

# HOW TO CALCULATE BRAND ROI



# INTRODUCTION

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One of the most frustrating parts of taking on branding initiatives is calculating ROI. We all know it's important. So why is it so hard to measure?

The answer lies in the fact that branding influences all aspects of the company. A strong brand generally leads to improved metrics across all KPIs. But how can you know for sure the improvement you're seeing is due to an improvement of your brand?

Luckily there are three areas we can turn to for successfully measuring ROI on your brand efforts:

- Awareness
- Purchasing
- Advocacy

Those areas may sound vague, but don't worry. We'll dive into each of them to learn the exact steps and formulas you'll need to measure everything. That way you can be confident the data you get accurately reflects the results of your brand initiatives.

The ability to finally measure and report branding ROI is at your fingertips.

**Note:** This workbook is meant to be used alongside the course. All fields are fillable so you can digitally enter all your information and keep it as a reference.

## YOUR INSTRUCTOR

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**Justin Lynch**  
Brand Strategist

*"Project Manager or Graphic Designer? It's a question I asked myself a lifetime ago (okay it was only 10 years ago) as I pondered what I wanted out of my career. So, what did I choose? Let's just say I was tired of managing projects.*

*Since then I've worked as a Graphic Designer for a local credit union, a Presidential campaign, and as a fractional Creative Director for a growing marketing agency. Oh, I also started my own business, and won some awards along the way.*

*Being able to flex my creative muscles every day is great, but what fulfills me the most is this — helping people and businesses reach new heights. And, the best way I've learned to accomplish that is through branding. When you build powerful a brand you'll be amazed at how much easier it is to win at life and business."*

# DIFFICULTIES WITH BRAND ROI

Before we dive into formulas and data points it's important to understand why it's often difficult to accurately calculate ROI for branding initiatives.

## Your Brand is Intertwined

Your brand is intertwined with all aspects the company. It doesn't matter if it's sales, customer support, your marketing efforts, or the products themselves — they all influence the brand.

So, when your brand is strong things tend to be easier. However, when your brand is struggling it makes everything feel like a slog.

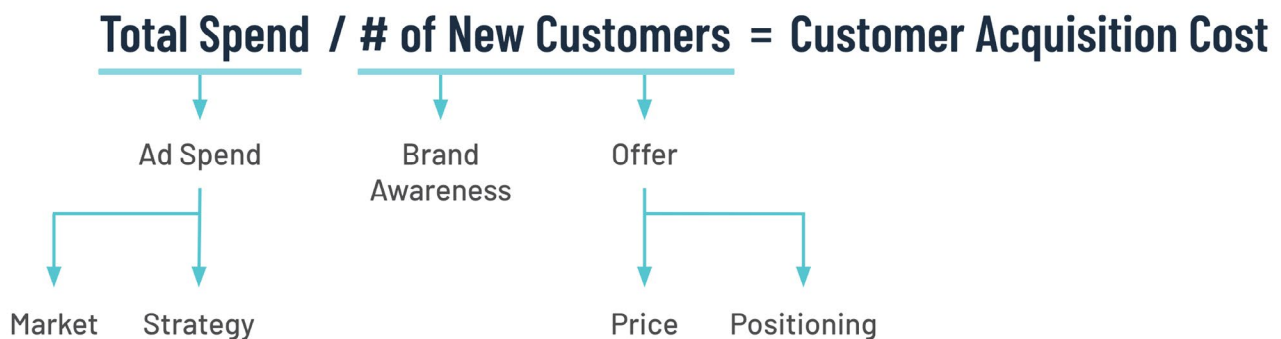
This means you can get a broad sense of how your brand is impacting the business, but it doesn't provide the clarity needed to say with confidence your brand is directly influencing an aspect of the business.

## Only a Small Part of the Outcome

The other problem is most common KPIs are influenced by additional factors outside of traditional 'branding efforts'.

For example, customer acquisition costs are a result of your brand, ad spend & strategy (which is influenced by the competitiveness of your market), and your sales process.

This makes it nearly impossible to accurately know if branding initiatives are having an impact on your customer acquisition cost.



# *HOW TO*

## **MEASURE AWARENESS**

# BRAND RECOGNITION & RECALL

First, what is brand recognition? And, what is brand recall?

**Brand Recognition** is the ability for a person to associate the visuals of your brand with your brand – whether it's your logo, colors, or visual style.

**Brand Recall** is the ability for a person to remember aspects of your brand when prompted. Pop quiz – what's the slogan for Nike? That's Brand Recall in action.

Measuring brand recognition requires surveys and market research. So, it's not the easiest metric to track but it is one that is 100% influenced by branding initiatives.

Included in your course files is a survey template. This template includes the questions you'll want to ask in order to accurately measure brand awareness.

In the end you want to measure the percentage of customers who answered the questions correctly.

## Action Item

Create your own brand survey and send it out to your customers. We recommend sending it out to 50 customers at a time.

Then every quarter send out the survey again to newer customers. Track the changes over time. This way you'll have a new report every quarter to show the results your branding efforts are having.

**A sample questionnaire was included with your workbook.**



*"Brand recognition & recall are not easy metrics to measure since they're not a simple data point to look at. However, they provide the most direct answer to how well you're generating brand awareness."*

# BRANDED SEARCH RESULTS

Luckily, tracking branded search volume is easy. You're essentially tracking if customers are searching for the company's name and the name of any products/services.

Simply use a free service (like Ubersuggest) and type in your company's name.

You'll see the number of searches each month for your name. Most services will also show how the search volume has changed over time.

## Action Item

Go to Ubersuggest ([neilpatel.com/ubersuggest](https://neilpatel.com/ubersuggest)) and type in your company or product name. Look for the average monthly searches box. Currently Ubersuggest will show you the volume for the last 3 months so you can see how things have changed recently.

Document this data and then every quarter go back to Ubersuggest and perform another search. Over time you'll be able to track if any branding efforts have translated into an increase in search intent.

**Searched for:** \_\_\_\_\_

## Results:

*Search volume per month.*

January	February	March	April	May	June
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
July	August	September	October	November	December
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

# HOW TO MEASURE PURCHASING

# CUSTOMER LIFETIME VALUE

Customer lifetime value (CLV) is a great measurement of your brand because customers don't make repeat purchases and increase spending with brands they don't like.

In addition there are only two major factors that influence CLV — your brand and your prices. So, if properly track price increases it allows you to isolate your brand's impact on this KPI.

As long as you have accurate sales data, calculating customer lifetime value is straightforward.

## Formula

The formula for measuring CLV is:

***Total sales / number of customers***

CLV is a long-term measurement and increases with a customer over time. Because of this, the best way to measure changes in CLV is to group new customers into cohorts.

## Action Item

Every quarter take all your new customers and group them together into a cohort. Measure and update their CLV every quarter. You then want to compare their CLV to the next quarterly cohort.

**Use the next page to document this data.**



*"Remember changes in your pricing will affect the CLV of a cohort. So if you make any price changes in a quarter, make sure it is documented for that cohort."*

## Customer Lifetime Value (CLV) Results

Use this section to document the CLV of your quarterly cohorts. For each cohort, enter the date range to document when you started and stopped adding customers.

**Example:** If Cohort 1 contained new customers you acquired in Q1 of the year, then your date range would be January 1st – March 31st.

Then enter the CLV for that cohort and check the Price Increase (PI) box if pricing changed during that quarter.

**Cohort 1** Date Range: \_\_\_\_\_

### 1<sup>st</sup> Quarter

CLV	PI
<input type="text"/>	<input type="checkbox"/>

### 2<sup>nd</sup> Quarter

CLV	PI
<input type="text"/>	<input type="checkbox"/>

### 3<sup>rd</sup> Quarter

CLV	PI
<input type="text"/>	<input type="checkbox"/>

### 4<sup>th</sup> Quarter

CLV	PI
<input type="text"/>	<input type="checkbox"/>

**Cohort 2** Date Range: \_\_\_\_\_

### 1<sup>st</sup> Quarter

CLV	PI
<input type="text"/>	<input type="checkbox"/>

### 2<sup>nd</sup> Quarter

CLV	PI
<input type="text"/>	<input type="checkbox"/>

### 3<sup>rd</sup> Quarter

CLV	PI
<input type="text"/>	<input type="checkbox"/>

### 4<sup>th</sup> Quarter

CLV	PI
<input type="text"/>	<input type="checkbox"/>

**Cohort 3** Date Range: \_\_\_\_\_

### 1<sup>st</sup> Quarter

CLV	PI
<input type="text"/>	<input type="checkbox"/>

### 2<sup>nd</sup> Quarter

CLV	PI
<input type="text"/>	<input type="checkbox"/>

### 3<sup>rd</sup> Quarter

CLV	PI
<input type="text"/>	<input type="checkbox"/>

### 4<sup>th</sup> Quarter

CLV	PI
<input type="text"/>	<input type="checkbox"/>

# AVERAGE PURCHASE PRICE

Customers who love the services/products you offer will often purchase more at the time of purchase. Think about the brands you love. Do you tend to purchase more with those brands over time, especially as your brand loyalty increases?

This is why average purchase price (APP) is another metric influenced directly by your brand. In the end most customers have a spending tolerance for the product/service you're providing and the only way they'll spend above that is if they place value in the brand itself.

**Example:** Just like Customer Lifetime Value, changes in your prices will affect this data point.

## Formula

The formula for measuring APP is:

***Total revenue / number of purchases***

Since APP can be increased by changes in pricing, we want to mitigate against that so we can accurately say the brand is the driving force behind a change in APP (not the price change). The best way to do that is by looking at the data in quarterly increments.

## Action Item

Every quarter take your total revenue for the quarter and divide it by the number of purchases you had in that same time frame. Then compare quarter to quarter to see if the APP is increasing. It's also important to note if any Price Increases (PI) happened during the quarter as well.

### 1<sup>st</sup> Quarter

APP

PI

### 2<sup>nd</sup> Quarter

APP

PI

### 3<sup>rd</sup> Quarter

APP

PI

### 4<sup>th</sup> Quarter

APP

PI

# HOW TO MEASURE ADVOCACY

# REFERRAL CLOSE RATE

Referrals are one of the best ways to measure how satisfied customers are with your products/services. People don't recommend brands unless they really like them.

However, referrals can be inconsistent, and can shift based on the number of customers you have. In general, the more customers you have the more referrals you'll get. So, if your business grows over a 6 month span your referrals will likely grow to. But is that only due to having more customers or because of your brand?

That's why we want to track Referral Close Rate (RCR) – essentially how often do customers generate a referral when you ask for one.

Your RCR will only be affected by two things: your brand and your referral strategy. So if you keep your referral strategy the same over a given time you'll be able to see how your branding efforts influence this close rate.

## Formula

The formula for measuring RCR is:

***# of referrals requested / # of referrals generated***

Like other KPIs, we want to track this data in set increments – we recommend monthly increments for RCR.

## Action Item

Every month track how many referrals you requested and how many referrals you generated. Calculate your RCR using the formula above and note it below.

Month #1	Month #2	Month #3	Month #4	Month #5	Month #6
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

# POSITIVE MENTIONS ON SOCIAL MEDIA

Another way to track advocacy is to track how often people are positively mentioning your brand on social media. The key word is 'positive'. This does make it more difficult to track because you have to find a way to sort mentions into negative or positive (or you can add a neutral category as well).

Just like referrals, customers will only leave positive mentions on social media if your brand truly had an impact on them.

One thing to be aware of is if you're running social campaigns that directly ask for mentions. Those types of campaigns will obviously skew this data.

## Action Item

Every month, track positive mentions on each social media platform you have a presence on. You want to compare how positive mentions each platform so can understand if your brand is having impact across all platforms or just some.

### Social Platform: \_\_\_\_\_

Month #1	Month #2	Month #3	Month #4	Month #5	Month #6
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

### Social Platform: \_\_\_\_\_

Month #1	Month #2	Month #3	Month #4	Month #5	Month #6
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

### Social Platform: \_\_\_\_\_

Month #1	Month #2	Month #3	Month #4	Month #5	Month #6
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

# WRAP UP & EXTRA RESOURCES

By combining these 6 KPIs, you can now confidently measure and report the impact your branding initiatives are having.

## Questions

We're always here to help, so if you have any questions about the course or calculating Brand ROI please don't hesitate to reach out: [contact@avlier.com](mailto:contact@avlier.com)

## Extra Branding Resources

We know how hectic it can be trying to build a brand while having to juggle so many other responsibilities, which is why we've created a library of free branding resources.

***The best part is, you don't even have to provide your email to access them!***

That's right. They're 100% free and accessible without any commitment or request for contact information.

Simply go to [avlier.com/resources](https://avlier.com/resources) to download them today.



*"I hope this course has dispelled some of the mysteries around brand ROI and provided you new insights. I'm excited to see the impact these KPIs will have for you and the brand you're building."*



**For more branding resources:**  
[www.avlier.com/resources](http://www.avlier.com/resources)