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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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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).

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).

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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.

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.

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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.

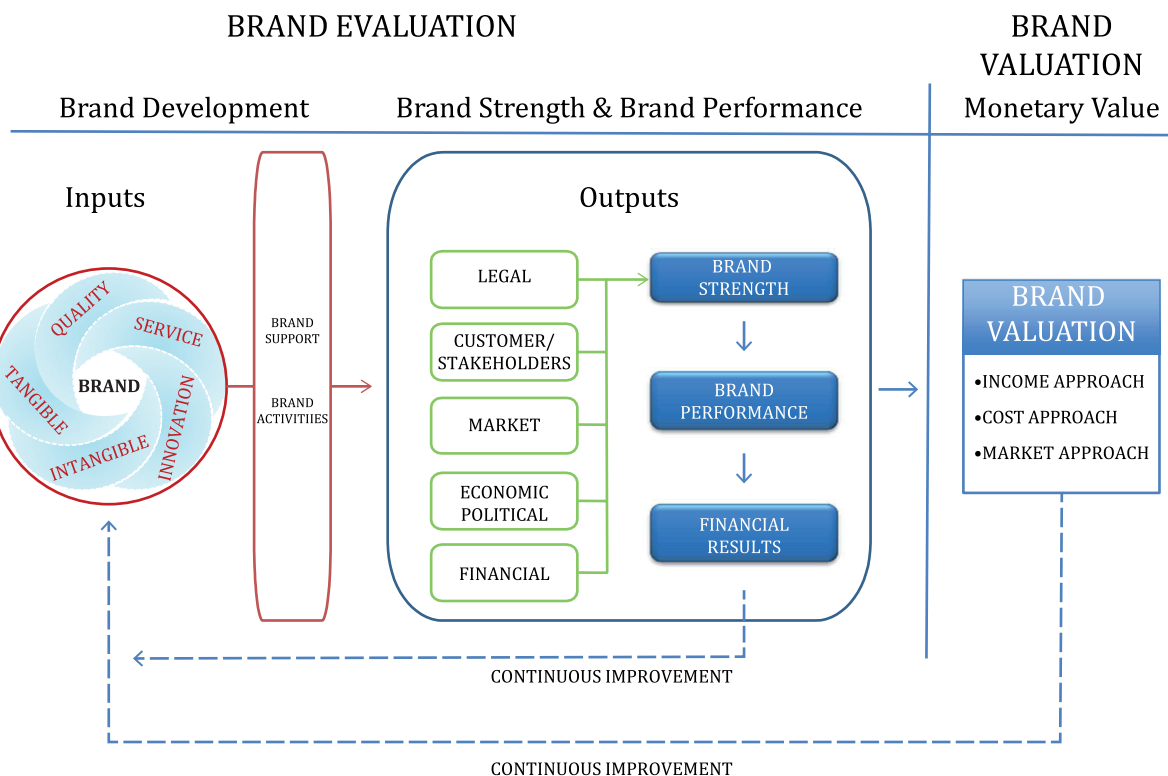


Figure 1 — Brand evaluation framework

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

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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.