CHAPTER 1:
INTRODUCTION
1.1 AN OVERVIEW

A brand is the idea or image of a specific product or service that consumers connect with, by identifying the name, logo, slogan, or design of the company who owns the idea or image. Branding is when that idea or image is marketed so that it is recognizable by more and more people, and identified with a certain service or product when there are many other companies offering the same service or product. Advertising professionals work on branding not only to build brand recognition, but also to build good reputations and a set of standards to which the company should strive to maintain or surpass.

The word “brand” comes from a Proto-Germanic root meaning “to burn with hot iron.” The word first entered the English vocabulary in the 1400s as an identifying mark burnt on criminals. The word’s main use, however, developed around the 1580s when cowboys began burning identifying symbols on their cattle. It wasn’t until the 19th century that the word started to be applied to branded goods that received the mark of their maker. And the term “brand name” is less than 100 years old, having been coined in 1922.1 If the word brand can be associated with any one thing, that thing is identity. Having a brand—whether as a criminal, or as a cow on a farm, or as a bag made by a particular person—has always meant having an identity. And it still means that today.

More and more organizations have come to the realization that one of their most valuable assets is the Brand name associated with their products and services. In our increasingly complex world, all of us, as consumers and as business managers, face a wide variety of choices with less time to make them. Thus the development of a strong brand helps in simplifying the decision making. Brands have become very important parts of our economy and culture, now brands are characterized as ‘cultural accessories and personal philosophies’.2

Although brand management has been an important activity for some companies for decades, branding has only emerged as a top management priority for a broad cross-section of organizations in the last decade or so. A number of factors have contributed to this trend, but
perhaps the most important is the growing realization that one of the most valuable assets that firms have is the intangible asset i.e. their brands.

A brand is a name, term, sign, symbol, design, or combination of these which is used to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors\(^3\). A modern brand is a lot more than just a name, a design, or a symbol that identifies a seller’s goods. A modern brand also includes powerful *emotions or feelings* that it transmits to the world. And it is on those emotions that the popularity and success of most brands hang. Take for example the soda brands Coca-Cola and Pepsi. Every soda drinker in the world has a preference between the two brands, swearing that there’s a difference—a major difference—between the two tastes. Many soda drinkers, in fact, will order some other drink when their favorite brand of cola isn’t available. Yet, countless blindfold taste tests and even scientific studies have shown that the two drinks are essentially indistinguishable. So why do people claim to have such a strong preference between two things that taste the same? Because when done right, branding evokes an identity that’s linked to powerful emotions: Coca-Cola: happiness; Pepsi: cool, the new generation. And these feelings and emotions affect the way we perceive the branded product.

Essentially, a brand represents the holistic sum of all information about a product or group of products. As a binding force in a complex chain exchange in marketing, a brand can be conceptualized as the factor which aligns expectations and actions of stakeholders - from suppliers and producers, to distribution channels, to the consumers - it represents everything that makes up the total experience a customer has with a company.\(^4\) The implication is that there is inherent value to a brand which can be influenced by organizational efforts.

Brands serve as signals of the position of products and companies in the market, allowing consumers to create judgments and consider choosing them\(^5\). Despite the formal definition, the purpose of Branding is essential to build the product’s image\(^6\). This image will influence the perceived worth of the product and will increase the brand’s value to the customer, leading to brand loyalty\(^7\). Once consumers become accustomed to a certain brand, they do not readily accept substitutes\(^8\). Organizations seek ways to exploit this human trait thereby leading to the
popularity of branding. Branding means more than establishing the name for a company or for a product line. It is a long-term state of mind, which requires the management of the company’s strategy, the coordination of its objectives and resources. A brand is not just a simple participant in a market; it creates and manages the market through a vision of what the product category should be. The brand becomes the magnet required by the production with the intent to attract consumers.

In the second half of the last century, mergers and acquisitions, and capital market development (through transactions at values higher than tangible assets) have shown that a business should be evaluated beyond its tangible assets and that intangible assets can generate a great value to a company. The brand has stood out in recent decades as a massive generator of value in many industries. The brand is sometimes called ‘hidden value’ because in most cases it does not appear in the financial statements of companies. As an example in the luxury and premium space, often, eye-watering prices are paid for prestige brand names. The brand value is locked up in a sense of exclusivity, quality and luxury. The seller may sit tight, deliberately sell less, and use clever marketing to further increase this sense of exclusivity.

One of the most popular and potentially important concepts to arise in the 1980s was Brand Equity. Its emergence meant both good news and bad news to marketers. The good news is that brand equity has elevated the importance of the brand in marketing strategy and provided focus for managerial interest and research activity. The bad news is that, confusingly, the concept has been defined in a number of different ways for a number of different purposes.

The power of a brand lies in what customers have learnt, felt, seen, and heard about the brand as a result of their experiences overtime. The challenge for marketers in building a strong brand is ensuring that customers have the right type of experiences with products and services and their accompanying marketing programs so that the desired thoughts, feelings, images, beliefs, perceptions, and opinions become linked to the brand.

In the past decade, researchers have focused a tremendous amount of attention on the brand equity construct, which refers to the incremental utility or value added to a product by its
Brand Equity consists of elements such as the brand associations, market fundamentals and marketing assets that distinguish one brand from another and that influence a customer’s perceptions of or knowledge about a brand. When brand elements are favorable in customer’s mind, brand equity is considered to be positive. When they are not favorable, the brand equity is negative.

Brand Equity can be seen as emanating from three different perspectives.

- The first is the Cognitive Psychology perspective, which defines brand equity as the differential effect that brand knowledge has on consumer response to the marketing of that brand. This perspective takes into account the fact that a brand has positive customer-based brand equity when consumers react more favorably to a product and the way it is marketed. Customers might be more accepting of a new brand extension for a brand with positive customer-based brand equity, less sensitive to price increases and withdrawal of advertising support. On the other hand, a brand has negative customer-based brand equity if consumers react less favorably to marketing activity for the brand compared with an unnamed version of the product.

- The second perspective of brand equity is the Information Economic perspective which views brand equity as the increased utility that a brand name gives to a product. From this perspective the brand name acts as a signal of product quality and brand image to the customers.

- The third perspective of brand equity is the financial market perspective which defines Financial-Based Brand Equity as a financial measure of a firm’s market value minus tangible asset value.

Although brand equity can be seen from three different perspectives, in general, it can be classified into two broad categories; financial and consumer-based brand equity. In addition since brand equity affect and brings value to many stakeholders of a company, a third category of brand equity has been recently proposed i.e. Employee-Based Brand Equity (EBBE).
According to this definition EBBE is the differential effect that brand knowledge has on an employee response to their work environment.

Brand Equity provides marketers with a vital strategic bridge from their past to their future. Marketers should consider all the money spent on marketing products each year not so much as ‘expenses’ but as ‘investments’- investments in what consumers learned, felt, and experienced about the brand. The brand knowledge that marketers create overtime dictates appropriate and inappropriate future directions for the brand. The true value and future prospects of a brand rests with consumers and their knowledge about the brand.

Branding decisions are often made under pressure to achieve short-term performance. This can be achieved by exploiting the brand, leading consequently to its erosion, because the brand is extended to such an extent that its basic associations get weaker and weaker in their effect. When the construction of brands is worn down, the loyalty decreases and prices become priority. The first step to understand the value of brand equity is to understand what contributes to its creation. Brand equity is considered by the authors as a set of assets and liabilities linked to a brand, its name and symbol that add something to the value provided by it. Assets and liabilities can be grouped into five categories: brand loyalty, name recognition, perceived quality, brand associations and other brand assets such as patents, trademarks, relationships within distribution channels.

Brand loyalty of a basic group of customers is the core of brand’s value. If people buy a brand even after comparing it to other competing products with superior features, price and amenities, then there is a substantial value of the brand. Recognition of a brand (brand recognition) requires a minimum level of brand awareness. Spontaneous recall is more difficult than recognition and it is associated with a stronger brand position. A good slogan or jingle can help a brand to be noticed and remembered. Perceived quality is based on product features such as reliability and performance and it is an intangible feeling about a brand. Positioning is closely related to concepts such as association and image and its benchmark competition. An association to a brand is any link to a brand in the buyer's memory and it will be stronger if it is based on more experience and exposure to communication.
Researchers have found that a product's brand equity positively affects future profits and long-term cash flow, a consumer's willingness to pay premium prices, merger and acquisition decision making, sustainable competitive advantage, and marketing success. Almost every marketing activity works, successfully or unsuccessfully, to build, manage, and exploit brand equity\textsuperscript{15}. Marketing activities and programs are the primary means that enable firms to build brand equity. Brand building product, pricing, channel, and communication strategies must be put into place for the enhancement and growth of Brand Equity.

1.2 REVIEW OF LITERATURE

The term ‘Brand Equity’ emerged in the 1980s, since then, there has been a burgeoning interest in the subject among marketing academicians and practitioners primarily due to its importance in today's marketplace of building, maintaining and using brands to obtain competitive advantage. The concept refers to the basic idea that a product's value to consumers, the trade and the firm is somehow enhanced when it is associated or identified over time with a set of unique elements that define the brand concept. Clearly, such equity endowments come from current or potential consumer learning which influences how the product is encoded and acted upon by consumers. It stands to reason that such learning is dynamic and influences consumer choice processes and outcomes either directly or indirectly. The major researches done on brand equity are as follows.

\textbf{Srivastava and Shocker (1991)}\textsuperscript{16}, proposed that brand equity comprised of two components: brand strength, which consisted of the set of associations and behaviors on the part of the brand’s customers, channel members, and parent company that allowed the brand to enjoy a competitive advantage; and brand value, which was the financial outcome of management’s ability to strategically leverage brand strength to produce profits.

\textbf{Kapferer (1992)}\textsuperscript{17}, suggested that brand image is a vital element of brand equity. The customer forms an image through a synthesis of all the signals emitted by the brand. The consumer's brand
image results from the cumulative effects of the firm's marketing mix activities i.e. from the consumer decoding, extracting, and interpreting the brand signals. Brand image resides in an associative memory network that is critical to consumer decision making and potentially provides biased brand evocation and evaluation, ultimately contributing to brand equity.

Carol J. Simon and Mary W. Sullivan (1993)\textsuperscript{18}, investigate a firm’s Brand Equity based on the financial market value of the firm. They have defined Brand Equity as the incremental cash flows which accrue to branded products over unbranded products. The estimation technique extracts the value of Brand Equity from the value of the firm’s other assets. The technique uses the financial market value of the firm as a basis for valuing Brand Equity. The methodology adopted by this study is, first, the macro approach assigns an objective value to a company’s brands and relates this value to the determinants of Brand Equity. Second, the micro approach isolates changes in Brand Equity at the individual brand level by measuring the response of Brand Equity to major marketing decisions. The methodology first separates the value of a firm’s securities into tangible and intangible assets, and then carves Brand Equity out from the other intangible assets. The study demonstrated that, advertising can affect Brand Equity through brand associations, perceived quality, and use experience. The technique was first demonstrated by estimating macro-level Brand Equity of a sample of industries and a sample of firms. The findings highlight that the industries and companies with big brand names have high macro estimates of Brand Equity and micro estimates of changes in Brand Equity vary with marketing decisions and market conditions. The limitation of the study was that, the results reported by the study are based on data aggregated to the corporate and business levels. Consequently, their macro approach estimates the aggregate value of the company’s brands and not the value of its individual brands.

Kevin Lane Keller (1993)\textsuperscript{19} in his conceptual study has defined a model to measure Customer Based Brand Equity. The study states that there have been two ways to measure Brand Equity, one is the financial aspect and the other is marketing aspect. It stated that Customer Based Brand Equity can be measured from Brand Knowledge. Consistent with an associative network
memory model, brand knowledge is conceptualized as consisting of a brand node in memory to which a variety of associations are linked. This study defines Customer-Based Brand Equity as, the differential effect of brand knowledge on consumer response to the marketing of the brand. Keller stated that, Customer-Based Brand Equity occurs when the consumer is familiar with the brand and holds some favorable, strong, and unique brand associations in memory. This study explains that, a firm’s most valuable asset for improving marketing productivity is the knowledge that has been created about the brand in consumer’s mind. According to this conceptualization model, brand knowledge can be measured with the help of two components, i.e. Brand Awareness (recall and recognition) and Brand Image (a combination of the favorability, strength, and uniqueness of brand associations). Conceptualizing Brand Equity from this perspective suggests both specific guidelines for marketing strategies and tactics and areas where research can be useful in assisting managerial decision making.

Broniarczyk and Alba (1994) suggested that brands should extend to product categories where the brand's unique association is relevant. One mechanism for a brand to maintain a consistent positioning and broaden its appeal is to partner with another that possesses associations on which the first brand fares poorly. Many of the same issues that affect the transfer of brand benefits to line extensions and brand associations (e.g. co-branding) also affect the branding decisions of merging institution.

Park and Srinivasan (1994), developed a survey-based method for measuring brand equity, which is the only method that provides a measure of brand equity at the individual level. The authors parcel brand equity into two sub components; attribute based and non-attribute based brand equity. They use the last brand purchased to calibrate the parameters. An important limitation of this method is that it assumes that there are no errors in the utility measurements.

Lassar et al. (1995) held the opinion that brand equity came from the customers’ confidence in a brand. The greater the confidence they place in the brand, the more likely they are willing to pay a high price for it. Specifically, this confidence stems from five important considerations:
first, the brand performs its functions as designed; second, the social image is associated with purchasing or owning the brand; third, consumers’ recognition and sentimental attachment with brand; fourth, the balance between the brand’s value and its functionalities; fifth, consumers trust in the brand.

**Pitta and Katsanis (1995)**\(^23\) stated that associations that are unique, strong, and favorable should create a positive brand image which when processed by consumers will bias consumer brand behavior towards brand equity enhancement. Moreover, a unique, strong, and favorable brand image permits the brand and its "meaning" to be strategically differentiated and positioned in the consumer's mind, thereby enhancing the brand equity.

**Upshaw (1995)**\(^24\) defined brand equity as the total accumulated value of brand in both tangible and intangible assets. However, Upshaw has divided brand equity into two broad aspects. First, Brand valuation which relates to the bearing value of the brand including its financial worth to the company. Second, Brand identity comprising of brand positioning and personality refers to how the brand is perceived by its current and potential purchasers.

**Baldinger and Rubinson (1996)**\(^25\) study revealed that, studying brand equity solely from the perspective of either the firm or the consumer may be inadequate. While assessing brand equity from the perspective of the firm can provide a measure of the financial value of the brand to the firm. It neglects the fundamental basis of the brand equity concept i.e. the equity of a brand is not merely a dollar-metric value but also an intangible asset that reside in the minds of consumers.

**Chernatony (1998)**\(^26\) explained that there are a number of indirect measures of brand equity and the applicability of these measures may in part be dependent upon the product class for which the measurement is being made. For example, brand dominance, the only brand known in the
category, top of the mind share, brand knowledge and brand recall are some of the measures of brand awareness.

According to Erdem and Swait (1998), senior executives responsible for managing corporate brands are also often in charge of advertising. This may reflect an assumption that management of corporate communications will also result in proper brand management because firms' primary brand management goal is often thought to be increased market awareness of the brand, associated with strong brand identity. A successful management of the brand assets must involve more than just advertising and consider all the aspects of product strategy and marketing mix. This implies, among other things, that communications between firm and consumers must be designed to enhance brand equity by improving consumers' perceptions of the firm's credibility to deliver what is promised.

Cuneo (1999), stated that the interest in brand equity has not been confined just to the academic community; numerous practitioners are starting to consider the construct in the development and evaluation of their marketing efforts. Thus, to contribute to positive brand development and management, brand equity must move beyond its growing, but perhaps anecdotally based popular use and be shown to be more managerially relevant. The stakes related to the role of brand equity are high for marketers; failure to managerially cope with the many threats to their brands will result in the loss of one of the firm's vital assets.

Macdonald and Sharp (2000) stated that brand awareness is a key factor in influencing the purchase decision. People are growing more and more attentive, choosing familiar and favorite brands. Therefore, if companies want to outdo their competition, they have to persuade consumers to positively appreciate and buy their products.
Wood (2000)\textsuperscript{30} stated that the concept of brand equity is the managerial foundation of a brand relationship between brand and the customer. The brand managers can form a customer-oriented approach with the help of brand equity elements so as to improve or enhance the brand and its awareness among their customers or potential buyers in the marketplace.

Keller (2001)\textsuperscript{31} proposes a brand building model which involves four steps, (a) establishing the proper Brand Identity, (b) creating the appropriate Brand Meaning, (c) eliciting positive Brand Responses and (d) strong brand relationships with customers that are characterized by intense Brand Loyalty. Achieving these four steps involves six brand building blocks, namely- Brand Salience, Brand Performance, Brand Imagery, Brand Judgment, Brand Feelings and Brand Resonance. The first step of this model is to ensure identification of brand with customers and an association of the brand in customers’ minds with a specific product class or customer need. The second step is to firmly establish the brand meaning in the minds of customers by strategically linking a host of tangible and intangible brand association. The third step is to elicit the proper customer responses to this brand identity and brand meaning. The fourth and final step is to convert brand response to create an intense, active loyalty relationship between customers and the brand. A critical application of the model is in planning, implementing, and interpreting brand strategies. The model provides a comprehensive means of covering important branding topics, as well as useful insights and guidelines for marketers to help marketers to set strategic direction and inform their brand related decisions.

According to Feldwick (2002)\textsuperscript{32}, brand equity is viewed as a long overdue shift in business and advertising thinking: from focus on making a sale, to creating and keeping a customer and from a purely short-term perspective to one that includes the longer term profitability of the business.

Keller (2003)\textsuperscript{33}, analysed the key issues i.e. synthesizing the multi dimensionality of branding elements to measure brand knowledge. This study presented a representation of brand knowledge based largely on cognitive psychology. The study demonstrated that, Consumer brand
knowledge relates to the cognitive representation of the brand. The study defined Consumer brand knowledge in terms of the all descriptive and evaluative brand-related information of a brand stored in consumer memory. According to this study, the multiple dimensions of brand knowledge are Awareness, Attributes, Benefits, Images, Thoughts, Feelings, Attitudes and Experiences. The study concluded that, the multidimensional nature of consumer brand knowledge (in terms of different types of information in consumer memory) and leveraging (in terms of multiple sources of secondary meaning from a linked entity) must be understood and accounted for providing the right perspective and backdrop to consumer research into branding.

Keller and Lehmann (2003)\(^{34}\) illustrated the process of value creation with the help of the BVC (Brand Value Chain). BVC describes the process in which brand equity sources (awareness, associations) are created as an impact of marketing investments (advertisements, product development) and the way they increase the company’s market performance (price premium, market share), which eventually is able to create and increase the shareholder value.

Netemeyer et al. (2004)\(^{35}\) approved the dominant impact of brand equity on customer response toward the branding campaign. With the proliferation of brands in the market, consumers make their purchase decisions largely depending on the brand image rather than the product itself. Moreover, when the brand image is consistent with the consumers’ self-concept, the consumers would give a preference to it. According to the self-concept theory, one’s self-concept is a collection of perception about him that includes elements such as capabilities, characteristics, shortcomings, appearance and personality. For marketers, examining the consistency between the brand image and consumers’ self-concept is very important, because consumers might display various self-concepts in different social context. But whatever the context is, consumers would think better of the brand as long as the brand image is in line with their self-concept.

Ovidiu (2005)\(^{36}\) discussed that Brand loyalty generates value by reducing marketing costs and leveraging trade. Loyal customers expect the brand to be always available and entice others
advising them to use it. Retaining existing customers is much less costly than attracting new ones. Even if there are low switching costs, there is a significant inertia among customers. It is also difficult for competitors to communicate to satisfied brand users because they have little motivation to learn about alternatives. Therefore, competitors may be discouraged from spending resources to attract satisfied and loyal customers and even if they do so, this requires a long time. He believed that focusing on brand loyalty is often an effective way to manage equity.

Srinivasan et al. (2005) defined brand equity with the help of the incremental choice probability, that is, brand equity is the difference between the choice probability of a certain brand and that of the base product. In their model, the base product was neither a private label, nor a fictive brand. At the individual consumer level, the model compared a certain brand to one in the sample in whose case the difference between product-related or awareness-related associations and objective measures was the smallest.

Bailey and Ball (2006) stated that consumers today often base their purchases on the added value of a product or service. Perceived added value of product might distinguish it from other brands in the same category. Hence, extending brand equity through intangible services that enhance the customer’s experience will become increasingly important in the future. It will also become a key influence in the formation of many aspects of brand equity.

Lenoe, et al (2006) pointed out that brand equity produced brand loyalty, brand awareness and brand association. These elements directly increase customers’ brand knowledge and drive customers’ purchasing behavior. Thus, brand equity can become a moderator to guide a brand in marketing activities to contact their customers.

Ambler (2007) pointed out that the brand equity not only covers the measurement of the tangible brand value, but also drives the identification of some intangible brand assets, such as
the value of proprietary technologies, the capability of the cooperators and the size of market share.

Yasin et al., (2007) defined brand equity as consumers’ favoritism towards the focal brand in terms of their preference, purchase intention and choice among brands in a product category that offers the same level of product benefits as perceived by the consumers.

Ahmed H. Tolba, Salah S. Hassan (2009), conducted a study to test the relationships between customer-based Brand Equity and brand market performance. This study advances an integrative Brand Equity model that links Customer-Based Brand Equity (CBBE) with brand market performance (BMP). This study was conducted in two phases: a consumer-level analysis; and a brand-level analysis. The proposed model breaks down the CBBE into three dimensions, knowledge equity (KE); attitudinal equity (AE); and relationship equity (RE). The study has constructed 11 hypothesis to find a relationship between Brand Equity and brand market performance. The study was conducted for economy car and luxury car in American market, having sample size of 5,598 usable observations, from the online survey. The second phase involved the analysis of data at the aggregate brand level. Analysis included testing hypotheses on the correlations between customer based Brand Equity constructs and brand market performance; finally, detailed market and country-of-origin analyses are presented for managerial considerations. At the consumer-level, structural equation modeling was conducted to test research hypotheses. At the aggregate brand level, they found that customer-based Brand Equity constructs are correlated with brand market performance. Results of their study indicated that Attitudinal Loyalty and satisfaction are the primary drivers of Brand Preference and intention to re-purchase among brand users. Among non-users of the brands, value and image are the primary drivers of Brand Preference, which in turn affects intention to purchase. This study concludes that satisfaction and Attitudinal Loyalty are the primary drivers of Brand Preference and intention to purchase.
According to Chang (2009), the antecedents of brand equity are regarded to be brand image and brand attitude. However, the consequences of brand equity are conceived to be purchase intentions and brand choice. The study concentrated on service brands.

Manoj Pandey & Dr. J.K. Raju (2009), the outcome of 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 organizations on brand development and measurement.

Mostafa et al (2010) the result of the study showed that brand meaning play an important role in creating brand equity. Brand awareness is secondary. However, brand awareness is needed in order to disseminate information on the brand meaning. These components of brand equity must be coherent in their actions so that consistent image of the brand is recognized and valued by the customers.

Ruta and Juozas (2010) in their study revealed consumer-based brand equity is more difficult to evaluate because of its intangibility, subjectivity, high expenditures on time and money as well as the lack of accessible and applicable methodologies. Consumer-based brand equity attributes can be sorted in two sections: attributes important for a consumer such as brand awareness, brand image and associations, product quality, product price, and attributes important for a company, as loyalty for a brand. The latter attribute is treated as a combination of repeat purchases and differential price level. Attributes of both sections form actual consumer based brand equity.

Chieng and Goi (2011) in their research identified dimensions of brand equity from academic literature and provided the necessary depth and breadth of understanding the concept of brand equity and its measure. A conceptual framework is useful for examining the contribution of
brand association, brand awareness, perceived value and brand loyalty to the enhancement of brand equity. It is imperative to know how much equity a brand commands in the market as building strong brand equity enables the firm to differentiate its product or service from the competitors.

**Fournier (2011)** stated that in the managerial process of brand relationship, the maintainer of brand relationship should attempt to gain customers’ feelings as well as their thoughts about the brand, and these factors will become important drivers to help brand practitioners to develop a good brand relationship with their customers. Thus, it can be seen that brand association is the platform of a brand relationship development, which guides brand maintainers how to use the sources of brand equity to develop the brand relationship between the brand and customers.

**Leone, et al (2011)** clearly illustrated that brand association belongs to the part of brand equity, because “strong, favorable and unique brand association are essential as sources of brand equity to drive customer behavior”.

**Muhammad Mohsin (2013)** stated that the total value of a brand in a particular product/service category is composed of three parts i.e. the product features, brand equity and the price. He used the Brand Value Model to measure Brand Equity. According to this model the buyers who are considering a purchase scan their options and make a consideration set. Within the consideration set, they develop a hierarchy of brands based on their assessment of Price, Product Features, and Brand Name. Typically, they choose the brand at the top of their hierarchy. The values each buyer places on price, product features and brand equity define their value equation for a product or service.

**Liao and Cheng (2014)** stated that there is a strong connection between innovation and brand equity. They are both significant dimensions that drive businesses today. When innovation lacks,
consumers are likely to experience stress, irritation, annoyance, frustration, and sometimes even rage. These “symptoms” influence the way in which consumers evaluate the firm's innovations and have a negative effect on customer satisfaction. This leads to a loss of customers, a negative impact on the firm’s brand equity, and damage to the firm’s valuable brand assets.

**RESEARCH GAPS**

Brand equity research has been largely carried out in the western countries. Research relating to brand equity in India has been very limited. India with its vast and growing market has a tremendous scope for various researches in the field of brand equity.

The review of literature reveals that most of the studies on Brand Equity have been confined only to FMCG Products and Service Sector units. Further most of the research on brand equity has focused on brand extensions. The initial interest in brand equity was from the standpoint of Brand Valuation. For example, when Nestle or Unilever acquired other brands, they were interested in a financial valuation of the acquired brands.

In addition, the review of literature exposes that the research were centered on creating and conceiving brand equity without general agreement in what way to evaluate the brand equity or strengthen it. As a result, there is a need to find out brand equity attributes in a way that enable researchers to effectively analyze the key factors associated with the brand performance. Hence the present study concentrates on long lasting products associated to car industry, particularly passenger cars and how these passenger car brands can strengthen their brand equity. Similarly studies can be pursued for other products as well.

**1.3 FORMULATION OF THE RESEARCH PROBLEM**

Defining the research problem in a sequential and logical manner is essential for researcher. The process of problem formulation requires a comprehensive collection of relevant
data and information so as to get an inclusive insight of the selected topic. For this purpose a detailed study and in-depth analysis was done by the researcher. In this process an extensive literature review consisting both conceptual theoretical literature and empirical literature of studies made earlier were reviewed. Thus relying on observation and experiments and not merely theory, further new set of data both primary and secondary was collected and detailed analysis was made in reference to the research problem selected for the purpose of the study.

1.4 STATEMENT OF THE PROBLEM

The purpose of the study is to find out the highly successful automotive brands in India and the practices adopted by them to strengthen their brand equity. This in turn will help the struggling brands. The present study is hence entitled “Brand Equity Strengthening Practices in the Indian Automobile Sector.”

1.5 NEED AND SIGNIFICANCE OF THE STUDY

The past decade saw a clearing of the fog that surrounded the concept of brand. Managers and academicians began to take a closer look at the anatomy and role of brands. One immediate realization was that a brand is more than a simple tag. It is an asset. Brand is clearly an asset capable of generating revenue streams. It is all about financial value. Strong brands dramatically enhance revenue capabilities of a product. It is the financial angle of the brand that led to the concept of equity. At the heart of the equity debate is the question: how does a brand create superior financial outcomes for the owners? And the lesson is – to manage and protect brand equity, because it will perhaps be the most valuable asset in times to come.
In the beginning of the 90s, four issues were identified as the strategic challenges for marketers and researchers. They were:

1. Measuring brand equity
2. Measuring marketing’s effectiveness
3. A better product process
4. Enhanced customer satisfaction

In fact, all these issues prima facie appear to be different from one another. However, this is not the case. There is really only one issue: Brand equity. This is because brand equity is really the umbrella concept. All these four issues are but contributors to it. Equity is the driver of a firm’s success and it must be protected and nurtured.

Building a strong brand with significant equity is seen as providing a host of possible benefits such as greater customer loyalty and less vulnerability to competitive marketing actions or marketing crisis; larger margins as well as more favorable customer response to price increases and decreases; greater trade or intermediary cooperation and support; increased marketing communication effectiveness; and licensing and brand extension opportunities. Today, many companies neglect or down-prioritize the brand equity of the company, which means losing a great opportunity to build their competitive advantage.

India represents one of the world’s largest car markets. Easy availability of finance and rising income levels are encouraging the middle class population to choose from the vast range of passenger vehicles. India is an extremely attractive market for car giants. Rising disposable incomes and changing lifestyles are being attributed to the growth of the car industry. The automobile companies are making strategic investments in strengthening the brand equity in order to influence consumer choice processes.

Moreover most of the studies on Brand Equity have been confined only to FMCG Products and Service Sector units. This study attempts to find out the Brand Equity strengthening
practices adopted by the automobile brands (passenger cars) in India and the factors that have lead to the success of few brands in the sector.

1.6 THE STUDY DURATION

The present study relied both on the primary and secondary data collected from 332 respondents spread over different areas of Delhi, India. The required data was collected from the respondents by adopting a field survey. The researcher collected the secondary data from published annual reports from 2014 to 2016 and the primary data was collected from December 2015 to November 2016.

1.7 STUDY OBJECTIVES

In order to achieve a differentiated position in the marketplace, a firm needs to create strong brands in the minds of consumers. Brand equity has been postulated as a basis for comparison between brands, and thus a means for evaluating and interpreting marketing strategies. The present study considers the relative contribution of product and communication-related investments on strengthening brand equity in the Indian automotive market. While marketing-related investments are important to all types of industries, they are of particular concern to the automotive industry.

The specific objectives of the study are as follows:

- To find the relative position of the players in the Indian Automobile industry and highlight the highly successful brands.
- To find out the marketing strategies of the highly successful brands that result in building strong brand equity.
- To find out the factors on which the consumers base their buying decisions for cars in India.
• To find the key factors for acceptance and rejection of passenger car brands in India.
• To suggest to the weak brand player how to rejuvenate their brands through appropriate marketing strategies and policies.
REFERENCES


36. Ovidiu Ioan Moisescu,(2005), The concept of brand equity – A comparative approach-MPRA Paper No. 32013


