CHAPTER - 2

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2.1 Introduction:

The literature review commences the investigation using an academic approach by researching the theories and works relating to various aspects of brand equity and different products and service sectors in marketing. The study of review of literature provides the existing gap in the study. In order to understand effectively the theories and relate them to the research objectives in the following literature review have been studied.

**Hadis Nemati et al. (2013)** have highlighted reviewing the brand special value of consumers and customs view who share a same company here. They discussed about the currency and acceptability of scientific creditable models which are famous in world and also they are the basics of modals addition. In Aakers theory, the brand special value consisting of four categories: brand loyalty, brand mind association, understanding quality and brand awareness. According to Keller customer based brand equity (CBBE) the brand special value is influenced by two factors: a) The buyers brand environmental knowledge and b) The unique and strong bonds that consumers have with brand. These companies which have a better brand position are more profitable than the other ones in same category.

**Ameneh Parsa et al. (2013)** have observed that, brand equity of customer’s perspective is a value that subjective estimates make for a brand and if the estimate of customer is higher than the value of a brand, the company in the shadow of this value could earn more benefits from consumers. They also discussed that except the promotion of selected elements of marketing, they are effective in customer based brand equity dimensions. From dimensions of brand equity, respectively loyalty to the brand, brand image, perceived quality of brand, awareness of brand, have a significant positive effect on brand equity. Repeat a brand, have a positive and non-significant effect in brand equity.

**Lhotakova M and Olsanova K. (2013)** found that competitiveness in the national as well as international markets; brands have increasing importance in consumer decision making process. Brands help consumers to choose products that
satisfy their needs, fit their emotions and help them demonstrate their place in the society. Current financial crises proved that strong brands can do well even in bad times. Global brands ranked at the top of the most valued world’s brands put a lot of efforts in development of the right positioning, keeping it up-to-date and consistent across all brand’s activities.

Judith H. et al. (2013) have examined an independent assessment of a recently developed set of consumer-based brand equity measures. Yoo and Donthu developed a multidimensional, consumer-based brand equity scale comprised of four theoretically defined constructs and a separate multiple-item overall brand equity measure. The study employed slightly modified items in a different context in an attempt to examine the robustness of the proposed scale. Subjects responded to the brand equity scale for different brands and combinations of brands in a co-branding context. They found that, while the Yoo and Donthu scale represents an adequate first step, further scale development is needed. This scale development has brought closer to a universally accepted measure of consumer-based brand equity.

Shakiba and Jalali Seyed (2013) have explained to conceptualize the client based brand equity in the financial service segment with regarding to its influence on perception of brand. A sample of 384 real customers of Bank Saderat Iran (BSI), as the largest private bank in Iran, used to assess the relationships which depicted in the planned model of the study. They found out that perceived quality, brand loyalty, brand awareness, and brand association were influential criteria of brand equity that increases perception of brand in financial service segment. Among the four mentioned dimensions, brand association seemed to have the most influence on brand equity than other dimensions.

S. Sivesan (2013) examined that, promotion is an exercise in information, persuasion and influence. So, the purpose of promotion is to reach the targeted consumers and persuade them to buy. Promotion is vital element of marketing mix. The purpose of this study is to investigate the effects of promotional mix on equity of brands performing in the mobile service providing sectors. In this context, promotional mix has positively affect brand equity. Data were collected from 107 selected customers of the mobile service sectors According to the regression analysis,
Shahriar et al. (2012) have made a study on importance of internal branding in marketing field. They identified insights into how job satisfaction, internal marketing and brand orientation shape employees internal brand equity in Iranian’s food and pharmaceutical firms. The empirical study indicated that while brand orientation and internal marketing were found to have impact on internal brand equity, job satisfaction has no effect on internal brand equity. They observed that job satisfaction and internal marketing has direct and positive impact on brand orientation and therefore indirect and positive impact on internal brand equity through brand orientation. They also found that organizations could anchorage their brand in employees mind set through the promotion of internal branding through the organization. This paper put forth the organizations could increase the internalization of organizations brand among the employees through encouraging employees to adopt and display market oriented behavior.

Behnaz Pouromid and Soleyman Iranzadeh (2012) have observed lots of organizations are convinced that one of their most valuable assets is their product brands and services. The Brand equity is one of those capitals which preserve company's value and also have the loyalty of customers in follow. The more the Brand equity in customers' mind more the company can achieve revenues. Consumer brand's loyalty, family variables, brand's name, firm's image and the price have been evaluated as the effective factors on brand equity's dimensions. They evaluated that factors effects on the Brand Equity dimensions of Pars Khazar household appliances based on the vision of female consumers have direct effects on brand awareness, brand association and brand's perceived quality. Brand's name has direct effect on brand awareness and the perceived quality of brand and also the price has direct effect on perceived quality of brand.

Zahra Seyed Ghorban (2012) has explained the role of marketing mix elements has been shown to be significant in building brand equity and its dimensions, while there are arguments regarding the contrary role of some elements of marketing mix. This study attends to this issue by examining advertising, as one of the evident elements of marketing mix, and how it would be related to different
dimensions of brand equity; and how the dimensions of brand equity would be in positive and significant inter-relationship in the process of building brand equity. Finally, perceived quality and brand association were found to positively influence brand loyalty.

William Lee et al. (2012) have advocated what extent that gender serves as moderating variable in the context of consumer-based brand equity model. This study indicated the baseline model was typically invariant across gender, except for the casual relationships between brand awareness and brand image, thus indicates gender serves as a moderating variables partially. Males have evaluated lower mean scores as compared females, but higher value of causal effects in male model. They concluded that brand managers have to employ a diverse set of brand awareness strategies across gender for the purpose of enhancing their restaurants brand image. They should assign greater efforts of brand exposure programs among female community, such as advertising, event sponsorship, creative packaging, road shows, samples, contests, sweepstakes, and publicity.

Kumaravel et al. (2012) have proposed to explore the customer based brand equity on hypermarket store in India, this study connected to the urban people, sample chosen consisted of 100 respondents representing from different status viz., business persons, professionals, students, employees, etc. and they found that some interesting and useful information. Considering the five selected brand equity together, Perceived quality was found to be effective on building brand equity. That is, for hypermarket customer quality is important indicator for selection of hypermarket shop, perceived quality may be reflected of advanced technology, shop atmosphere, product, service etc. They also discussed importance of perceived quality in creating awareness and brand image in the hypermarket.

Kambiz et al. (2012) have investigated the effect of brand equity on brand preference and purchase intentions. The research selected on sporting goods consumers in Tehran city, and sampling was done randomly. The data were collected using an appropriate questionnaire. That study was based on the methodology used and the method of implementation and was data collection descriptive survey. The sample included 390 people in that study, four kinds of validity (Face Validity, Content Validity, Convergent Validity, Discriminate Validity) and two kinds of
reliability (internal consistency reliability and test-retest reliability) in the description of the research were compared with a similar study has gone a step ahead. The study of those three variables (brand equity, brand preference and purchase intent) together on sporting goods in the world, for the first time and original aspects of the innovation. For testing data analysis and confirmative factor analysis used path analysis software of LISREL. They also recognized that significant relationship among brand equity, brand preference, and purchase intentions could be seen, but no relation important brand awareness and brand equity in sports products did not see in Iran.

**Sabiha Kiliç (2011)** has analyzed the concept of local means producing the products and services in local markets and consuming in global markets. She evaluated the relationship between the size of perceived brand equity influenced the local marketing strategy having the approach of “think local, act global” and perceived level of consumer brand equity in national market. The basic assumption of the study is that local marketing strategy contributes to the increase of the brand equity.

**Yi-min Chen et al. (2011)** have examined the sources of industrial brand equity in international B2B marketing with a particular interest in investigating the effects of perceived product quality, perceived service quality, brand awareness, brand loyalty and Country of Origin (COO). To examine the effects of COO could clarify the variations in international buyers' evaluations of industrial brand equity in the newly-industrialized economies, like Taiwan. The acceptance of advanced technology and equipment, an essential question was whether exclusive and innovative fastener products from Taiwan have generated the country-of-origin effects in international Business to Business (B2B) buyers' minds. They found that the country-of-origin of fasteners has not yet become a vital precursor of industrial brand equity in the case of the fastener industry in Taiwan.

**Anna Torres et al. (2011)** have focused the interaction between shareholder value and customer satisfaction, as well as the impact on a firm's brand equity. This study recognizes that the brand equity of a firm depends largely on the degree of customer satisfaction, as well as on shareholder value. This study represents an important findings, customer satisfaction has a direct positive effect on a firm’s brand
equity, but an indirect negative influence through reductions in shareholder value. They analyzed imperfect panel data pertaining to 69 firms from 11 nations during the period 2002–2005 and support the theoretical contentions.

**Haythem et al. (2011)** have investigated the relative effect of a long-term brand management instrument (brand personality), and a short-term marketing mix instrument (sales promotions) on brand equity development. They measured consumer perceptions of promotional intensity and brand personality and also modeled their impact on brand equity. They also found positive influences of brand personality and negative effect of sales promotion intensity on brand equity at the aggregate level. They also recognized that varying consumer react to promotional deals revealed that the relative impact of the two elements varied across consumer groups. Three homogeneous consumer groups differed according to the relative effect of brand personality and consumer promotions on brand equity.

**Yu-Che wang (2011)** has constructed an index of brand equity—with a hospital example. In the beginning, brand names may be seen only as names or symbols, but after customers start to experience the products, the brand will incorporate customer experience expectations and company’s promises. Thus, the brand name is a name that contains value (brand equity) rather than just a name. This study constructs a brand equity index for a hospital, which is theoretically and statistically sound and economical enough to manage. They also described how the construction of an index is different from scale development and the results of the tests suggest that the five-indicator index can adequately capture the full domain of brand equity.

**Janghyeonet al. (2011)** have proposed the relationship of brand loyalty, consumer satisfaction and customer based brand equity in the hotel and restaurant industry, the five dimensions of brand equity namely physical quality, staff behavior, ideal self-congruence, brand identification and lifestyle congruence are found to have positive effects on consumer satisfaction. This study confirms that consumers’ satisfaction with hotel or restaurant brands is dependent on both functional benefits of attractiveness of decor, competence of service employee as well as symbolic benefits of fun, excitement, fantasy.
Hadi Moradi and Azim Zarei (2011) have assessed the relations among brand equity, purchase intention, and brand preference from viewpoint of Iranian young consumers. Furthermore, secondary aim of that study was examining the moderate role of country of origin image. To achieve those, a structural framework was designed and relations among its constructs. The study showed that the brand equity positively influenced consumer’s brand preference, purchase intention, and unsupported moderating role of country of origin image.

Samindra Nath et al. (2011) have investigated the effect of country of origin image on brand equity of branded generic drugs. An empirical examination was carried out among professionally similar respondents (doctors of different categories in Kolkata megalopolis) in India. That study found that country of origin image had positive and significant effect on components of brand equity (brand strength and brand awareness). They also found that country of origin image of branded generics significantly, but indirectly, influenced brand equity throughout the mediating variables, brand strength and brand awareness. They concluded that country of origin image definitely influences consumers’ overall perception of brands. The results of this study reveal three definite propositions (1) Country of origin image has a high degree of positive effect on brand equity components (brand strength and brand awareness) and brand equity, (2) Brand equity of branded generic drugs is significantly affected by the brand equity components and brand awareness has the major contribution, 3) Brand equity of generic drugs also influenced by brand strength to the formation of brand equity.

P. Natarajan et al. (2011) have studied an empirical outcome of the determinants of brand equity with special reference to Indian car industry. Brands have become increasingly important components of culture and the economy, now being described as “cultural accessories and personal philosophies”. To study the problem effectively, car industry is chosen taking into the account the emergence of many new brands of the car product in the recent past. They found that brand preference and brand loyalty plays an important role in creating brand equity. These components of brand equity must be coherent in their actions so that consistent image of the firm is realized and value by customers.
Tripurasundari and Natarajan (2011) explained that brand positioning is brand perception which can be gathered from multiple routes including customer experiences, marketing communication efforts and word of mouth. The perception of the brand is critical as is apparent from the huge amount of money being spent by organization on brand development and measurement. Still very little is known about the relationship between brand perception and customer behavior including customer loyalty. They conducted empirically by testing two hypotheses about the relationship between brand perception and brand loyalty. The first part of the study shows very little evidence that any one brand attribute is more relevant or related to brand loyalty than other brand attributes. The second part observes that higher number of attribute association with brand leads to higher brand loyalty.

Mostafa et al. (2010) have made a survey of brand equity and customer satisfaction in Iranian state owned banks. They identified that brand meaning is an important element to create brand equity that will lead to customer satisfaction and loyalty. Bank factors such as service operation, employees, environment, features, perceived fees value, self-brand image, and brand aroused feeling and brand personality are used to define brand meaning. Trying to create strong brand equity, bankers should be interested in assessing the degree of customer brand dependence. The banks brand strength depends on the perceptions of their service customers. They identified that satisfied and loyal customers indicate positive perceptions of the banks brand.

Isabel Buil et al. (2010) explained the relationships between two marketing mix elements advertising and sales promotions and brand equity creation, the study focuses on advertising from a quantitative (advertising spending) and qualitative (general perceptions of advertising) perspective. They discuss the effects of two kinds of sales promotions, i.e. monetary and non-monetary promotions. Based on a survey of 411 United Kingdom (UK) consumers, findings show that the content of advertising plays a key role influencing brand equity dimensions, whereas advertising spend improves brand awareness but it is not enough to positively influence brand associations. They discussed distinctive effects of monetary and non-monetary promotions on brand equity.
Chattopadhyay et al. (2010) have developed a model for finding the effect of advertising frequency across different media vehicles towards building brand equity for the passenger car market for first time and repeat buyers. The effect that selected media mix elements had on the dimensions of brand equity was examined the effects of advertising frequency on creating brand equity across five different media vehicles – television advertisement, print advertisement, mobile phone advertisement, event sponsorship and internet advertisement. First time buyers are expected to have lower category knowledge than repeat buyers, and expected to behave differently from repeat buyers. They found that not all media mix elements impact brand equity significantly. Television advertisement is not a good medium for first time car buyers, while press advertisement is a good medium to advertise for repeat buyers, but not for first timers. Event management is fixed to be impacting on the dimensions of brand equity for repeat buyers of the product category. This study proved that as consumers are on different levels in their journey to gather category knowledge they behave differently.

Tsui-Yii Shih (2010) selected various brand portfolio structures for business performance. The survey found that consumer attitudes toward manufacturers’ brands and retailers’ store brands chosen from Taiwan retailing outlets. He concluded that manufacturers’ brands intensify high quality and high price strategies, pursue appropriate promotion activities, and develop brand equity helpfully to the purchase intention of consumers. Without a careful evaluation process, a brand endorsing strategy is disadvantageous to manufacturers. Another aspect, low prices, promotion activities, brand endorsed strategies, and increasing store images positively support to the brand equity and consumer purchase intentions of retailer store brands.

Hui-Chu Chen and Robert D (2010) have emphasized the 2008 global economic recession; consumers have less income and have turned to less expensive brands and retail stores. They studied the relationships of consumer demographics, shopping behavior, and the marketing activities (mix) that influence customer-based brand equity. The findings are similar for low and high income groups and some differences with middle income shoppers.
P. Natarajan and Thiripurasundari U. (2010) asserted that brand preference on ‘B’ segment Maruti cars, emphasized that strong brands quality increase trust in intangible products enabling customers to better visualize and understand them. The brand preference towards Maruti B segment cars is studied by administering structured interview schedule to 150 customers in Puducherry city. Maruti should take the initiative to introduce new models according to the choice of the customers at regular intervals which will pave the way to be No.1 Company in India in the near future. While the customer gets satisfaction and is able to improve his/her standard of living and quality of life, the marketer profits from the brand experience that the customer gets and is able to generate a surplus after ensuring satisfaction to the consumer.

Tanmay et al. (2010) developed model to determine the determinants and influences of brand equity for car market of Indian passenger. The brand equity creation model developed by Yoo, Donthu, and Lee (2000) was combined and expanded with the brand choice model which was developed by Erdem, et al. (1999). The dimensions of brand equity were considered to affect overall brand equity, which in turn influenced the final brand choice made by the consumers. The effect that ten selected marketing activities had on the dimensions of brand equity was investigated. The passenger car market was differentiate on the base of the price of car as premium, volume, and economy kind and shopping centre intercept survey was conducted to gather respondent data across ten centers through the country. Multiple time passenger car buyers were measured as the respondent base for the research. A total of 1,932 consumers were contacted and 302 suitable responses were received. Structural Equation Model (SEM) was used as the instrument for analysis. The results revealed that ten marketing mix elements considered had a very strong effect on brand equity since they positively impacted both dimensions which were considered for the search. Nevertheless, contrary to what many earlier studies reported, country of origin and price promotion did not impact the brand equity for such consumers. Advertising frequency was not a maker of brand equity; word-of mouth was a better determinant of brand equity for repeat passenger car buyers.

Jin Liyin et al. (2009) have designed a research model that can be used to evaluate website brand equity from the perspective of web contents. To evaluate this model and to examine the effects of web contents on brand equity across twenty
Chinese websites which could be classified into four different types’ namely portal websites, entertainment websites, communication websites and shopping websites. They discussed the website brand equity model, which is composed of five dimensions, namely brand loyalty, perceived quality, brand relationship, brand experience and brand attraction, is useful for measuring website brand value, and also applicable to different web types. Web contents factors, such as resources, design, service and interactivity, are found to be the antecedents of website brand equity, and they all affect dimensions of website brand equity.

Bilal Mustafa et al. (2009) have asserted brand equity is a widely accepted concept. But it does not lend itself to a single definition. Brand equity is of paramount importance due to the central and critical role that it plays in maximizing the valuation of the firm. They discussed the different perspectives on brand equity and present a strong case for including trust as one of the components of brand equity. Analysis of trust and its importance in the development of brand equity cannot be understated, given the fact that trust is viewed as the cornerstone, as well as one of the most desirable qualities in any relationship.

Chang et al. (2009) have advocated the qualifications of brand equity were considered to be brand attitude and brand image, and the consequences of brand equity were considered to be brand preference and buy intentions. They also discussed on service brands, selecting 18 from 3 service groups. A structural equation model was offered and not only did it show a fine fit with the research constructs, but also the relations between brand image and brand equity, and brand attitude and brand equity. The effect of brand equity on customer preference and buy intentions was established as well, which tended to validate the proposed study framework.

Tanmay Chattopadhyay et al. (2009) have identified the relationship between marketing mix elements as also elements not directly related to marketing mix and brand equity in situations where there are uncertainties of brand attributes. This study also focused on multiple times automobile buyers in India. Direct marketing mix variables like price, distribution intensity, store image, advertising frequency, and price promotion were considered, while indirect marketing mix variables like country of origin, peer recommendation and celebrity endorsements
have also been considered here. Brand equity has been defined as quality perceived by the consumers for a brand.

Kyung Hoon et al. (2008) observed that relating to health care marketers face unique challenges around the world, the role of the health care field plays in contributing to public welfare. Hospital marketing in Korea is particularly challenging since Korean law prohibits hospitals from running any advertising. The study indicated that Korean hospitals depend heavily on customer relationship management (CRM). This study identified five factors that influence the creation of brand equity through successful customer’s relationships, trust, customer satisfaction, relationship commitment, brand loyalty and brand awareness. The empirical test of the relationships among these factors suggests that hospitals can be successful in creating image and positive brand equity if they can manage their customer relationships well.

Jurgen Abele et al. (2008) have asserted seeks to ascertain why problems persist in brand valuation from the literature and identifies the need for theory about valuation and brand equity to be made more relevant to practitioners. Brand equity represents the sum of what consumers and companies think of brands in terms of their marketing and financial worth. They found that a modified approach was needed to incorporate marketing mix activities in generating added value for brands within a ‘process-based structure of a developed brand equity framework’. They concluded that such a framework is capable of meeting the different needs of marketing and accounting managers to optimize greater acceptance and adoption of brand processes in determining brand equity.

Ching et al. (2008) have focused relationships between brand equity, brand preference and purchase intentions on international air passengers decisions in Taiwan. They found positive relationships between brand equity, brand preference, and purchase intentions with a moderation effect of switching cost affecting the relationship between brand equity and purchase intentions and the effect of brand equity on purchase intentions is not significant for passengers with low switching costs.

Ruchan et al. (2007) have highlighted interrelations of the four brand equity components; brand awareness, brand loyalty, perceived quality and brand image in hotel industry and improve the conceptualization of customer-based hotel brand
equity. They discussed the three-dimensional model of customer-based brand equity in hotel industry. Brand awareness dimension was not found significant in the tested model for hotels and they also discussed that several components of perceived quality have a significant and direct effect on brand loyalty, while some of them have an indirect and significant impact on brand image. In this paper hotel managers and executives should try to influence; perceived quality, brand loyalty, brand image and brand awareness in their organizations and design their service delivery process by considering relations between customer based brand equity components.

David J Smith et al. (2007) have emphasized the relationship of different variables such as gross profit, advertising, research, and development and brand equity with the purpose of providing useful insight into brand management and advancement. This study is unique in its use of private sector generated measures of brand equity as the main data source. This study made evidence to a significant positive correlation between brand equity and gross profit, advertising expense, and research and development expense. The study revealed that advertising is not as important a driver of brand equity in the short-term as put forward in previous research and evidence suggesting the presence of dynamics and non-linear effects exists.

R. K. Srivastava (2007) has advocated finding out the levels of customer satisfaction of Korean companies. Data was collected from a sample size of 100 users each of LG and Samsung products from Mumbai, a large Indian metropolitan city. The results show that a gap develops between the two when it comes to ease of use by customers. In overall service provided LG definitely scores over Samsung. 76% of LG’s existing customers and 66% of Samsung’s existing customers would like to buy the products of these companies in the future. The managers of Korean companies should concentrate on improving on buying behaviour, demonstration provision, delivery of product, follow up of calls and service camps.

Hao Liaogang et al. (2007) have advocated that brand equity practically boils down to the word of mouth and purchase behavior of customers. Brand-knowledge structures in the minds of customers are the source or foundation of brand equity. Customer-level brand equity can be captured by five aspects: awareness, associations, attitude, attachment, and activity. In this article, we measure the brand equity of six
major mobile phone brands in the Chinese market which include four foreign and two local ones. A total of 174 respondents from one major university in Beijing were surveyed for data collection. They were conducted to obtain insights on how consumers form attitudes towards different mobile phone brands. The data analysis results show that international brands outperform local brands in terms of customer based brand equity in the Chinese market.

Norjaya et al. (2007) have opined that the effects of brands country of origin image on the formation of brand equity of durable goods of three product categories namely television, refrigerators and air conditioners in the Malaysian market. Brand equity dimensions produced three factors namely brand distinctiveness, brand loyalty and brand awareness/associations. The study indicated that brand’s country of origin image positively and significantly influences brand equity, either directly or indirectly, through the mediating effects of brand distinctiveness, brand loyalty & brand awareness/associations. The results of the study suggest two things namely 1) country of origin has significant impact on brand equity dimensions and brand equity and 2) the brand equity dimensions namely brand distinctiveness, brand loyalty and brand awareness/associations have significant influence on the formation of brand equity of electric appliances. Among these three dimensions brand loyalty has the greatest contribution to the development of brand equity. They said that producers of household electrical appliances should put greater emphasis in creating brand loyalty for their products.

Safak Aksoy et al. (2005) have investigated the determinants of brands equity was a confirmation approach in the beverage Turkey industry with the practicality and use of a customer-based brand equity model, based on Aaker’s known structural framework of brand equity. The research employed structural equation modeling to examine the causal relations between the dimensions of brand equity and brand equity itself. It also examined the way in which consumer’s perceptions of the dimensions of brand equity influenced the overall brand equity evaluations. Brand loyalty was the most influential dimension of brand equity and weak support was found for the brand awareness and perceived quality dimensions.

Edo Rajh (2005) discussed that conceptual model of the effects of marketing mix elements on brand equity was defined in line with the accessible theoretical
findings, according to the known structural model, in order to examine the defined structural model and study hypotheses, empirical research was conducted on the sample of undergraduate students of the faculty of business and economics in Zagreb. He considered that the structural model had a suitable level of fit to the empirical data. The predictable structural coefficients and indirect effect coefficients specify the direction and intensity of effects of each analyzed part of marketing mix on brand equity. As a final point, implications of research outcomes for the theory and practice of brand management are analyzed and discussed.

Angel F et al. (2005) have focused on theoretical and empirical foundation that showed the effect of marketing communications and price promotion on brand equity. The theoretical review supported applying analysis techniques based on structural equations models in order to confirm empirically the relation between marketing communication efforts and the dimensions of brand equity (perceived quality, brand loyalty, brand awareness and brand image). That model was confirmed on a sample group of families purchased durable goods in that case a washing machine. They also found positive effect of marketing communication on brand equity, and presented strong support for the measures of perceived quality, brand loyalty, brand awareness and brand image as antecedents of brand equity.

John Roberts et al. (2004) have investigated how brands have attracted considerable academic attention over the past twenty years. The measurement of brand equity was currently listed as the first component of that important topic. Not only the academic significance of brands has been recognized, but also their managerial impact was well established. They related the effect of marketing actions on sales act throughout the moderating effect of brand equity. Nevertheless, more than that, they found some benchmark or norm of what represented a superior performance and where to most effectively get better that performance.

Woo gon kim and Hong-bumm Kim (2004) have examined that strong brand equity was considerably correlated with revenues for quick-service restaurants. The research investigated four elements of brand equity (namely: brand awareness, brand image, brand loyalty, and perceived quality). Out of those attributes, brand awareness had the strongest direct effect on revenues, whereas loyalty had the least effect. Dividing the restaurants into high-performing and low-performing groups, they
also found that customers differentiated the high-performing restaurants on several product-quality measures, such as knowledgeable employees and food served on time and as ordered. Strangely, high and low performing restaurants were not differentiated on such other quality factors when making quick corrections to errors, experienced personnel, and sanitation.

Ailawadi et al. (2003) have asserted that revenue premium is a reliable measure of brand equity and the empirical analysis shows that measure is reliable and reflects real changes in brand health overtime. This study correlates well with other equity measures, and the measure’s association with a brand’s advertising and promotion activity, price sensitivity, & perceived category risk is consistent with theory.

James B et al. (2001) have focused on operationalizes brand equity and empirically tests a conceptual model adapted from the work of Aaker and Keller considering the effect of brand attitude and brand image on brand equity. The results indicate that brand equity can be manipulated at the independent construct level by providing specific brand associations or signals to consumers and that these associations will result in images and attitudes that influence brand equity. They identified that constructs that create brand equity is more relevant to managers than trying to measure it as an aggregated financial performance outcome.

Katherine N et al. (2001) have made a study on customer equity is critical to a firm’s long-term success. They developed a strategic marketing framework that puts the customer and growth in the value of the customer at the heart of the organization. Using a new approach based on customer equity, the total of the discounted lifetime values of all the firm’s customers. They found that the key drivers of firm growth are value equity, brand equity, and relationship equity. Understanding these drivers will help increase customer equity and ultimately the value of the firm.

Boonghee Yoo et al. (2001) have developed a scale to calculate consumer-based brand equity. They reported a multistep research to develop and confirm a multidimensional consumer-based brand equity scale (MBE) which was drawn from Aaker's and Keller's conceptualizations of brand equity. So, a total of 1530 American, Korean American, and Korean participants evaluated 12 brands from 3 product categories, including athletic shoes, film for cameras, and color television sets.
Multistep psychometric tests showed that the new brand equity scale was reliable, valid, parsimonious, and generalizable across several cultures and product categories. They also discussed theoretical and practical implications of the research.

Boonghee Yoo (2000) opined that the relations between selected marketing mix elements and the making of brand equity. The authors proposed a structural framework in which marketing elements were correlated to the dimensions of brand equity means perceived quality, brand loyalty, and brand associations which combined with brand awareness. Those dimensions were then correlated to brand equity. The research found that frequent price promotions, including price deals, were related to low brand equity, while high advertising spending, high price, good store image, and high distribution intensity were correlated to high brand equity.

Keller (2003) defined brand awareness as how well a customer identifies the brand under different conditions. The depth (the ease of recall and brand recognition) and breadth (number of purchase and consumption situations) of recall is crucial in brand awareness. Keller further argues that positive brand image and brand awareness would have significant influences on marketing activates related to the brand of product.

Keller (1998) studied that brand awareness could be characterized regarding to depth and breadth. In that case, the depth of brand awareness concerned the likelihood that a brand element would come toward mind and the easiness with which it did so. A brand that could be simply recalled had a deeper level of brand awareness than one that only could be identified. The breadth of brand awareness concerned the range of buy and use situations that the brand element came to mind. Furthermore, the breadth of brand awareness trusted to a large extent on the association of brand and product knowledge in memory.

Pitta and Katsamis (1995) has pointed out that there are several dimensions of brand awareness with brand associations. People can generate more information of products by recalling their brands because they are unable to get a full picture of these brands. They further indicated that brand associations of the product can be stored in consumers' minds after brand awareness of the product is already in their memory.
**Keller (1993)** states that when people form information about a brand, the level of involvement resolves the strength of the brand association in their minds. Brand awareness influences consumer decision making by affecting the strength of this brand association. Keller argues further that positive brand image and brand awareness have significant influence on marketing activities related to a product brand.

**Keller (1993)** discussed that brand awareness includes brand recognition and brand recall. Moreover, brand recognition related to consumers’ ability in order to verify previous exposure to the brand when given the brand as a cue. In other words, brand recognition needed that consumers correctly distinguish the brand as having been seen or heard formerly. Brand recognition was the minimal level of brand awareness. It was based on an aided recall examination. Brand recognition was chiefly significant when a buyer chose a brand at the point of buying. The next level of brand awareness was brand recall. It related to the consumers’ ability to regain the brand while given the product category, the needs fulfilled by the category, or some other kind of query as a cue. In other words, brand recall needed that consumers could properly produce the brand from memory. Brand recall was based on unaided recall, which was a considerably harder task than recognition. The first-named brand in an independent recall task has achieved top-of-mind awareness. The related significance of brand recognition and recall relied on the extent to which consumers make decisions in the shop versus outside the shop. Brand recognition might be more essential to the extent that product decisions were made in the store.

**Aaker (1991)** has discussed that brand awareness creates value in different ways. Brand awareness provided the anchor to which other associations could be linked. Recognition provides the brand with a sense of familiarity and people like the familiar. In the absence of motivation to engage in attribute evaluation, familiarity might be enough. Brand awareness could be a sign of substance. The first set in the buying process often was to select a group of brands to think. Brand awareness could be crucial to getting into that group.

**Aaker (1991)** explained it was the capability of a possible purchaser to recognize or remind that a brand was a member of a certain product category. A link between product class and brand was involved. Brand awareness involved a
continuum ranging from an unsure feeling that the brand was recognized to a belief that it was the only one in the product category.

**Aaker (1991)** cited brand loyalty as the favorability or strength of a brand created by the customer’s satisfied experience of use and purchase. A direct way to determine loyalty, especially habitual behavior was to consider actual purchase patterns. Among the measures that could be used were: repurchase rates, percent of purchase and number of brands purchased. The brand loyalty of existing customers represented a strategic asset that, if properly managed and exploited, had the potential to provide value in several ways: reduce marketing costs, leverage trade, and attract new customers.

**Assael (1992) and Samuelsen Sanvik (1997)** have explained a positive attitude toward a brand resulting in consistent purchase of the brand over time. It was the result of consumers’ learning that only the exacting brand could please their requirements. Two approaches to the search of brand loyalty have dominated literature of marketing. The first, a behavioral approach to brand loyalty, views consistent purchasing of one brand over time as an indication of brand loyalty. Behavioral measures have defined loyalty by the series of purchases and/or the proportion of purchases. Repeat purchasing behavior was assumed to reproduce reinforcement and a strong stimulus-to-response link. However, such loyalty might lack commitment to the brand and reflect repeat buying based on inactivity. The second, a cognitive approach toward brand loyalty, underlines that behavior alone did not reflect brand loyalty. Loyalty implied a obligation to a brand that might not be reflected by just measuring continuous behavior. A family might purchase a especial brand since it was the lowest-priced brand on the marketplace. A slight adding to in price might cause the family to shift to another brand. In that case, continuous purchasing did not reflect loyalty or reinforcement. The product and reward links were not strong. The authors concluded that some of the apparent limitations of the strictly behavioral approach in measuring brand loyalty were overcome when loyalty included both attitudes and behavior.

**Aaker (1992)** explained that brand loyalty could reflect a range from the habitual buyer to the satisfied buyer to those that liked the brand to the truthfully committed and generated value mainly by reducing marketing costs: retaining existing
customers was much less costly than attracting new ones. It was also hard for competitors to converse to fulfilled brand users since they had little motivation to learn about alternatives. The burden on the competitor brand was substantial. A common mistake was to grow sales by inviting new customers to the brand as neglecting existed ones. Loyal customers in some cases could also attract others by advising others to use product or using it.

Aaker (1991) represented that brand loyalty of the customer base was often the core of a brand’s equity. It reflected how likely a customer would be ready to switch to another brand, particularly when that brand made a change, either in price or in product features. When brand loyalty increases, the vulnerability of the customer base to competitive action was reduced. There were at least five potential levels of loyalty. Those levels were stylized, and they did not always appear in the clean form. Those five levels do, however, provide a feeling for the variety of shapes that loyalty could take and how it impacted on brand equity. The bottom loyalty level was the non-loyal buyer who was totally indifferent to the brand. Each brand was perceived to be adequate, and the brand name played only a small role in the purchase decision. That purchaser might be termed a switcher. The second level included buyers who were satisfied with the product or at least not dissatisfied. These buyers might be termed habitual buyers. The third level included of those who were also satisfied and in addition, have switching costs, e.g., costs in time or money associated with switching.

Aaker et al. (1991) found that brand loyalty of existing customers represented a strategic asset which, if correctly managed and exploited had the potential to supply value in several ways. A loyal set of customers could decrease marketing costs, as it was much less costly to keep a customer than to take and regain, and it provided trade leverage over others in the distribution channel. Customers could make brand awareness and produce reassurance to new customers. Loyal customers would also give a company time to respond to competitive threats.

Jacoby et al. (1977) found that brand loyalty can be a separate construct from brand attitude, but that multi loyalty, or loyalty toward more than one brand, involves attitudes that can be more comprehensive. A high level of brand loyalty indicates a
tendency to buy only a signal brand in a product category not a multi-loyalty purchase intention.

Aaker (1991) studied that apparent quality was valuable in several ways. In many contexts, the perceived quality of a brand provided an essential reason to purchase. It was influencing which brands were included and excluded from the deliberation set and which brand was to be selected. A principal positioning characteristic of a brand was its location during the dimension of perceived quality. A perceived quality benefit provided the option of charging a best price. The price premium could enhance profits and provided properties with which to reinvest in the brand. Perceived quality could also be meaningful to retailers, distributors and other channel members and thus helped in taking distribution. Channel members were motivated to carry brands that were fine regarded. Moreover, the perceived quality could be exploited by introducing brand extensions, using the brand name to penetrate new product categories. A strong brand with respect to perceived quality would be capable of extend additional and would find a higher achievement probability than a weak brand.

Aaker (1991) found that perceived quality was first a perception by customers. It thus differed from several related concepts. Actual or objective quality - the extent to which the product or service delivers superior service, Product-based quality - the nature and quantity of ingredients, features or services included, Manufacturing quality - conformance to specification, the "zero defects" goal. Perceived quality could not necessarily be objectively determined, in part since it was a perception and also as judgments about what was important to customers were involved.

Zeithamal (1988) Perceived quality as "the consumer's judgment about a product's overall excellence or superiority". It is different from objective or actual quality, a higher-level abstraction rather than a specific attribute of a product, a global assessment that in some cases resembles attitude and a judgment usually made within a consumer's evoked set. Personal product experiences, unique needs and consumption situation may influence the consumer's subjective judgment of quality. High perceived quality means that, through the long-term experience related to the brand, consumers recognize the differentiation and superiority of the brand.
Garvin (1985) research has identified the following general dimensions of product quality.

a) Performance: levels at which the primary characteristics of the product operate (e.g. low, medium, high, or very high)

b) Features: secondary elements of a product that complement the primary characteristics.

c) Conformance quality: degree to which the product meets specifications and is absent of defects.

d) Reliability: consistency of performance over time and from purchase to purchase

e) Durability: expected economic life of the product

f) Serviceability: ease of servicing the product

g) Style and design: appearance or feel of quality

Rio et al. (2001) proposed measuring brand functions through the dimensions of guarantee, personal identification, social identification and status. The guarantee function, understood as the promise or guarantee of quality is based on the appraisal that the brand is reliable, efficiently carries out its performance qualities and meets the generated expectations.

Hogg, Cox and Keeling (2000) examined the personal identification function was related to the fact that consumers could recognize themselves with some brands and expand feelings of affinity towards them. In that literature on brand influence, a basic theory referred to the congruence between his self-image, the consumer's behavior, and the product image. That theory was based on the idea that persons could enrich their self-image throughout the images of the brands they purchase and utilize. In that way, the theory upheld that the greater the consistency between the consumer's self-image, and the brand image, the better the consumer's evaluation of a brand and the greater his intent to buy it.

Long and Schiffman (2000) have investigated that social identification function was based on the brand's capability to act as a communication tool allowing the consumer manifesting the wish to be integrated or, on the contrary, to detach himself from the groups of individuals that made up his closest social environment
(those people with whom he currently interacted or aspired to do so). Consumers paid attention to that function would definitely value those brands that enjoyed a good reputation among the groups to which they aspire or belong to form it.

**Vigneron and Johnson (1999)** found that role of brand association was based on five characters of the brand: (1) reflection of social approval; (2) social status and symbol of the individual's power; (3) limitation exclusivity of the offer to a small number of people; (4) contribution of emotional experiences; and (5) technical superiority.

**Krishnan (1996)** studied that result of brand associations in high brand awareness, were definitely related to brand equity since they helped a buyer think about the brand at the point of purchase, which leads to favorable behavior for the brand. He argued that associations could be used as a common word to represent a linkage between any two nodes which suggested an association in the consumer's mind. Associations came in all forms and might reflect characteristics of the aspects independent of the product or product itself. There was a diversity of ways brand association could provide value. Among the ways in which associations created value to its customers and the firm were helping to retrieve information, differentiating the brand, generating a cause to buy, creating helpful attitudes and providing a base to extension.

**Keller (1993)** presented a structural brand association’s model, which consisted of brand benefits and brand attributes, brand attitudes. Attributes were those descriptive features that characterized a service or product, what a consumer thought the product or service was or had and what was involved with its purchase or consumption. Attributes could be categorized in a mixture of ways, which distinguish according to how directly they related to service or product performance. Attributes of product-related were defined as the ingredients necessary for performing the service or product function sought by consumers. They related to a service's requirements or a product's physical composition. Attributes of non-product-related were defined as external aspects of the service or product that related to its consumption or purchase. The major types of non-product-related attributes were price information, product or packaging appearance information, user imagery (what kind of person used the
service or product), and usage imagery (where and in what kinds of situations the service or product was used).

**Aaker (1991)** explained that brand association was any mental link towards the brand. Brand associations might include customer benefits, uses, product attributes, life-styles, product classes, countries of origins and competitors. The association not only existed but also had a level of strength. The brand positions based on associations and how they varied from the competition. An association could affect the processing and recall of information, provide a reason to buy, provide a point of differentiation, create positive attitudes and feelings and serve as the basis of extensions. The associations that a well-established brand named provides could influence buy behavior and affected user pleasure. Even when the associations were not important to brand choices, they could reassure, decreasing the incentive to attempt other brands.

**Maslow (1990)** advised that brand association was like the social identification function was revealed to the need of individuals to communicate certain impressions to people in their social environment. However, the difference between the two functions lied in the fact that the social identification function was related to the desire to be accepted by and feel like members of certain groups. On the other hand, the status function corresponded to the individual's desire to achieve prestige and recognition from others, without that necessarily meaning that the brand was representative of their social group. Therefore, the status could even slow down the individual's identification with certain social groups. That was in line with Maslow's hierarchy of needs: the status and social identification functions were respectively related to the needs of ego and social.

**Pierre et al. (2011)** have studied that survival of organizations, moreover, was highly dependent on customer satisfaction and customer loyalty. Customer satisfaction, for instance, was considered as a necessary condition for customer retention and assisted in realizing economic goals like sales turnover and profit revenue.

**Mostafa et al. (2010)** have defined customer satisfaction as “the customer's response to the evaluation of the perceived discrepancy between prior expectations and the actual performance of the product/service as perceived after its consumption”.

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Meanwhile, customer loyalty was considered by many organizations as key to long-term profitability. It was defined as a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future. That led to repetitive same-brand or same brand-set purchasing despite situational influences and marketing efforts having the potential to cause switching behavior. Once brand loyalty was established, customers would not only continue to purchase the products and services in the future, but also recommended to family and friends, and chose the product over competitors.

Leone et al. (2006) have stated that according to the concept, brand knowledge was not about the facts of the brand, but all the thoughts, feelings, perception, experience, image, and so on that became linked to the minds of the customer (actual or potential, individual or organization).

Keller (1993) has advocated the fundamental premise with customer-based brand equity was that the brand power lied in the minds of customers and what they have learned knowledge about the brand over time. The advantage of conceptualizing brand equity from the consumer’s perspective was that it enabled managers to think particularly how their marketing program has improved the worth of their brands. Even though the eventual purpose of many marketing programs was to increase sales, it was first necessary to set up knowledge structures for the brand so that consumers respond favorably to marketing activity for the brand.

Regarding to literature on brand equity on different products and services means car industries, hospital services, hotel industries, bank services, restaurant industries, retailing, beverage industries, mobile products and services, pharmaceutical firms and etc. Most of the studies were conducted on brand equity across COO, across gender, customer satisfaction, shareholder values, gross profit, CRM, research and revenue premium and some studies focus on marketing mix elements like advertising spending, pricing, sales promotion, store image, brand preference, distribution intensity etc.

There were few studies focused on brand equity of durable goods on household appliances namely refrigerator, television, and air conditioners in Malaysia market focused on the influence of brand on country of origin image. Another study found that customer pleasure on Korean companies on Samsung and LG products
from Mumbai. That study was unique in its usage of household appliances measure of brand equity as the major data source. To address that gap, this study made evident to an important positive correlation between brand equity and marketing mix elements on consumer household appliances. Consequently this exclusive research through a light upon household appliance producers highlight on creating better brand equity practices.

2.2 History of Brand Equity


Researchers have also found out that brands with high brand equity have received a significant purchase price, even when a company has declared bankruptcy (Kaikati and Kaikati 2003). Opposite that, Bugle Boy, and Schwinn were noted examples of that, selling for $117.5 million, $68.6 million, and more than $60 million respectively, suggesting that high brand equity could provide rewards even when a company was in a poor financial position. Brand equity was recognized in the symbols and name associated with a company, and the very act of social responsibility was believed to be a significant driver for building brand equity (Wood 2004). The direction a company took in assisting the common public, or dealing with a corporate fault, assist consumers in building attitudes and linked towards a specific brand and results in reinforcing their buying behaviors.

Brand equity was felt in all areas of the production and promotion of a product, and enhanced insight of the factors which build brand equity would provide financial rewards to companies. That has been a chief research topic for the
production of goods for centuries, and will now receive attention in the field of services. Berry (2000) has concluded that branding would be the cornerstone of services marketing for the twenty-first century.

Mahajan et al. (1994) have described the results of brand equity such as below:

- Increase performance (for instances, increase in revenues due to the firm’s ability to charge a premium price, or enhance in market share) and / or marketing efficiency (for example, reduce promotional and advertising expenditures) associated with the brand.

- Vulnerability (or longevity) of a brand due to its loyal customer base and distribution relations, and

- Extensibility (or carryover potential) to other brands and markets of the acquiring firm.

The major points increased performance and/or marketing efficiency, longevity or vulnerability, and carryover potential, were the main reasons for companies invest so heavily in the management and development of a company or name of product brand.

Aaker (1991) has explained that although it has not thoroughly been examined in each specific market, high brand equity usually results in increased performance and marketing efficiency. One only had to examine the amount of advertising dollars being used toward building brand awareness and the financial performance of companies with perceived high brand equity in order to determine the value of making and maintaining high brand recognition in the minds of consumers. That was substantiated by the research of Bristow et al. (2002), who found out the top 200 brands, in terms of dollars, were committed to advertising, spending over $7 billion to support their brand names with consumers.

2.3 Elements of Brand Equity:

De Chernatony and Dall’Olmo Riley (1998) have published a detailed content analysis of over one hundred articles from trade as well as from academic journals, providing a wide and rich perspective of the range of definitions which was used for
brands. As a result of their analysis, they have identified twelve major brand elements that clearly indicated the broad range of definitions of the “brand” in the literature.

Elements of those brands consider brands as follows:

1) Legal instrument
2) Logo
3) Company
4) Shorthand
5) Risk reducer
6) Identity system
7) Image in consumers’ minds
8) Value system
9) Personality
10) Relationship
11) Adding value and
12) Evolving entity.

The elements of twelve brands were not completely mutually exclusive, but they obviously represent a categorization of the most key elements of brands in the marketing literature. Each of the twelve brand elements took the perspective of either company or consumers (or both of them) in shaping the antecedents and the consequences of the brand. For this reason, the company’s activities and consumers’ perceptions came into sight as the two major boundaries of the brand. The brand exists chiefly by virtue of a continuous process whereby the values and expectations imbued in the brand were set and enacted by the corporation and interpreted and recognized by the consumers (de Chernatony – Dall’Olmo Riley 1998)

2.4 A Five Assets Model of Brand Equity:

Brand loyalty, brand awareness, perceived quality, brand associations and other proprietary brand assets as the five asset dimensions were creating brand equity. In below figure, five assets model of brand equity will be illustrated.
A Five Assets Model of Brand Equity

Aaker (1992) has represented that the five assets model explained that brand equity provided value to the customer, as well as to the company. Consequently, the resulting customer value became a base to provide value for the firm. The implication was that in managing brand equity, it was essential to be sensitive as to how value could be created to run brand equity effectively and to make informed decisions about brand-building activities.

Brand equity provided value to the customer in at least three ways (Aaker 1992). The First way was that brand equity assets could help a customer to interpret, process, store, and retrieve a huge quantity of information about brands and products. Second, the assets could also influence the customer’s confidence in the buy decision, a customer would usually be more contented with the brand that was last used, was considered to have high quality, or was familiar. The third way that brand equity assets, mostly perceived quality and brand associations, provide the customer with value was by enhancing the customer’s satisfaction when the individual used the product.
Brand equity provided value to the company in at least six ways (Aaker 1992). The first way was that brand equity could increase the effectiveness and efficiency of marketing programs. For example, a promotion that provided an incentive to try a new flavor or new use would be more effective if the brand was familiar and if the promotion did not have to affect a consumer sceptical of brand quality. An advertisement announcing a new model or feature would be more likely to be remembered and stimulate action, if the possible consumer had a high-quality perception of the brand.

Second way, by increasing customer satisfaction and providing reasons to buy the product, brand awareness, perceived quality, and brand associations could strengthen brand loyalty. Even when those assets were not visibly pivotal to brand choice, they could reassure the customer, reducing the incentive to try other brands. Enhanced brand loyalty was mainly important in buying time to respond to competitor innovations.

Third way, brand equity would usually provide higher margins for products by reducing reliance on promotions and permitting premium pricing as well. In many contexts, the elements of brand equity served to support premium pricing or to resisted price erosion. In addition, a brand with a disadvantage in brand equity would often have to invest more in promotional activity just to maintain its position in the distribution channel.

Fourth way, brand equity could provide a platform for growth by brand extensions.

Fifth, brand equity also could provide leverage in the distribution channel. Like channel members, customers have less uncertainty dealing with a proven brand name which has already achieved recognition and has established strong associations. Furthermore, by having a strong brand, companies had the potential to gain efficiencies and synergies by using of the product’s visual effect on the store shelf and promotion.

Finally, brand equity assets provided a firm with a important advantage: a barrier which might prevent customers from switching to a competitor.
2.5 Customer-Based Brand Equity:

Keller (2002) has defined customer based brand equity as the differential effect that customer knowledge about a brand had in the response of customer to marketing activities and program for the brand. Leone et al. (2006) have considered that regarding to the concept, brand knowledge was not about the facts of the brand, but all the thoughts, feelings, perception, image, experience etc that became linked to the minds of the customer (actual or potential, individual or organization).

The basic principle with customer-based brand equity was that the power of a brand lied in the minds of consumers and what they have experienced and learned about the brand over time. The benefit of conceptualizing brand equity from the consumer’s perspective was that it enabled managers to regard as purposely how their marketing program improved the value of their brands. Although the eventual aim of many marketing programs was to increase sales, it was first essential to establish knowledge structures for the brand in order that consumers responded favorably to marketing activity for the brand (Keller 1993).

Customer-based brand equity could be defined as the differential influence that brand knowledge had on consumer response to the marketing of that brand. There were three main ingredients to that definition: (1) differential effect, (2) brand knowledge, and (3) consumer response to marketing. First, brand equity rose from differences in consumer response. If no differences occurred, then the brand can essentially be classified as a commodity or generic version of the product. Second, those differences in response were a result of consumers’ knowledge about the brand. Although powerfully influenced by the marketing activity of the corporation, brand equity eventually depends on what resided in the minds of consumers. Third, the differential response by consumers that made up the brand equity was reflected in perceptions, preferences, and behavior related to all aspects of the brand’s marketing (Keller 1993; Keller 1998).

Conceptualizing brand equity from the consumer’s perspective was helpful since it suggested both particular guidelines for marketing strategies and tactics and areas where research could be helpful in assisting managerial decision making. Two main points emerge from that conceptualization. First, marketers should take a broad view of marketing activity for a brand and identify the different effects it had on brand knowledge, as well as how changes in brand knowledge affected more
traditional outcome measures like sales. Second, markets must realize that the long-term success of all future marketing programs for a brand was deeply affected by the knowledge about the brand in memory that has been established by the firm’s short term marketing efforts. In summary, since the content and structure of memory for the brand will impact the efficiency of future brand strategies, it was critical that managers understood how their marketing programs affect consumer learning and thus subsequent recall for brand-related information (Keller 1993).

Brand knowledge was the main subject in creating customer-based brand equity. Brand knowledge could be conceptualized as consisting of a brand node in memory with a variety of brand associations. Brand knowledge was a composed of (1) brand awareness, that related to consumers’ ability to distinguish or recall the brand and (2) brand image, which includes perceptions of consumers of and associations for the brand. Making brand awareness required repeatedly exposing consumers to the brand as well as connecting the brand in consumer memory to its product category and to purchase, consumption and usage situations. Building a positive brand image required establishing strong, unique and favorable associations for the brand. Figure 2.2 illustrates the major elements of brand knowledge.

The Main Elements of Brand Knowledge

Figure 2.2: Source: Keller Kevin (1998) Strategic Brand Management, Building, Measuring, and Managing Brand Equity, Prentice Hall: Upper Saddle River, 94
Brand awareness is related to the power of the brand node in memory, as reflected by ability of consumers to recognize the brand under unlike conditions. Brand awareness consists of:

1) Brand recognition reflecting the capability of consumers to verify previous exposure to the brand.

2) Brand recall reflecting the capability of consumers to recover the brand, when given the product category, the needs fulfilled by the category, or some other kind probe as a signal.

Brand awareness could be characterized according to breadth and depth. The depth of brand awareness concerned the likelihood that the brand could be recalled or distinguished and the breadth of brand awareness related to the different of buy and consumption situations in which the brand came to mind (Keller 1993; Keller 1998).

Brand image was defined as perceptions of consumer of a brand as reflected by the brand associations’ hold in memory of consumers. Brand associations were informational nodes connected to the brand node in memory and have the meaning of the brand for consumers. Brand associations came in many dissimilar kinds, which include, product-related and non-product related attributes, symbolic or experiential benefits, functional, and attitudes. For customer based brand equity to occur, some of those brand associations must be strong, unique and favorable. Strong associations were likely to result with information deemed related and presented consistently over time. Favorable brand associations occurred when consumers believed that the brand possesses attributes and benefits that satisfied their needs and wants. In terms of uniqueness brand associations might or might not be shared with other competing brands. The favorability, strength, and uniqueness of brand associations play a main role in determining the differential response that made up customer-based brand equity, particularly in high involvement decision settings where consumer ability and motivation were sufficiently present (Keller 1993; Keller 1998).

Brand image was the summation of impressions at affect how we perceived a brand, including elements that identified or distinguished the brand from others, the personality the brand acquires, and the benefits it promised. Brand image was largely a perceptual and subjective phenomenon that was formed throughout consumer
interpretation, whether emotional or reasoned. When brand images were strong, they could be used to improve a person’s self-image (De Chernatony – Dall’Olmo Riley 1998; Keegan – Moriarty – Duncan 1995).

2.6 Assets Dimensions of Brand Equity:

The intangible assets of brands created the base of brand equity. Brand equity consists of five varied asset dimensions. Those assets include (1) brand loyalty, (2) brand awareness, (3) perceived quality, (4) brand associations, and (5) other proprietary assets like patents, channel and trademarks relationships. If managed well, those assets added value to the service or product and produce additional customer satisfaction, which, in turn, make available a number of benefits to the firm (Aaker 1991).

Brand Loyalty:

Brand loyalty represented a positive attitude toward a brand resulting in consistent buy of the brand over time. It was the consequence of consumers’ learning that only the particular brand could satisfy their requirements. Two approaches to the study of brand loyalty have conquered marketing literature. The first, a behavioral approach to brand loyalty, views consistent purchasing of one brand over time as a sign of brand loyalty. Behavioral measures have defined loyalty by the succession of purchases and/or the share of purchases. Repeat purchasing behavior was assumed to reflect reinforcement and a powerful stimulus-to-response linkage. But, such loyalty might shortage of commitment to the brand and reflected repeat buying based on inertia. The second, a cognitive approach to brand loyalty, underlines that behavior alone did not reflect brand loyalty. Loyalty implied a commitment to a brand that might not be reflected by just measuring continuous behavior. A family might purchase an exacting brand since it was the lowest-priced brand on the marketplace. A slight enhance in price may cause the family to move to another brand. In that case, continuous purchasing did not reflect loyalty or reinforcement. The stimulus and reward links were not powerful. We could conclude that some of the obvious limits of the strictly behavioral approach in measuring brand loyalty were overcome when loyalty included both attitudes and behavior (Assael 1992; Samuelsen – Sanvik 1997).
Brand loyalty that could reflect a range from the regular buyer to the satisfied buyer to those that like the brand to the truly committed – generates value mostly by decreasing marketing expenses: retaining existing customers was much less expensive than attracting new ones. It was also not easy for competitors to converse to satisfied brand users since they had little stimulus to learn about alternatives. The burden on the competitor brand was considerable. A common error was to mature sales by enticing new customers to the brand while neglecting accessible ones. Loyal customers, in some cases, could also entice others by advising others or using the product to use it (Aaker 1992).

Brand loyalty was a complex phenomenon. At least seven varied kinds of brand loyalty could be distinguished. In emotional loyalty, memorable, unique, reinforcing experiences created a strong emotional bond with a brand. Positive word-of-mouth was likely to be very high. In identity loyalty, the brand was used as an expression of self, to bolster self-esteem and manage impressions. Branding prospects into related product categories were high-quality. In differentiated loyalty, brand loyalty was based on perceived superior attributes and features. At that time, demonstrations and trials were very main tools of marketing tactics. In contract loyalty, a consumer believed that continued loyalty earned him or her special treatment, but a competitor could question whether the trust of consumer was being exploited. In switching cost loyalty, a consumer was loyal since the attempt involved in considering alternatives and adapting to a new alternative was not worth the expected return. From time to time, the consumer might even be dissatisfied but would remain loyal since a competitor was perceived to be same. Competitors could undermine loyalty by making it easy to switch throughout, e.g., product design, terms and training. In familiarity loyalty, brand loyalty was the result of top-of-mind brand awareness. This type of loyalty was attacked and defended by constant, attention arising advertising that built top-of-mind brand awareness. Finally, in convenience loyalty, brand loyalty was based on purchasing expediency. That type of loyalty might be attacked by the expansion of a challenger into convenience channels. It could be concluded that some kinds of loyalties were moderately easy to change since the habit was only sustained, superficial by buying convenience or the fact that the brand was the first to occur to mind (Dickson 1994).
The brand loyalty of the customer base was frequently the core of a brand’s equity. It reflected how likely a customer would be ready to switch to another brand, especially when that brand made a change, either in price or in product or service features. Because brand loyalty increased, the vulnerability of the customer base to competitive action was reduced. There were at least five potential levels of loyalty. Those levels were stylized, and they did not always appear in the pure shape. Those five levels do, however, provide a feeling for the diversity of forms that loyalty could take and how it impacted upon brand equity (Aaker 1991). In figure 2.3 shows the Loyalty Pyramid.

The Loyalty Pyramid

![Loyalty Pyramid Diagram](image)

**Figure No. 2.3: Source:** Aaker D., *Managing Brand Equity* (New York: The Free Press 1991), 40.

The bottom loyalty level was the non-loyal buyer who was completely indifferent to the brand. Each brand was perceived to be adequate, and the brand name played only a small role in the buy decision. That buyer might be termed a switcher. The second level included buyers who were satisfied with the product or at least not dissatisfied. Those purchases might be termed habitual buyers. The third level consisted of those who were also satisfied and, in addition, have switching expenses,
e.g., expenses in time or money associated with switching. That group might be called switching-cost loyal. On the fourth level we find those that truly such as the brand. Their preference might be based on a mark, a set of use experiences or a perceived high quality.

Segments at that fourth level might be termed friends of the brand, since there was an emotional/ feeling attachment. At the top level were committed customers. They feel pride in being users of a brand. The brand was very important to them either functionally or as a term of who they were. Their confidence in the brand was such that they would recommend it to others.

The brand loyalty of existing customers represented a strategic asset that, if properly managed and exploited, had the potential to provide value in numerous ways. A loyal set of customers could reduce marketing expenses, because it was much less costly to keep a customer than to get and regain, and it provided trade leverage over others in the distribution channel. Customers could create brand awareness and generate reassurance to new customers. Loyal customers would also give a company time to respond to competitive threats (Aaker 1991; Dekimpe – Steenkamp – Mellens – Abeele 1997).

**Brand Awareness:**

Brand awareness was the ability of a potential buyer to distinguish or recall that a brand was a member of a definite product category. A linkage between product class and brand was involved. Brand awareness involved a continuum ranging from an unsure feeling that the brand was recognized to an idea that it was the only one in the product category (Aaker 1991).

Brand awareness composed of brand recalls and brand recognition (figure 2.2). Brand recognition related to consumers’ capability to confirm previous exposure to the brand when given the brand as a cue. In other words, brand recognition required that consumers correctly distinguish the brand as having been heard or seen previously. Brand recognition was the minimal level of brand awareness. It was based on an aided recall examination. Brand recognition was particularly significant when a buyer chose a brand at the point of purchase. The next level of brand awareness was brand recall. It related to the ability of consumers to retrieve the brand when given the
product category, the needs fulfilled by the category, or some other kind of probe as a cue. In other words, brand recall required that consumers could properly produce the brand from memory. Brand recall was based on unaided recall, which was a considerably more difficult task than recognition. The first-named brand in a without help recall task had achieved top-of-mind awareness. The relative significance of brand recognition and recall rely on the extent to which consumers make decisions in the store versus outside the store. Brand recognition might be more essential to the extent that product decisions were made in the store (Keller 1993; Keller 1998).

Brand awareness created value in various ways. Brand awareness provided the anchor to which other associations could be linked. Recognition provided the brand with a sense of familiarity and people like the familiar. In the lack of motivation to connect in attribute evaluation, familiarity might be sufficient. Brand awareness can be a signal of matter. The first set in the buying process often was to select a group of brands to consider. Brand awareness could be crucial to getting into that group (Aaker 1991).

Brand awareness played a vital role in consumer decision making for three main reasons. First, it was significant that consumers think of the brand when they thought about the product category. Raising brand awareness increased the likelihood that the brand would be an element of the consideration set. Second, brand awareness could affect decisions about a brand in the consideration set. For instance, some consumers have been shown to accept a decision rule to buy only, well-established, familiar brands. In low involvement decision settings, a smallest amount level of brand awareness might be enough for product choice, even in the lack of a well-formed attitude. Finally, brand awareness affected consumer decision making by the strength of brand associations and influencing the formation in the brand image (Keller 1993).

**Perceived Quality**

Perceived quality could be defined as the perception of customer of the overall quality or superiority of a product or service relative to alternatives. Perceived quality could not unavoidably be objectively determined, since perceived quality itself was a summary construct (Aaker 1991).
Perceived quality was valuable in several ways. In many contexts, the perceived quality of a brand provided a pivotal reason to purchase. It was influencing which brands were included and excluded from the consideration set and which brand was to be chosen. A main positioning characteristic of a brand was its location within the dimension of perceived quality. A perceived quality benefit provided the option of charging a premium price. The price premium could enhance profits and provide resources with which to reinvest in the brand. Perceived quality could also be meaningful to retailers, distributors and other channel members and thus assist in gaining distribution. Channel members were aggavated to carry brands that were well regarded.

In addition, the perceived quality could be exploited by introducing brand extensions, using the brand name to enter new product categories. A strong brand with respect to perceived quality would be able to extend further, and would find a higher achievement chance than a weak brand.

Aaker (1991) also points out the significance of perceived quality which is shown in figure 2.4.

**The Value of Perceived Quality**

![Diagram of Perceived Quality](image)

*Figure 2.4: Source: Aaker, David A. (1991), Managing Brand Equality. New York: Free Press. 86.*
**Reason-to-Buy**

In many contexts, perceived quality of a brand provides a pivotal reason-to-buy, influencing which brands are included and excluded from consideration, and the brand that is to be selected.

A customer often lacks the motivation to obtain and sort out the information that might lead to an objective determination of quality in a given application. Or the information may simply be unavailable. Or the customer may not have the ability or resources to obtain or process it. In any case, perceived quality becomes central. Because the perceived quality is linked to a purchase decision, it can make all elements of the marketing program more effective. If the perceived quality is high, the job of advertising and promotion is more likely to be effective.

**Differentiate/Position:**

A principal positioning characteristic of a brand is its position on the perceived quality dimension. Perceived quality can provide an important basis for differentiation. In some product classes the various brands are not distinguishable by most consumers. Differentiation can play a critical role in separating one brand from another. Differentiation can be a key competitive advantage. If a brand is well positioned (with respect to competitors) upon a key attribute in the product class, competitors will find it hard to attack. If a frontal assault is attempted by claiming superiority upon that dimension, there will be a credibility issue. For instance, it would be difficult for a competing firm to make credible a claim that it has surpassed, or even matched. A competitor, for all practical purposes, may have to find an application other than athletic competition. Thus, differentiation can be a formidable barrier to competitors.

**A Price Premium:**

A perceived quality advantage provides the option of charging a premium price. The price premium can increase profits, and/or provide resources with which to reinvest in the brand. These resources can be used in such brand-building activities as enhancing awareness or associations, or in research and development (R&D) activities to improve the product. A price premium not only provides resources, but can also reinforce the perceived quality. The "you get what you pay for" belief is
especially important in the case of goods and services for which objective information is not readily available.

Instead of a price premium, the customer may be offered a superior value at a competitive price. This added value should result in a large customer base, higher brand loyalty, and more effective and efficient marketing programs.

**Channel Member Interest:**

Perceived quality can also be meaningful to retailers, distributors and other channel members, and thus aid in gaining distribution. We know that the image of a channel member is affected by the products or services included in it line- stocking "quality products" can matter. In addition, a retailer or other channel member can offer a high-perceived quality product at an attractive price to draw traffic. In any case, the channel members are well-regarded that customers want.

**Brand Extensions:**

In addition, the perceived quality could be exploited by using the brand name and introducing brand extensions to enter new product categories. A strong brand with respect to perceived quality would be able to extend further and would find a higher achievement chance than a weaker brand.

**Brand Associations**

A brand association was any intellectual linkage toward the brand. Brand associations may include, e.g., customer benefits, product attributes, uses, product classes, life-styles, competitors and countries of origins. The association not only existed but also had a level of strength. The brand position was based on associations and how they differed from the competition. An association could influence the processing and recall of information, provide a reason to buy, provide a point of differentiation, create positive attitudes and feelings and serve up as the basis of extensions. The associations that a well-established brand name provides could influence purchase behavior and influence user satisfaction. Even when the associations were not significant to brand choices, they could reassure, decreasing the incentive to attempt other brands.
The Main Types of Brand Associations

![Diagram showing the main types of brand associations: Attributes (Product-Related, Non-Product-Related), Benefits (Functional, Experimental, Symbolic), Attitudes.]

**Figure 2.5: Source: Aaker D., Managing Brand Equity (New York: The Free Press 1991), 272.**

Brand associations might take various forms. One way to differentiate among brand associations was the level of abstraction, which was, how much information was summarized or subsumed in the association. Within that dimension, the kinds of brand associations could be classified into three most important types of increasing scope: (1) attributes, (2) benefits, and (3) attitudes. Several additional distinctions could be made within those kinds respecting to the qualitative nature of the organization. Figure 2.5 shows the major types of brand associations (Dickson 1994; Keller 1993; Keller 1998).

The first kind of brand associations were brand attributes. Attributes were those descriptive features that characterized a product or service. Attributes could be distinguished regarding to how directly they related to product or service performance. Along those lines, attributes could be classified into product-related and non-product-related attributes (Keller 1993).

Product-related attributes were defined as the ingredients essential for performing the main product or service function sought by customers. Therefore, they related to a product’s physical composition or a service’s necessities. Product-related attributes determine the nature and level of product performance. Product-related
attributes could be further distinguished regarding to necessary ingredients and optional features, either essential for a product to work, or permitting for more versatile, customization, and personalized usage (Keller 1998).

Non-product-related attributes were defined as outdoor aspects of the product or service that related to its consumption or purchase. Non-product-related attributes might affect the consumption or purchase processes but did not directly affect the product performance.

The four major types of non-product-related attributes were price information, product appearance information or packaging, user imagery, i.e., what kind of a person used the product or service, and usage imagery, i.e., where and in which situations the product or service was used. The price of the product or service was considered a non-product-related attribute since it represented a required step in the buy process but was not intrinsic related to the product performance or service function. Price was a chiefly main attribute, since consumers frequently have strong beliefs about the price and quality. In nearly all cases, packaging did not directly relate to the necessary ingredients for product performance. User and usage imagery attributes could be formed directly from a consumer’s own experiences and contact with brand users or indirectly throughout the depiction of the target market as communicated, e.g., in brand advertising. Associations of a characteristic brand user might be based on, e.g., demographic or psychographic factors. Association of a typical use situation might be based on the time of day, week, or year, the location, i.e., inside or outside the home, or the kind of activity (formal or informal), among other aspects (Keller 1993).

The second sort of brand associations was brand benefits. Benefits were the individual value and meaning that consumers attach to the product or service. Benefits could be further distinguished into three categories regarding to the fundamental motivations to which they related: functional, experiential, and symbolic benefits. Functional benefits were the more intrinsic advantages of product or service consumption and usually correspond to the product-related attributes. Those benefits often were linked to fairly basic motivations, like physiological and safety needs, and might involve a desire for problem avoidance or removal. Experiential benefits relate to what was felt when the product or service was used and them usually also
correspond to both product-related attributes as well as non-product-related attributes like usage imagery. These benefits satisfy experiential requirements such as sensory variety, pleasure, and cognitive stimulation. Symbolic benefits were the more extrinsic recompense of product or service consumption. They usually corresponded to non-product-related attributes and relate to fundamental requirements for personal expression or social approval. Symbolic benefits were especially relevant for socially noticeable products. Consequently, consumers might value the prestige, exclusivity, or fissibility of a brand because of how it related to their self-concepts (Keller 1993; Keller 1998).

The third and most conceptual types of brand associations were brand attitudes. Brand attitudes were defined in terms of consumers’ overall evaluations of a brand. Brand attitudes were significant since they frequently structure the basis for actions and behavior that consumers take with the brand (e.g., brand choice). Consumers’ brand attitudes in general rely on specific considerations concerning the attributes and payback of the brand. It was significant to note that brand attitudes could be formed on the base of benefits about product-related attributes and functional benefits and/or beliefs about non-product-related attributes and figurative and experiential benefits (Keller 1993; Keller 1998).

The various kinds of brand associations could differ according to their favorability, uniqueness, and strength. Brand associations differed according to how favorably they were evaluated.

The success of a marketing program was reflected in the creation of favorable brand associations, i.e., consumers believed the brand had attributes and benefits that satisfied their requirements and desires, in order that a positive overall brand attitude was formed. The strength of brand associations relies on how the information enters consumer memory and how it was maintained as a part of the brand image. Accordingly, the more actively a consumer thinks about and elaborates on the significance of product or service information, the stronger associations were created in memory.

That strength, in turn, increased both the likelihood that information would be easy to get to and the ease with which it could be recalled. The attendance of strongly held favorably evaluated associations that were exclusive to the brand and imply
superiority over other brands was fundamental to a brand’s success. However, if the brand has no competitors, the brands will nearly all possible shares some associations with other brands. Shared associations could help to establish a category member and define the scope of competition with other products and services. The favorability and force of a brand organization could be affected by other brand associations in memory. Congruence was defined as the extent to which a brand association shared content and meaning with another brand association. In general, information that was consistent in meaning with existing brand associations should be more simply learned and remembered than unrelated information.

The congruence among brand associations verifies the cohesiveness of the brand image. The cohesiveness of the brand image might verify consumers’ more holistic reactions to the brand (Keller 1993; Keller 1998).

Secondary brand association occurred when the brand association itself was linked to other memorized information that was not directly related to the product or service. Since the brand became recognized with that other entity, consumers might infer that the brand shared associations with that entity, consequently producing indirect linked for the brand. Secondary associations might arise from associations related to, e.g., the corporation, the distribution channels, and the country of origin, a celebrity spokesperson of the product or service, or an occasion. The first three types of secondary associations involved factual sources for the brand. First, the brand might differ by the extent to which it was identified with a particular company. Similarly, a brand might be associated with its “country of origin” in such a way that consumers inferred specific beliefs and evaluations.

Finally, the channels of distribution for a product might also create secondary associations.

The last two kinds of secondary associations occurred when the primary brand associations were linked to user and usage situation attributes, particularly when they were for a particular person or event. Consider the case in which a well-known person lends credibility to product or service claims because of his or her skill, trustworthiness, or attractiveness. Similarly, when a brand became linked with an occasion, some of the associations with the event might become indirectly associated with the brand. Secondary brand associations might be significant if existing brand
associations were deficient in some way. In other words, secondary associations could be leveraged to create favorable, strong, and unique associations that otherwise might not be present (Keller 1993; Keller 1998).

2.7 Managing of Brand Equity:

Six general guidelines (Keller 1993) for managing customer-based brand equity emphasized the significance of taking a broad view of marketing a brand; specifying the preferred consumer knowledge structures and central benefits of a brand; making an allowance for a wide range of traditional and non-traditional marketing communication options; coordinating and taking a long-term view of the marketing decisions to be got; conducting tracking studies; and evaluating possible extension candidates.

First, a marketer should adopt a wide view of marketing decisions. Marketing action for a brand could generate value for the brand by potentially improving consumers’ ability to recall or recognize the brand and/or by creating, maintaining, or varying the power, favorability, or exclusivity of various sorts of brand associations.

Second, marketers should describe the knowledge structures that they would like to generate in the minds of consumers by specifying desired levels of awareness and strength, favorability, and exclusivity of product and non-product-related attributes, and functional, empirical, and symbolic benefits. In particular, marketers should make a decision on the core requirements and wants of consumers to be satisfied by the brand. Marketers should also make a decision the extent, to which it was essential to leverage secondary associations for the brand by linking the brand to the company, product class, exacting person, place, or event in such a way that associations with those entities became indirect associations for the brand.

Third, marketers should evaluate more and more large number of tactical options accessible, particularly in terms of various marketing communication alternatives. The entire marketing program should be co-ordinate to generate congruent and strong brand associations. Unlike marketing tactics with the similar strategic objectives, if effectively integrated, could produce multiple links to core
benefits or other key associations, helping to produce a consistent and cohesive brand image.

Fourth, marketers should take a long-term vision of marketing decisions. The changes in consumer knowledge about the brand on the basis of current marketing actions would also have an indirect effect on the achievement of future marketing actions. It was significant to reflect on how resulting changes in brand awareness might help or hurt succeeding marketing decisions.

Fifth, marketers should assess potential extension candidates for their capability and possible response effects on central brand image. Brand extensions capitalize on the brand image for the central product or service to efficiently notify consumers and retailers about the new product or service.

Finally, marketers should utilize tracking studies to calculate consumer knowledge structures over time to detect any changes in the various dimensions of brand knowledge and to recommend how these changes might be related to the effectiveness of different marketing events. Consumer knowledge of competitive brands should be equally tracked to make available information on their sources of customer-based brand equity (Keller 1993).

Customer-Based Brand Equity Measurement:

There were two essential balancing approaches to measuring customer-based brand equity. The indirect approach tried to assess potential sources for customer-based brand equity by measuring brand knowledge structures, which was, consumers’ brand awareness and brand image. The indirect approach was useful for identifying what aspects of the brand knowledge might potentially cause the differential reply that creates customer-based brand equity. The direct approach to measuring customer-based brand equity, on the other hand, tried to more directly evaluate the effect of brand knowledge on consumer response to dissimilar elements of the marketing program for the company. The direct approach was helpful in approximating the possible outcomes and benefits that occurred from the differential reply that creates customer-based brand equity. The indirect and direct approaches to measure customer-based brand equity were complementary and should be used together. To apply those two different kinds of measures in a managerial setting, it was essential to
plan and put into place a customer-based brand equity measurement structure. There existed an wide set of research procedures designed to make available timely, correct and actionable information for marketers in order that they could make the best possible tactical decisions in short run and strategic decisions in the long run (Keller 1993; Keller 1998).

A number of benefits could result from strong customer-based brand equity in terms of both better revenue and lower expenses. The benefits from customer-based brand equity could be grouped into (1) factors connected to growth (e.g., a brand’s ability to attract new customers, resist competitive action, establish line extensions and cross international borders), and (2) factors connected to profitability (e.g., brand loyalty, lower price elasticity, premium pricing, and greater trade leverage). Brands with helpful customer-based brand equity might provide also other benefits to the company not directly related to the products or services themselves, like helping the firm to catch the attention of better employees, creating greater interest from investors, and garnering more support from shareholders (Keller 1998).

Aaker (1991) was the first to suggest a way of assessing customer-based brand equity measurements. He supported that brand equity was measured by how consumers perceive a brand in regards to brand loyalty, name awareness, perceived quality, brand associations, and other proprietary brands assets. This measurement was to be recognized by surveying customers straight forwardly to determine satisfaction and perceptions considering a brand and its equity.

**Financial Based Brand Equity Measurement:**

The consumer-based method of measuring brand equity is based on the feedback of consumers, the financial-based brand equity methods are more focused on valuating brand equity upon financial performance. This methodology involves highlighting key financial measures and factoring these results into a formula for evaluating brands. Winters (1991) provide three methods accountants use when determining the value of a brand as:

1. Market approach – present value of the future economic benefits to be derived by the owner of a property.
2. Cost approach – amount of money required to replace a brand, including the costs of product development, test marketing, advertising, etc.

3. Income approach – net income derived from the brand divided by the risks associated with the brand achieving the prospective earnings.

However, accountants usually price a brand at four to six times the annual profit realized from the sale of the branded product. Winters believes there is general disagreement over the different means of valuating brand equity and that this disparity has resulted in numerous different valuation methods being utilized.

In comparison to Keller (1993) and his insights on customer-based brand equity, Simon and Sullivan (1993) make available the means to examine brand equity through a financial approach. The authors present a financial technique based on financial market estimates of brand-related profits. The method for the financial approach takes into consideration expenditures on advertising and research and development, company market share, age of the firm, and market concentration in combination with tested dummy variables. The article also shows support that marketing events (ex. a new product launch) have a significant effect on brand equity. The results provide evidence that brand equity comprises a large percentage of the total value of many firms and gives weight to the belief that brands must be managed effectively.

One of the first articles to utilize a private sector measure of brand equity was put forth by Baderhausen (1995). The Financial World (later renamed Business Week) uses a measurement methodology condensed from the formula used by Interbrand Corporation. The method involved collating industry ratio’s (ex. gross profit margin) and then attributing a brand strength multiple to the different brand sample. These ratios were then examined against the industry norms to determine if the company’s brand was being over or under-utilized.

Motameni and Shahrokhi (1998) present an overview of some of the viewpoints and work towards a global financial perspective on brand equity valuation. The study proposes a global perspective, similar to the Interbrand Group formula, based on a brand’s net earnings (differential earnings of a branded and an unbranded product) multiplied by different multiples involving importance and customer,
competitor, and global potency. The model utilizes some of the research conducted by Simon and Sullivan (1993) in its development, but does not test its findings on actual businesses within this study.

### 2.8 Leveraging Brand Equity:

There were three ways to use brand equity for maximum advantages: firstly creating it, secondly borrowing it and thirdly purchasing it. Increasingly, “building” brand equity was hard given the proliferation of brands and the powerful competition that was widespread in many industries. Within a given industry, there naturally existed many high quality products and high levels of advertising, building it complicated to introduce superior quality brand and form perceptions throughout advertising. Therefore, the alternative to building brand equity was by borrowing or buying it (Farquhar 1990).

#### Building Brand Equity:

Barwise (1993) has explored that brand equity was built firstly, by building positive brand evaluations with a quality product, secondly, by development of accessible brand attitudes in order to have the most effect on consumer purchase behavior, and thirdly, by emergent of a consistent brand image to structure a relation with the consumer. Farquhar (1990) of those three elements, positive brand evaluation might be considered the most significant, and it was based on a quality product that delivered better-quality performance.

The first element in creating strong brand was a positive brand evaluation. Quality was the cornerstone of a strong brand. A company must have a quality product that delivers better-quality performance to the consumer so as to attain a positive evaluation of the brand in the consumer’s memory.

Three types of evaluations could be stored in a consumer’s memory: (1) affective responses, (2) cognitive evaluations, and (3) behavioral intentions. Affective responses included feelings or emotions toward the brand (for instance, the brand made me feel good about myself, the brand was a familiar friend or the brand symbolizes position, uniqueness affiliation). Cognitive evaluations were inference which was made from viewpoint about the brand (for example, the brand lowers the risk of something awful). Behavioral intentions were developed from heuristic interest.
or habits toward the brand (e.g., the brand was the only one my family used or the brand was on sale that week). Efforts to make positive brand evaluations were frequently aimed at one of those types (Farquhar, 1990).

The second element in creating a strong brand was attitude accessibility. It referred to how quickly an individual could retrieve something which was stored in memory. Stored evaluations could be retrieved from memory in two ways. Automatic activation occurred impulsively from memory on the simple observation of the attitude object. Controlled activation required the active notice of the person to retrieve an earlier stored evaluation or to build a summary evaluation of the attitude object.

The third element in creating a strong brand was to have a reliable brand image. Stability or constancy of the brand’s image was a part of managing the relation between the consumer and the brand. A relation developed between the personality of the brand and the character of the consumer with each purchase.

Creating brand equity required the formation of a familiar brand that had favorable, unique, and strong brand associations. That could be done both throughout the initial choice of the brand identities, like the brand name, logo, or symbol, and throughout the combination of the brand identities into the sustaining marketing program. The judicious selection of brand identities could contribute considerably to brand equity, but the primary input came from sustaining marketing behaviors or actions for the brand. The product or service qualifications themselves were the primary basis for the product-related attribute associations and verify a consumer’s fundamental understanding of what the product or service means. In the same way, the pricing strategy for the brand directly created associations to the related price tier or level for the brand in the product category, in additions to its corresponding price variance or volatility, e.g., in terms of the occurrence and level of discounts. The marketing communication afforded by the company; in opposite, afford a bendy means of shaping consumer perceptions of the service or product. Marketing communication might also be supportive in enhancing user and use imagery attributes. Word-of mouth and other social influences also played a significant role, particularly for user and use imagery attributes (Keller 1993).
Investment to make or maintain powerful brands could be hard or impossible to justify while considering the short-term financial outlook. It was needed a vision and a belief that such investments would pay off. A key in developing a vision and having trust in it was to understand the ways in which a brand could produce competitive advantage. With a vision established, it was essential to be vigilant with brands. The temptation was put a priority in others areas, like to accurate a market-share problem or to follow a cost reduction program. As a result, brand equity was in the short term put on hold. That temptation was mostly strong while the structure of organization and reward systems did not protect brand equity (Aaker 1992).

**Borrowing Brand Equity:**

A lot of companies borrowed on the brand equity in their brand named by extending existing brand name to other products. Two kinds of extensions could be notable: a line and a category extension. The latter was commonly also named brand extension. A line extension was while a current brand name was used to enter new market section in the existing product group. A category extension was while the current brand name was used to enter a dissimilar product class (Aaker – Keller 1990; Farquhar 1990; Farquhar – Herr – Fazio 1990; Hankinson – Cowking 1993; Keller 1998).

A line extension occurred while a corporation introduced additional items in the same product category under the similar brand name. A line extension frequently involved a special size, color, ingredient or flavor, a special form or a varied application for the brand. Products in line extensions were technically congruent, alike in many attributes. They were belonging to the similar product category or subclass. The huge majority of new-product activity consisted of line extensions.

Excess manufacturing capacity frequently derived a firm to introduce additional items. The corporation might desire to meet the consumers’ desire for diversity. The firm might distinguish a latent consumer need and try to capitalize on it. The corporation might plan to match a competitor’s successful line extension. A lot of firms introduce line extensions first and foremost to command more shelf space from resellers. Line extensions involved risks. There was a possibility that the brand name would lose its specific meaning. This was called the line-extension trap. The other risk was that many line extensions would not sell sufficient to cover up their
development and promotion expenses. In addition, even when they sold sufficient, the sales might come at the cost of other items in the line. A line extension worked best when it took sales away from competing brands, not while it cannibalizes the company’s other products (Keller 1998; Kotler 1994; van Raaij – Schoonderbeek 1993).

A category extension occurred while a corporation decided to use an existing brand name in order to launch a product in an original product category. Category extensions capitalize on the brand image of the heart product or service to efficiently inform consumers and retailers about an original product or service. The potential advantage of category extensions includes the transference of benefits associated and the immediate name recognition and with a familiar brand. A well-regarded brand name gave the new product instant recognition and previous acceptance. It enabled the firm to launch into new-product categories more with no trouble. Furthermore, category extensions remove the high costs of establishing a new brand and frequently decrease the expenses of gaining distribution.

Furthermore category extensions involved risks. The original product might disappoint buyers and injure their respect for the company’s other products or services. The brand name might lose its particular positioning in the consumer’s mind throughout over-extension. Brand dilution was said to take place while consumers no longer associate a brand with a specific product or highly similar products.

Firms that were tempted to transfer their brand name had to research how well the brand’s associations fit the new product. The best consequence would occur while the brand name built the sales of both the new product and the existing product. An satisfactory result would be while the new product sold well with no affecting the sales of the existing product. The worst outcome would be while the new product failed and hurt the sales of the existing product (Farquhar – Herr – Fazio 1990; Hankinson – Cowking 1993; Keller 1993; Kotler 1994; Loken – John 1993).

The relation between the core product and the extended product might be based on benefits, technical attributes, or values and lifestyles. First, products might be technically related, based on bodily attributes. Extensions based on technical attributes were frequently successful, if the products had a large set of similar attributes. Second, the extension might be based on product benefits, if a brand
offered clear and unique benefits. Those extensions might have different attributes, but they were similar for one or more benefits, for instance, quality. Third, famous brand names with a good reputation might extend to new products based on their associated value and lifestyle. The precondition was that the brand was already associated with a clear set of values. Those extensions might be totally dissimilar in a technical sense, but similar in values and lifestyle for the target group and for use situations. The core of those extensions was the set of values and the lifestyle of the target group. Those brand names frequently had a connotation of high class or luxury. The new product might be technically dissimilar from the core product. Brand extensions based on values and lifestyle might enrich the associations of the core product. Those extensions might also keep the brand name in the evoked set of consumers. If the schema of the core product was high in the hierarchy, means, associated with values and lifestyle, one could extend it to entirely different products. The new products should, but, fit in the schema of the core product and appeal to the same values and lifestyle of the aim group. Cross selling was possible, since those products were frequently complementary for the same lifestyle. Brands should avoid, nevertheless, becoming only associated with values that were too far away from the new product benefits (Van Raaij – Schoonderbeek 1993).

The relational model for category extensions included three kinds of associations: (1) brand to category, (2) category to brand, and (3) category to category. The strengths of those associations were called dominance, typicality, relatedness, and respectively. The probable asymmetry in the relation between typicality and dominance was a distinctive feature of the model. Typical brands in a product category were more with no trouble extended to strongly related target categories than to distant target categories. In addition, dominant brands were not easily extended to distant target categories, for the exemplary nature of such brands in their original product categories. The relation between typicality and dominance was of practical interest for examining the limits of category extensions. While the same brand has been extended to a wide different of target categories, we did not expect the parent brand’s dominance in the original category to reduce, but we would expect strength of typicality. Additionally, some brands were so typical in a particular target category that consumers mistakenly might believe that the brand extension existed when it did not. This spurious awareness of non-existent brand extensions might
sound a blessing for marketers. In order to the extent that a strong association already exists, a firm might well consider a category extension to that target category. Less effort would be needed for making awareness, and more could be spent on others activities (Farquhar –Herr – Fazio 1990; Roux – Lorange 1993).

The association network of the core product indicated that how far one could stretch the brand. If the network of the core product was low in the hierarchy, means, just associated with functional and technical product attributes, one should not go beyond line extensions. On the other hand, brands developed over time. The distinctive history of a brand was that it started barely with a complete overlap with the product. Afterward, line extensions of, for instance, flavor and color variants might be developed. The brand becomes broader and obtains connotations of quality, design and other psychosocial benefits and attributes. Afterward, the brand might transcend the physical reality and became associated with values. That case provided the richest opportunities for brand extensions. On the other hand, not all brands develop according to those lines (Van Raaij – Schoonderbeek 1993).

Consumers might hold four kinds of associations in long-term memory that bears on category extensions. Those associations occurred between (1) a brand and the attributes of that brand; (2) consumer attitudes toward that brand; (3) the attributes of the product category; and (4) consumer attitudes toward the product category. The strength and presence of those associations influence consumer judgments of the degree of fit between the existing brand and its potential extension in order to a fresh category. Those intervening judgments were significant in predicting the success of a given category extension (Farquhar – Herr – Fazio 1990).

Transferring an existing brand name toward a new product category required great care. Three factors were required to extend a brand successfully to a original category: perceptual fit, benefit transfer, and competitive leverage. Perceptual fit means that the consumer had to perceive the original item to be consistent with the current brand. Benefit transfer means that the benefit offered by the parent brand is desired by consumers of products in the new category. Competitive leverage means that the new item must be comparable or superior to other products in the category (Farquhar 1990; McWilliam 1993; Roux – Lorange 1993; Sattler – Zatloukal 1998).
**Buying Brand Equity:**

A final method to increase brand equity was to purchase it throughout acquisition or licensing. Given the potential difficulties associated with creating brand equity, there was a tendency toward acquiring well-established brands. Acquisition of a company, its brands and products was clearly one way of leveraging brand equity. A more ordinary approach was licensing brands. Nevertheless, licensing brands could be counter-productive, if the extended products had little or no association with the new product category. The same supplies of perceptual fit, competitive leverage and the benefit transfer applied to all category extensions, whether licensed or not (Farquhar 1990; Keller 1998).

**Measuring Brand Equity:**

The concept of brand equity has gained a great deal prominence both in academia and industry, particularly due to the rising recognition of brands as precious assets for the company. Dissimilar the developments at a conceptual level, nevertheless, the existing literature did not present a satisfactory measurement technique for considerate the sources of brand equity. A consideration of where the equities of the corporation’s and competitors’ brands came from was clearly necessary for a brand manager to improve his or her brand’s equity relation to those of competitive brands.

Some of the earlier proposed encountering approaches took the company’s perspective and assess brand equity at the corporation level. For instance, brand equity has been predictable as the incremental cash flows that grow to the firm due to its investment in brands. That method depended on data which were aggregated to the firm level; as a result, the estimate of brand equity was not very helpful to brand managers managing an individual brand in a multi-brand company operating in multiple product categories (Park – Srinivasan 1994).

Brand equity could be encountered from the incremental cash flow by associating the brand with the product. Furthermore, Incremental cash flow resulted from premium pricing and reduced expenses.

Brand valuation was a moderately new phenomenon. A lot of different methods have been proposed since financial accounting standards for valuing
intangible assets differed across countries. Nevertheless, little consensus has emerged about how brand performance should be measured (Birkin 1991; Egan – Guilding 1994, 453–466; Farquhar 1990).

A classical technique for encountering brand equity was to include the brand name as a factor in the full-profile technique of conjoint analysis performed at the individual level. By estimating brand equity at the entity rather than segment or aggregate level, brand managers could aggregate the measures of individual-level in order to quantify both the mean and standard deviation of brand equity for any segments of interest. In addition, starting with individual-level measures of various aggregation problems encountered in price premium attributable and estimating the market share premium to brand equity could be avoided. A complexity with the conjoint analysis method in the context of brand equity measurement was that the conjoint card-sort task could lead to unrealistic product profiles. Another significant concern with conjoint analysis was that it did not provide an understanding of the sources of brand equity and suggested directions for enhancing it (Park – Srinivasan 1994).

A survey-based way for measuring and perceptive brand equity at the individual consumer level in a definite product category offered brand managers indication of the sources of brand equity. The method encountered brand equity as the difference between an individual consumer’s brand preference on the basis of objectively measured product attribute levels and his overall brand preference. In order to understand the sources of brand equity, the approach divided brand equity into attribute-based and non-attribute-based components, therefore, providing the brand manager with an indication of various plausible bases of brand equity. The attribute based component of brand equity captures the influences of brand-building actions on the consumer’s attribute perceptions. In other words, attribute-based equity incorporates the distinction between subjectively perceived and objectively measured attribute levels. The no attribute- based component of brand equity captured brand associations unconnected to product attributes. For instance, the masculine image conveyed by the Marlboro man had nothing to do with product attributes, and yet, it might play an important role in accounting for preferences for the brand. That two-component decomposition of brand equity provided valuable information since the two components often related to different actions by brand management. For instance,
even though image-oriented advertising could create the non-attribute-based component, attribute-specific advertising could create the attribute-based component of brand equity (Park – Srivivasan 1994).

In addition, the survey-based technique for encountering and understanding brand equity at the individual consumer level in a specific product category provided a method for measuring the influence of a brand’s equity on its market share and profit margin. The market share premium due to brand equity told the brand managers how much a brand’s current market share was attributable toward the brand’s equity to hold a price fixed. The price premium due to brand equity provided the additional price the firm was able to charge currently for the brand, as holding the market share fixed. The price premiums constitute meaningful summary and market share measured of brand equity since they strongly related to brand profitability. The survey-based technique for measuring and considerate brand equity as well provided brand managers with diagnostic information so as to how a brand extension into a connected product category built on (or detracts from) the equity of an well-known brand. Brand managers who desire to expand their established brands could use the model to choose an extension product category from a set of candidate categories (Park – Srivivasan 1994).