

September always feels like the start of the new year to me. So here's wishing you a happy brand accretive new year!



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## Is it Brand Accretive or Brand Dilutive?

If you want the financial people in your organization to get engaged with customer experience, you might want to appropriate some of their language. I'm proposing we start with "accretive". It may sound like something that grows on the underbelly of a ship, but give it a chance ... here's why.

### **There's big bucks in brands**

Every year when Businessweek and Interbrand release their list of the top global brands, you can count on executives to pay attention. The Interbrand methodology uses analyst forecasts for five years of corporate earnings, and adjusts the forecast to reflect what portion of earnings are attributable to the *brand alone*. It's all very technical. But the market sits up and takes notice, and brand value counts for a lot in stock price.

The rest of the year, you'll hear these same folks talking about whether a given strategy, such as a merger, acquisition or financing is accretive or dilutive. They're talking about adding value to earnings per share (accretive) or reducing earnings per share (dilutive).

### **You don't have to calculate the number, just ask the question**

I would argue that many of your day-to-day operating decisions that impact customer experience will ultimately have much more effect on value because they are accretive or dilutive to *brand value*.

Should you cut staff in the customer contact centre? What about lowering power costs by using low-light bulbs in your stores? Should you add additional e-mail marketing campaigns? It's all about reducing costs and increasing sales, right?

The question you need to ask is whether this move is accretive or dilutive to the value of your brand. And if it is dilutive, does the increase in earnings compensate for dilution in brand value?

### **Leave the calculation out of it**

I'm not proposing you start learning arcane brand value calculations. I'm proposing that you resolve to make your operating decisions this year accretive to brand value. If you start using this decision rule, the calculations will look after themselves.

### **It's not all squishy stuff -- it's the DNA of brand value**

Creating a brand-accretive customer experience doesn't mean investing in feel-good-squishy-stuff. It means engineering an integrated customer experience that supports the core meaning of your brand. And is a tremendous source of competitive advantage and long-term value creation.

Customer experience is why you start searching with Google (#24 at \$12.4 Billion), call all portable music devices a Walkman (Sony #26 at \$11.7 Billion) or an i-Pod (Apple #39 at \$9.1 Billion) and know that Ivar is not a person's name (Ikea #41 at \$8.7 Billion).

So here's to the psychological New Year -- and may you have a brand accretive one!

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*If you'd like to be more brand-value accretive, we can help. We specialize in customer experience insights and experience engineering. Please contact us at 416-481-7409 or 888-244-0285 or by [e-mail](#).*

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