Q&A

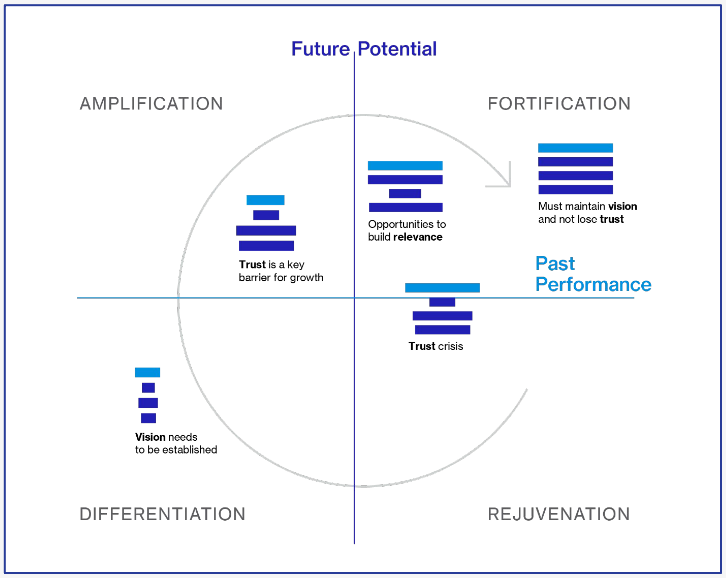
# How Brands Move Through the Cycle of Acceleration

**A Conversation With Michelle Lynn,**
**Global Head, Data Science & Insight, Bloomberg Media**

## **Q:** The Bloomberg Brand Accelerator system shows where brands fall within a cycle of growth. How do we quantify that cycle with data, and what does it mean for brands?

**A:** The Bloomberg Brand Accelerator captures uniquely actionable data: the perceptions of thousands of influential decision makers on hundreds of brands, measured through dozens of brand diagnostics. What we see in this data is that brands grow (and decline) through distinctive phases. We're able to plot these on our Brand Grid, each quadrant of which shows one phase.

The first is Differentiation, where brands are solidifying the value they deliver and spreading the word. Next is Amplification, where brands are scaling that value proposition. The next phase is Fortification, where brands are in a leadership position, but may still face brand challenges — for example, fending off new competitors or responding to a trust crisis. And then there is Rejuvenation, when brands are reinventing themselves.



These stages are not inevitable — and a brand's location on the grid is not necessarily correlated with how long it's been in business. A company that's been long established may still be seen as emerging, for example. Each stage needs to be properly managed, and there are many factors that can exert influence on brand movement through the cycle.

> "These stages are not inevitable — each stage needs to be managed."

## **Q:** What implications do these stages have for brand health and performance?

**A:** We did an analysis where we showed that financial metrics vary at each stage. For example, brands that are emerging have a disproportionate share of tweets — positive or negative, it doesn't seem to matter — relative to their size, as well as high P/E multiples. That's evidence that the market anticipates faster growth and profit from these companies.

Those that are identified as "future leaders" — these are in the Differentiation phase — are recommended by more financial analysts; they've gained a proven track record. Those seen as leaders have the highest market cap. Struggling leaders still have high market caps, but falling twitter mentions show they're no longer part of the conversation.

And brands that are fading have lower P/E multiples, as slower or negative growth is anticipated. They begin to operate more like commodities. Brands that are really in trouble no longer justify investment and may be relegated to niche markets, or have value based more on the familiarity of their brand name.

## **Q:** What do you see in the Bloomberg Brand Accelerator data that suggests how brands move from the emerging stages of the cycle to leadership stages?

**A:** The Accelerator's brand building model is based on five core constructs: Vision, Relevance, Trust, Strength and Familiarity. As mentioned, Vision is at the foundation — brands need to start with that, then deliver Trust to users, build Strength through success, and extend Relevance to a broader audience. We measure each of these core constructs through batteries of diagnostic measures.

We've followed brands like Tesla, Salesforce and Impossible Foods and witnessed how they continue to strengthen their vision metrics, while expanding their Trust and Relevance metrics — and all the while, maintaining a loyal customer base. And we've seen in the data how brands such as JetBlue, Prius and TD Ameritrade are able to maintain a focused Vision while responding to rapidly changing markets.

There are also tactical implications. For example, in the Rejuvenation phase, brands need to anchor their vision beyond their media budget, relying more heavily on social. As they differentiate, they need to keep spreading the word and scaling communications.

## **Q:** How do vision, trust, and relevance work together to help brands maximize growth?

**A:** Our data shows that the primary factor to maximize growth is a clear vision for the brand, which is a promise that differentiates that brand from its direct competitors, or in the case of a startup brand, redefines or disrupts that category. It is this vision that demonstrates promise, drives interest, changes perceptions and creates momentum and employee pride.

But vision alone is not enough. The promise must be delivered to the brand's early adopters so that trust is built and passed along. The brand's promise must be something that has relevance and is meaningful to a broader base than its earliest adopters, and brands need to keep pace with changing customer needs and expectations.

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**Q:** What should brands be keeping an eye on, as they accelerate growth?

**A:** Brands need to be very clear on the role that media and communications play overall in achieving objectives. Many of the companies we measure have not aligned on the purpose of their efforts. But they can turn questions into answers through a test-and-learn approach, understanding the gains, losses or tradeoffs of taking very specific actions, and using the data as inputs into decision-making.

Because when we talk about data, we're really talking about a data culture that comes about through a combination of data sets and the people who analyze them. But it's only through strategic and creative thinking that data gives rise to effective experimentation — that is, the impetus to not do what you've always done. And that serves as a critical building block to brand marketing success.