment, it could be demonstrated because these sectors would reveal the diversity.

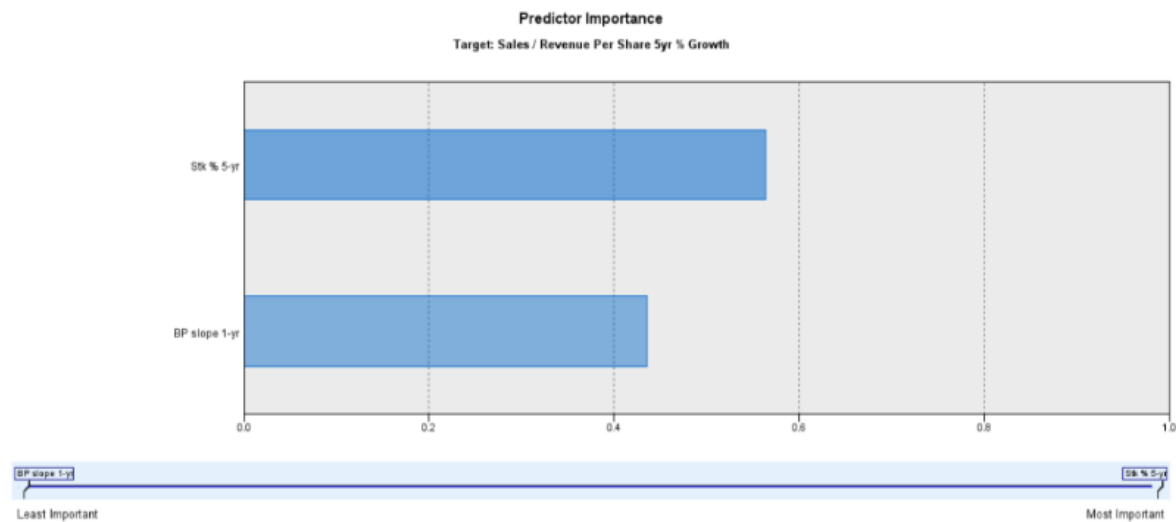
For each sector, the same dataset was used, and the same process was followed. The CHAID analysis identified the predictors of sales/income per share 5-year growth, by dividing them into high- and low-growth bins (+/- 20.6%). Then, a decision tree was generated to identify the relationships. Finally, the results were evaluated.

Consumer Staples Sector

Fifty companies in the consumer staples sector were analysed. These companies produce everyday household items that everyday consumers purchase everywhere, from local malls to grocery stores. These products are purchased by consumers from the top to the bottom of the economy.

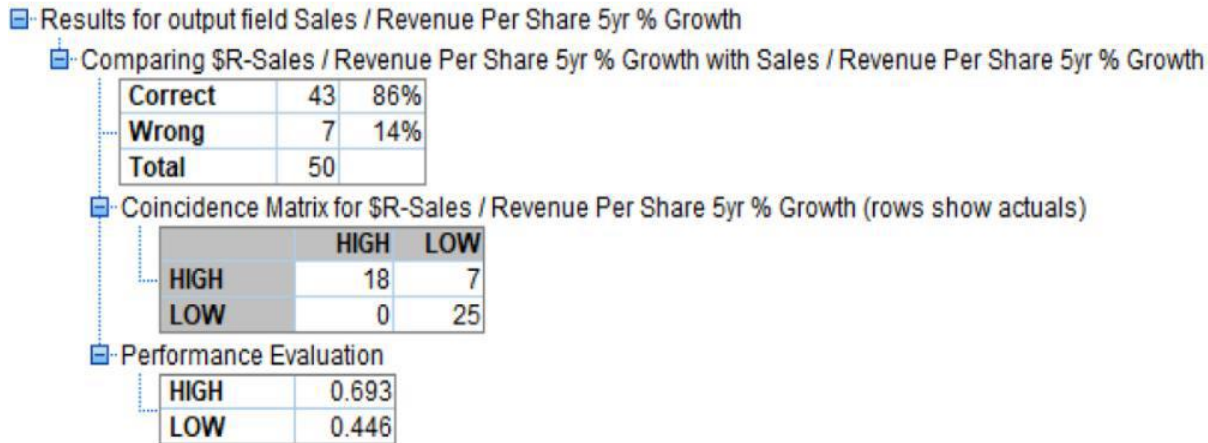
The results of the model in the consumer staples sector were rather impressive. Figure 6 shows that two predictors were of significance in the dataset. The first predictor was stock price 5-year % growth, which indicated that companies' sales are growing and increasing their share price. The next most important predictor was the Brand Power 1-year trend, which showed that growth in the corporate brand is critical in this sector.

Figure 2.



The CHAID choice tree in this study (Figure A1) indicates that half of the organizations were predicted to be high sales/income per share 5-year % growth companies, while the other half were predicted to be low growth companies. Interestingly, companies without stock values, indicating they are privately held, were predicted to outperform the public companies. Overall, this model achieved an 86% accuracy rate.

As shown in Figure 7, 43 out of 50 predictions were accurate, while 7 were incorrect. High-growth companies were correctly identified 23 times and incorrectly identified 4 times. Low-growth companies were predicted accurately 20 times.

Figure 3.

Industrials Sector

The industrials sector model encompasses everything from hand tools to aerospace. While some products are marketed to individual consumers, this sector primarily focuses on business-to-business transactions, selling large, expensive parts or machinery. In this sector, 121 companies were represented, and the same dataset and process developed in the macro model were applied.

This sector has four significant predictors of sales/income per share 5-year % growth (Figure 8). The first is stock price 5-year % growth, indicating that the growth of companies' stocks is a predictor of sales/income per share growth. The next predictor is Commonality 5-year trend, suggesting that companies experiencing growth in public awareness are more likely to achieve sales/income growth.

The third most significant predictor of sales/income per share growth is Perception of Management Year - 2, indicating that the level of respect accorded to the company's management in recent times influences sales/income per share growth. Lastly, projected 1-year future dividends paid out is also a significant predictor, implying that the company's prospects are an important indicator of performance; this predictor is not surprising given that the products sold are often large machinery and equipment.

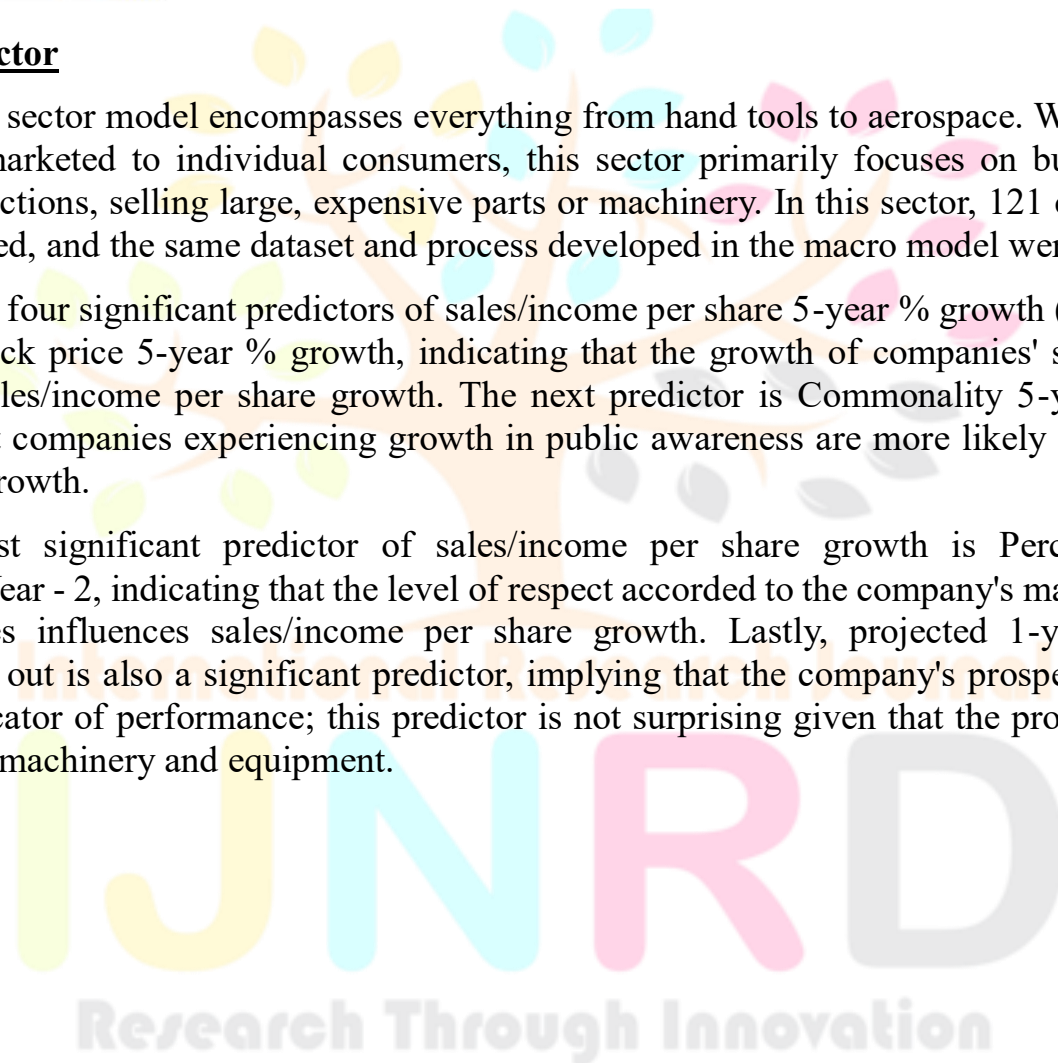
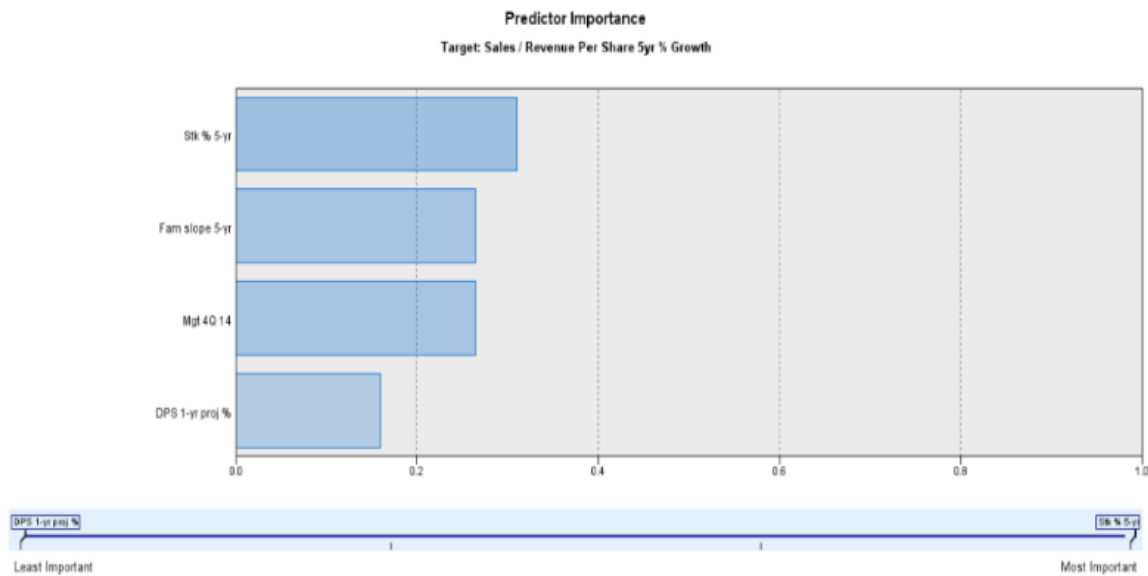


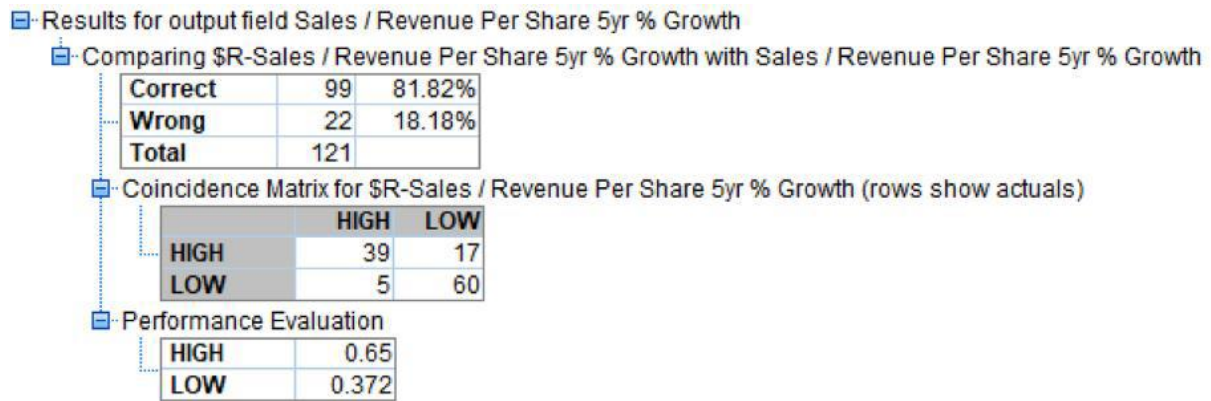
Figure 4.

The CHAID choice tree (Figure A2) illustrates that out of 121 organizations, 55 are predicted to be high-growth companies, while 65 are expected to be low-growth companies. Stronger stock-growth companies are forecasted to outperform those with lower stock growth, with private companies projected to perform better than public corporations. High Commonality organizations tend to have stronger perceptions of Management, which is particularly important for growth in privately owned businesses.

Companies in the industrial sector rely most on corporate brand factors such as growth in Commonality and the strength of Management perception, indicating the need to expand their audience and demonstrate strong leadership. While each company should be evaluated individually, some general advice can be considered.

Firstly, conducting a communications audit and segment-of-voice analysis would allow companies to assess their messaging and determine if their communications spending in the category is adequate to build areas of strength relative to peers. Findings may indicate a need to strengthen messages related to corporate leadership and vision. Additionally, the company could increase investment in the corporate brand to enhance the Commonality factor.

Figure 9 (below) displays the accuracy of the industrial sector model. In this case, it was 81.8% accurate, with 99 correct predictions and 22 incorrect predictions. Meanwhile, out of 56 high-growth predictions, 39 were accurate while 17 were erroneous. Out of 65 low-growth predictions, 60 were correct and 5 were incorrect.

Figure 5.

Technology Sector

The technology sector encompasses a wide range of companies, from semiconductor manufacturers to cloud computing firms, software developers, and internet companies. Fifty companies were considered in this sector, evaluated using the same dataset and process used in the macro model and other sectors. The technology sector caters to both individual consumers and business-to-business clients.

Four major predictors were identified in the technology sector (Figure 10). The most significant predictor is the growth in earnings per share over a three-year period. These companies are often cash-rich and may serve as a general indicator of corporate health. The next most important predictor is industry correlation within the sector, indicating the sector's high diversity, with some companies providing products and others offering services.

The perception of Management in Year 0, which represents the leadership's strength during the target year for sales/income growth, emerged as another crucial factor. This result aligns with the importance of obtaining personal and financial information, for which these companies must demonstrate proficiency.

Finally, the one-year trend in Favourability is the last significant predictor of sales/income per share growth.

Figure 7.

Results for output field Sales / Revenue Per Share 5yr % Growth

Comparing \$R-Sales / Revenue Per Share 5yr % Growth with Sales / Revenue Per Share 5yr % Growth

Correct	43	86%
Wrong	7	14%
Total	50	

Coincidence Matrix for \$R-Sales / Revenue Per Share 5yr % Growth (rows show actuals)

	HIGH	LOW
HIGH	29	6
LOW	1	14

Performance Evaluation

HIGH	0.323
LOW	0.847

Comparing the Sector Models

Of the three models examined in this study, the consumer staples model appeared to be the least complex. This outcome likely reflects the nature of low-complexity purchasing decisions in that particular market, compared to the others. Consumers in this market are primarily seeking financial stability in the company and are drawn to emerging brands.

A second model, industrial and technology, proved to be more intricate, relying on additional factors for sales/revenue per share growth. While the industrial sector leaned more towards long-term corporate brand factors, the technology sector relied more on short-term brand factors.

This finding is inherently understandable, as industrial companies are likely to have corporate brand reputations built over a long period of time and performance, whereas in the technology space, new corporate brands emerge constantly.

These three sectors demonstrate the diversity of businesses and the varying ways in which the corporate brand works to support and signify them. This study also underscores the importance for those responsible for a company's corporate brand to understand the big picture of what drives revenue for their organization and industry.

Industry Analysis

While I attempted a more detailed analysis by examining individual industry sub-groups from each of the sectors, the industry sub-groups turned out to be too small in terms of the number of companies to construct a robust model.

SUMMARY :

The concepts presented in this Expert proposition are rooted in years of corporate-brand research. The strategies proposed are contemporary, non-GAAP, and may be subject to debate by accountants and finance managers. However, the results are evidence-based and data-driven; they are not conjecture. They are supported by quantitative data, empirically.

In the context of intangible capital, this research on the corporate brand's impact on sales/revenue per share growth reveals yet another layer of intangible capital. As stated in Sea Tomo LLC's study "Intangible Asset Market Value Survey" (2017), 84% of market valuation is based on intangible assets. This percentage is up 17% compared to the initial study of 1975. By 2020, the updated survey indicates that the market valuation's figure increased to 90%. This study was not based on market cap but on sales/revenue per share growth - which is another aspect of intangible value. The point is, the corporate brand contributes to value creation through various channels.

Often, brand consultants and advocates argue over the correct valuation approach or the best methodology. The reality is there are many approaches, multiple ways in which value is created, and, in many cases, they are complementary. The methodology outlined in this Expert thesis is a unique, new way to capture value creation. In the study of intangible capital, exploring brand and corporate-brand valuation is like peeling back the layers of an onion; the current study adds another layer to our understanding. However, there are still additional layers of brand valuation yet to be identified and explored.

Concepts and Definitions

The metric utilized to assess the strength of the corporate brand in this research is Brand Power, which is derived from survey data collected by Fundamental Partners. Quantitative measures of a corporate brand's Commonality and Favourability (as gauged by overall reputation, perception of management, and investment potential) were collected to be utilized as data points in any empirical research where the corporate brand could be considered an independent or dependent variable. Brand Power represents the interaction between Commonality and Favourability as indicated by a single number for each company at a specific point in time. This data was continuously collected each year through telephone interviews.

The data is intended to provide a quantitative representation of the corporate brand that can correlate with other quantitative performance metrics of company performance, such as stock price, sales, product volume, and various other measures. While Brand Power may not directly represent the corporate brand, which is a subjective concept defined by the individual, it serves as a viable quantitative representation of the corporate brand that can be used to measure its impact on corporate brand performance and its effects on business outcomes.

Conducting the Brand Power research is crucial for establishing accountability for corporate brand performance within organizations. By creating a quantitative measure of the brand, analysts can evaluate the corporate brand's performance and impact among various forms of corporate data, such as financial data and marketing spend data. Most executives intuitively understand the potential impact of the corporate brand and the outcomes it can produce. However, the magnitude of this impact must be defined and measured before true accountability can be achieved. The concept of intangible capital is also central to this research. There are myriad forms of intangible capital; these components need to be measured and valued to comprehend their contribution. These measurements and valuations are not GAAP compliant and do not appear on the balance sheet; however, this does not diminish their significance. They are practical factors that reflect the health of the business and help executives diagnose strategies that may be necessary if the company is operating poorly.

Contribution to Knowledge

The current study aims to measure corporate-brand contribution to sales/revenue per share growth on this scale. It represents a significant contribution to the field of brand valuation, as it adds to various metrics of brand value, such as product/brand contribution to sales, corporate brand contribution to stock performance, brand equity enhancement, discounted cash flow analysis, and many other measures. This research sheds light on what was previously assumed - that the corporate brand could increase product sales - but had never been quantitatively demonstrated. Additionally, this study demonstrates the continued utility of the Corporate Branding Index, which has been widely shown to be a predictor of future value. The Index dataset has been utilized by Fundamental Partners/Core Brand in the development of return-on-communicationsinvestment models in brand-valuation frameworks.

This body of work underscores the importance of building a quantitative database of this nature. It is expected that this work will advance the understanding of the value of intangible assets and their contribution to corporate performance. Hopefully, this study can inform business leaders and academics, helping to implement these findings and expand the knowledge base on the subject.

Practitioner Contribution

The primary contribution of this research is to challenge the conventional belief that product brands solely contribute to sales/revenue, while corporate brands solely impact stock performance. While this belief holds true, the aim of this study is to shed light on the fact that corporate brands can also contribute to sales/revenue. In simpler terms, when a company is well-known and respected, selling products and services becomes easier.

The evidence presented here should serve as a foundation for further exploration and measurement of this contribution. More systems like the Core Brand Index need to be developed to provide professionals with additional options to evaluate and enhance their brands. The key to the Index is its consistency, simplicity, and perceived credibility. Since executives lack the time and inclination to process complex measurement systems, tools need to be developed to help communications leaders delve into the strategic aspects of their programs.

The Core Brand Index is designed to be a fundamental tool to assist senior leadership in understanding the bigger picture. Such a tool fosters discussion, identifies strengths and weaknesses, and helps senior leaders make informed decisions. This research aims to help business leaders and communications managers understand the importance of a strong corporate brand and its contribution. Communications leaders may consider this work as additional evidence of the impact of brand strengths and use it to justify expenditures on communications budgets to grow their brand. Senior managers may find this work helps them understand the rationale for allocating budgets to support the corporate brand. Such planning is supported by the evidence presented here.

Apart from the Core Brand Index, this research builds on other studies on corporate-brand value creation. I see my research as filling a gap in the existing literature. My study does not provide a perfect solution, but it is a first step towards understanding this aspect of value creation. The literature on corporate-brand impact, particularly on revenue generation, is limited, mainly because the data has not been made available on a large scale for in-depth quantitative analysis. Intangible capital, which involves placing value on elements that have worth but are traditionally

overlooked, should be the guiding force for brand measurement and valuation systems moving forward.

This concept is perhaps the most significant one in this study, and the model presented here is an important initial step in understanding the corporate brand's contribution to revenue generation. However, it should be viewed as one component of the corporate brand's impact on companies; further study and development of this concept will require many minds and perspectives. Nevertheless, understanding how brands fit within intangible capital is the key to understanding, unlocking, and harnessing the power of brands.

Study Limitations and Future Research :

While this Expert thesis represents a significant first step and foundation in the realm of corporate-brand contribution to sales/revenue per share growth, more work remains to be done. Since product/brand data was not available to be analysed as part of this study, I look forward to future research that includes product brands from major lines of business within these same companies to further delineate which outcome is driven by the product brands and which is driven by the corporate brand.

Future research is also needed to integrate and synthesize the various contributions of product and corporate brands to understand how the different components of brands interact to create value. This research would help communications managers better understand how to optimize their efforts to create brand valuation most efficiently.

The data obtained in this study should be used to create a forecasting model to understand how investments drive the brand and the corresponding value created. This data will enhance the model's practicality

CONCLUSION:

The primary focus of this research study was to explore the impact of the corporate brand on sales/revenue per share. The research methodology employed a hybrid approach, incorporating both exploratory and descriptive techniques, with exploratory research being the primary method. The study was divided into three research questions, as outlined in Part 3 of the study. The analysis of results, presented in Section 5, addressed these research questions.

The findings indicate that all aspects of brand power, including Commonality, Favourability, Overall Standing, Perception of Management, Investment Potential, and Culture of Innovation, have a positive impact on sales/revenue per share 5-year growth. The macro model and sector-specific models accurately predicted sales/revenue per share 5-year % growth rates with high precision levels.

The research supports the hypothesis that the corporate brand can be quantitatively measured, contributing to sales/revenue per share growth. This study not only demonstrates how to measure the contribution of the corporate brand to sales/revenue per share growth but also provides an empirical approach to brand valuation.

The key takeaway for communications leaders is to understand how the model operates for their individual company. It is evident that industry context is a crucial consideration for each company, as brands affect different types of organizations differently. The sector-specific models highlighted vastly different impacts of various brand components, suggesting the need for further investigation.

In an ideal scenario, these models would be customized for individual companies based on their competitors and markets. While the quantification of brand strength is not new, the novelty lies in quantitatively measuring a brand's impact on sales/revenue per share. More companies are recognizing the importance of intangible capital and leveraging tools like brand valuation to manage corporate brand effectively.

This model, like any other, can be implemented and refined over time as more data is collected. The aim is not to allocate unlimited resources for communications managers but to understand the impact of informed investment decisions on brand valuation. A strategic approach should be adopted to measure brand valuation and impact, utilizing data analysis and modelling tools effectively.

Brand intelligence should be viewed as a mosaic, with each piece of information contributing to the overall understanding. By examining the relationships between corporate brand components and other financial aspects, companies can optimize their investment in brand valuation and maximize its impact on business outcomes. Data-driven decision-making and the use of modelling tools are essential for achieving successful business results in today's competitive landscape.

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