CHAPTER - 2
BRAND EQUITY LITERATURE REVIEW
Chapter 2 – Brand Equity Literature Review

Introduction

Some of the world’s most trusted brands have been around for over 150 years. These brands that have won consumer hearts forever a hundred years (and have yielded rich profits for their parent companies) include Quaker Oats, Ivory, Listerine, Coca Cola, Pepsi and Levis. In India too, brands such as Godrej, Tata and Kingfisher are over a century old. The parent companies of these brands have nurtured and built on the equity of these brands over these years, in spite of the fact that the term ‘brand equity’ didn’t exist until 1980.

Brand Equity first appeared in academic literature in the 1980’s, although it has existed in practice and its importance has been realized by practitioners for long. Till the 1970s, researchers were interested in the total combined effect of the brand and product and they did not distinguish the impact of the brand from that of the product. Srinivasan’s (1979) was the first study that demonstrated the individual added value of the brand to the product. The Marketing Science Institute sponsored research in this area and subsequently in the 1980s the term brand equity was used to refer to this incremental value add that the brand name conferred onto the product. Its importance has been recognized for over a century and only attempts to define, dimensionalise and measure it have happened since the late 1980s.

What is Brand Equity?

Brand Equity definitions have kept evolving since the 1980’s with a variety of incremental additions over time. The varied early definitions included brand equity being defined as “the net present value of the incremental cash flows attributable to a brand name” (Shocker and Weitz 1988) to “set of associations and behavior’s on the part of the brand’s consumers, channel members, and parent corporation” (Leuthesser 1988) to the broader definition given by Farquhar (1989) that brand equity stands for “added value that a brand confers to a product or a service”. There have been too many conceptualizations of brand equity since it is a complex concept and has many facets
to it (Ambler 2003). This process still continues and to quote Berthon et al (2001) “perhaps the only thing that has not been reached with respect to brand equity is a conclusion.”

The most often quoted definition of brand equity is that by Aaker (1991) who defined brand equity as “a set of brand assets and liabilities linked to a brand, its name and symbol, that adds to or subtracts from the value provided by a product or a service to a firm and/or to that firm’s customers”.

The American Marketing Association defines brand equity as “the value of a brand from a consumer perspective, brand equity is based on consumer attitudes about positive brand attributes and favorable consequences of brand use”.

**Benefits of Brand Equity**

Why is brand equity so important? Researchers have been able to show that the brand equity of a product affects consumer preferences and purchase intention (Cobb-Walgren et al. 1995), market share (Agarwal & Rao 1996), long-term cash flows and future profits (Srivastava & Shocker 1991), consumer perceptions of product quality (Dodds et al. 1991), stock prices (Simon & Sullivan 1993), mergers and acquisitions (Mahajan et al. 1994), creates sustainable competitive advantage (Bharadwaj et al. 1993) and resilience to product-harm crisis (Dawar & Piltula 2000). Brands with high brand equity enjoy high consumer preference, purchase intention, purchase, loyalty, and even higher stock returns (Cobb-Walgren et al 1995, Aaker & Jacobson 1994). Almost every single marketing activity works to create, manage and exploit brand equity. Also from a consumers point of view, a brand with high equity increases the credibility of the information provided for/with the product, reduces the perceived risk, reduces the consumers need to think and overall enhances the consumers utility from the product/brand (Erdem & Swait 1998).

**Two types of Brand Equity – FBBE & CBBE**

Till the early 1990’s there were varied definitions of brand equity essentially because all academic thinkers were looking at one all-encompassing definition of brand
equity. All of this early research was conceptual research. By 1993, there emerged consensus that there are at two different types of brand equity: a) a financial aspect of brand equity (called Firm Based Brand Equity) and b) a consumer behavior based brand equity (called Customer Based Brand Equity) which was considered the basis for firm based brand equity.

Feldwick (1996) states that the term brand equity means different things to different people- consumers, channel partners and companies. He identified three types of brand equity:

a) Financial value of a brand which is the total value a brand provides as a separable asset and is used for the purposes of accounting (and financial reporting) and to buy or sell the brand;

b) The attachment that a consumer has to a brand (something akin to brand attachment and leading to brand loyalty). This is termed as brand strength.

c) The set of associations and beliefs that the consumer has for the brand (referred to as brand image by Keller (1993) but termed brand description by Feldwick (1996)).

Brand value (total financial value) is a conceptualization of brand equity held by accountants whilst the other two conceptualizations (brand strength and description) are those of marketers. These two are measures of consumer based brand equity.

A) Firm Based Brand Equity (FBBE) - this represents the financial value that the brand creates for the organization. FBBE consists of that part of brand equity that results in benefits to the company like an increased market share, the premium that the brand earns (over unbranded alternatives), the ability of the brand to sustain competition, imitation, and endure crisis. The quantification of FBBE in monetary terms is the brand valuation and this
forms the basis of deciding the price for buying & selling of brands and for reporting brand values as part of financial reporting. Most FBBE definitions stress on the financial value of the brand to the firm (Shocker & Weitz 1988, Mahajan et al 1994, Simon & Sullivan 1993). FBBE is defined as the incremental cash flows that accrue to a brand over an unbranded version of the same offering (Simon and Sullivan 1993). Srinivasan et al 2001 define FBBE “as the incremental profit per time period obtained by the brand in comparison to a brand with the same product and price but with minimal brand-building efforts”. In essence it means that it is the comparison of the financial value that results from a product having its brand name in comparison with the financial value that would accrue if the same product did not have that brand name. Brand valuation methods basically report the quantified FBBE and there are various proprietary methods such as Interbrand, Futurebrand, Brand Rating, Millward Brown. Firms are not the only recipients of brand value, the main recipients of brand value are its consumers.

B) Consumer Based Brand Equity (CBBE) – is brand equity from the point of view of the equity that the brand has with its consumers (it includes the awareness consumers have of the brand, the perceived quality premium they attach to the brand, the variety of associations they have for the brand in their minds, their emotional connect, the loyalty they have for the brand and variety of other such measures). CBBE is defined as the differential effect of brand knowledge on the consumer’s response to the marketing mix of the brand (Keller 1993). Several researchers have conceptualized CBBE similar to Keller (Aaker 1991, Kamakura & Russell 1993, Cobb-Walgren et al 1995, Sinha & Pappu 1998, Yoo & Donthu 2001, Washburn & Plank 2002). Mackay et al (1997) who stated that CBBE refers to “the added value of the brand to the consumer”.

This study is concerned with the conceptualization, identification of dimensions and measurement of Consumer Based Brand Equity and henceforth in the rest of the thesis, the term Brand Equity will refer only to Consumer Based Brand Equity (CBBE) and will not include FBBE.
Consumer based brand Equity (CBBE) Conceptualization Studies

Consumer based brand equity-The term was coined by Kevin Lane Keller in his landmark conceptual paper (Keller 1993) that has become a marketing classic.

In the early to mid-1990’s there were a lot of conceptual studies on brand equity. By late 1990’s this was followed up by empirical research on dimensionalizing CBBE.

The following section presents the various important studies and developments in the evolution of the conceptualization of CBBE (see table 2-1 below for a chronological list of studies/research and their way of defining and identifying components/dimensions of brand equity):

Table 2-1: Chronological conceptualizations of CBBE

<table>
<thead>
<tr>
<th>Author</th>
<th>Definition</th>
<th>Components of Brand Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leuthesser 1988</td>
<td>Set of associations and behaviors on the part of the brand’s consumers, channel members, and parent corporation that permit the brand to earn greater volume or greater margins than it would without the brand name.</td>
<td>Brand meaning</td>
</tr>
</tbody>
</table>
| Farquhar 1989 | Added value that a brand endows on a product.                                                                                                                                                           | Brand Evaluations  
Brand Attitudes  
Brand Image |
| Aaker 1991 | Set of assets and liabilities linked to a brand, its name and symbol, that adds to or subtracts from the value provided by a product or a                                                                 | Brand Awareness  
Brand Loyalty  
Perceived Quality  
Brand Associations  
Other proprietary assets |
<table>
<thead>
<tr>
<th>Authors</th>
<th>Definition</th>
<th>Brand Components</th>
</tr>
</thead>
<tbody>
<tr>
<td>Srivastava and</td>
<td>A set of associations and behaviors on the part of a brand’s customers, channel</td>
<td>Brand Strength</td>
</tr>
<tr>
<td>Shocker 1991</td>
<td>members and parent corporation that permits the brand to earn greater volume</td>
<td>Brand associations</td>
</tr>
<tr>
<td></td>
<td>or greater margins than it could without the brandname and that gives a strong, sustainable and differential advantage</td>
<td>Brand Values</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Leveraging brand</td>
</tr>
<tr>
<td>Keller 1993</td>
<td>Differential effect of brand knowledge on the consumer response to the marketing of the brand</td>
<td>Brand Awareness</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Recall &amp; recognition</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Brand Image</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Brand Association set</td>
</tr>
<tr>
<td>Lassaret al 1995</td>
<td>Enhancement of perceived utility and desirability a brand name confers on a product.</td>
<td>Performance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Social image</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Value</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Trustworthiness</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Attachment</td>
</tr>
<tr>
<td>Sharp 1995</td>
<td>All of a firm's intangible assets which are distinct from internal intangible assets and skills</td>
<td>Brand Awareness</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Brand Image</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Customer Relationships</td>
</tr>
<tr>
<td>Aaker 1996</td>
<td>The definition is the same as the Aaker 1991 definition. Only here he includes a market based perspective (market behavior of brand) in addition to the previous ‘only consumer’ perspective</td>
<td>Brand Awareness</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Product quality &amp; leadership</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Brand Loyalty</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Associations &amp; brand differentiators</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Market behavior of brand</td>
</tr>
</tbody>
</table>
Berry 2000

Brand equity is the differential effect of brand awareness and meaning combined on the customer response to marketing of the brand.

Brand Awareness
Brand Meaning

Vazquez et al 2002

The overall utility that the consumer associates to the use and consumption of the brand; including associations expressing both functional and symbolic utilities

Product Functional Utility
Product Symbolic Utility
Brand Functional Utility
Brand Symbolic Utility

Burmann et al 2009

Brand Benefit clarity
Perceived quality
Brand uniqueness
Brand sympathy
Brand trust
Brand Awareness

The most widely quoted consumer-based brand equity definitions & conceptualization studies even today are Farquhar 1989, Aaker 1991, Srivastava & Shocker 1993, and Keller 1993 and hence the conceptualizations by these 4 authors are presented in more detail.

Peter Farquhar (1989):

Farquhar defines Brand Equity as the “added value with which a brand endows a product”. Brand Equity gives a firm incremental cash flow when the brand is associated with the product.

To the trade, brand equity provides higher leverage over other products due to which they find easier trade acceptance and wider distribution coverage.
From a consumer’s perspective, brand equity results in increased attitude strength towards the product due to the value added by the brand.

The Farquhar conceptualization of brand equity consists of three components:

1. Brand Evaluation or loyalty
2. Attitude accessibility, &
3. Brand Image or Personality

The inter-relationship of these 3 components is illustrated in the figure 2-1:

**Figure 2-1: Farquhar conceptualization of Brand Equity**

David Aaker (1991):

Aaker defined brand equity as “a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm’s customers”. Whilst equity can be an asset and add to the value provided by a product or service, it can also be a liability and reduce the value provided. Aaker’s model of brand equity was a conceptual model but later studies have empirical tested (Yoo&Donthu 2001, Pappu et al 2005) this model and have found it to explain most of the contribution to a brand’s equity.
Aaker hypothesized brand equity to be composed of five components:

1) Brand awareness- i.e. how many of the intended consumers recall or recognize the brand. This is a prerequisite for other components of brand equity to exist. Awareness includes recall (unaided recall of the brand by the consumer) and recognition (aided recall).

2) Perceived Quality of the brand in the mind of the consumer.

3) Brand association set-This includes all the things that the consumer associates with the brand (could include the product or parent company, any advertising or communication, colors, logo or country of origin, brand benefits to the consumer, brand ambassador and a host of other such associations).

4) Loyalty that consumers have towards the brand and

5) Proprietary assets that the company owns for the brand like patents, trademarks and copyrights. This increases the sustainability (inability to copy) of the brand equity.

Aaker (1991) model of brand equity is illustrated in figure 2-2 below:

Figure 2-2: Aaker’s model of Brand Equity

The first four components of brand equity (Aaker’s model) contribute towards consumer based brand equity, however the fifth component is not pertinent to consumer based brand equity (Christodoulides & de Chernatony 2010). In 1996, Aaker modified his CBBE model to include market behavior of the brand and also
leadership of the brand and removed the proprietary assets component (Aaker 1996). The new ten measures model of CBBE of Aaker is listed in Table 2-2 below:

Table 2-2: Aaker’s (1996) ten measures of CBBE

<table>
<thead>
<tr>
<th>Measure</th>
<th>Sub-component</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Awareness</td>
<td>Brand Awareness</td>
</tr>
<tr>
<td>Brand Loyalty</td>
<td>Price Premium</td>
</tr>
<tr>
<td></td>
<td>Satisfaction/ Loyalty</td>
</tr>
<tr>
<td>Perceived Quality</td>
<td>Perceived Quality</td>
</tr>
<tr>
<td></td>
<td>Leadership</td>
</tr>
<tr>
<td>Brand Associations &amp;</td>
<td>Perceived Value</td>
</tr>
<tr>
<td>Differentiation</td>
<td>Brand Personality</td>
</tr>
<tr>
<td></td>
<td>Organizational Associations</td>
</tr>
<tr>
<td>Market Behavior</td>
<td>Market Share</td>
</tr>
<tr>
<td></td>
<td>Price &amp; Distribution</td>
</tr>
</tbody>
</table>

Srivastava and Shocker (1991)

Srivastava& Shocker (1991) conceptualized brand equity to be composed of two dimensions: Brand strength and Brand Value. Brand strength consists of consumer perceptions and their behaviors with respect to the brand (choice intention or choice). It can be operationalized as the set of associations that consumer has for the brand. Brand value on the other hand is the ability of the firm to leverage brand strengths (through marketing strategy and actions) to generate higher current and future profits and lower risks. For example, the brand strengths (associations) can be leveraged by extending the brand to other products wherein these associations will add value.

Kevin Lane Keller (1993)
Keller 1993 defined CBBE as ‘the differential effect of brand knowledge on consumer response to the marketing of the brand’.

Keller states that the conceptualization of brand equity varies with the purpose of brand equity. He conceptualized brand equity for the purpose of developing marketing strategy to improve productivity of the marketing efforts for the brand. The reaction or impact of a firm’s marketing effort depends on the knowledge the consumer has of the brand. Keller conceptualized brand equity using an associative memory network model and equates brand equity to the knowledge that the consumer has of the brand. He also distinguishes two components of brand knowledge:

a) Brand Awareness- The extent to which a consumer can recognize or recall the brand name and identify it with a product/service and/or a product category.

b) Brand Image-The entire set of brand associations the consumer has for the brand. He identifies three categories of association-

   i) Attributes
   ii) Benefits
   iii) Attitudes

The strength of brand’s equity also depends on the strength of the association with the brand (for example: whilst Bajaj Pulsar and Royal Enfield Bullet are both associated with masculinity & toughness, the masculinity & toughness association is much stronger for Bullet as compared to Pulsar), the favorability of the association (example: ‘youth’ is a favorable association for Pepsi but ‘contains pesticide’ is a unfavorable association for Pepsi) and the uniqueness of these associations (all bathing/toilet soaps have ‘cleansing’ and ‘lathering’ as a common association, but only Dove has ‘moisturizing soap’ as a unique brand association that is not shared by other brands of soap).

A diagrammatic representation of Keller’s conceptualization of brand equity is presented in figure 2-3 below:

**Figure 2-3: Keller’s Model of CBBE**
Roots of CBBE Conceptualizations – Cognitive Psychology & Information Economics

Consumer-Based Brand Equity (CBBE) conceptualizations have largely come from two streams of research: Cognitive psychology and Information economics (Christodoulides & de Chernatony 2010, Erdem et al 1999).

Cognitive psychology is a branch of psychology that deals with the way information is acquired, processed and stored. It deals with how people think, perceive, remember and learn (Neisser 1967). The cognitive psychology perspective in CBBE is concerned with consumer learning and their memory structure and has been the dominant stream in CBBE research (Aaker 1991, Keller 1993). From the cognitive psychology perspective, brand equity is anchored in brand awareness and its linkage to the attributes/features and associations that consumers have or perceive of the brand. In fact Keller (1993) has looked at consumer based brand equity purely from the cognitive psychology angle. The first 4 dimensions in the Aaker (1991) conceptualization of brand equity are also grounded in cognitive psychology (i.e. brand awareness, brand associations (as a result of consumer learning and knowledge of the brand), perceived quality and brand loyalty). In fact, most of the CBBE...

Information economics is a branch of economics that deals with the impact of information (the extent, quality, reliability, and degree of conflicting information) and information systems on economic decisions (Birchler&Bütler 2007). It deals with the consumer uncertainty such as perceived risk and information costs, and its impact on consumer’s choice (Erdem et al. 1999). Consumers are exposed to imperfect and asymmetrical market information about products and product categories (such as different competitor claims, varied consumer experiences which consumers encounter through word-of-mouth). This imperfect and asymmetrical information exposure produces uncertainty (and thereby higher perceived risk) in consumers’ minds. Brand names act as signals to consumers (Erdem et al. 2006) which are a result of the sum of the brands past and present marketing activities that the consumer gets exposed to. This brand signal is the basis of the brands equity with the consumer. This brand signal generates value for the consumer (and thereby equity for the brand) by reducing perceived risk, reducing their information costs and creating favorable brand associations (like perceived quality and favorable attribute perceptions) (Erdem & Swait 1998).

The cognitive psychology & information economics views of brand equity (CBBE) are complementary (Erdem et al. 1999, Christodoulides & de Chernatony 2010). The two perspectives share similar ideas regarding the outcomes or market effects of brand equity. The cognitive psychology perspective expects strong, favorable and unique brand associations to result in premium prices for the brand, higher consumer loyalty, enhanced extension opportunities and other market performance outcomes (Keller 1993). The information economics perspective predicts the same outcomes as a result of reduced perceived risk, reduced information costs and higher perceived quality (Erdem & Swait 1998).

Christodoulides & de Chernatony (2010) proposed a definition of CBBE that incorporates both the cognitive psychology and information economics perspectives. They define CBBE as a “set of perceptions, attitudes, knowledge, and behaviors on
the part of consumers that results in increased utility and allows a brand to earn greater margins than it could without the brand name.”

In the present day, there is still no universally accepted definition & conceptualization of consumer-based-brand equity. However, in essence Farquhar’s 1989 definition of brand equity as the “added value that a brand confers to a product or a service” is an integral part of most brand equity definitions today. Regarding the conceptualization of brand equity (CBBE), there is a lot more disagreement as compared to the definition and this has resulted in an evolution of incremental definitions. In most CBBE research studies and conceptualization models, there are some dimensions that are omnipresent: these are brand awareness and brand associations.

**Why measure brand equity?**

Marketing Science Institute (MSI) identified measurement of brand equity as the second most important area of research (after measuring the impact of marketing orientation) for the first decade of the new millennium. At the MSI(1999) workshop on brand equity metrics, they identified the following reasons why brand equity measurement is important: (1) to guide marketing decisions (both short term & long term), (2) for evaluating extendibility of a brand, (3) to better measure the effectiveness of marketing decisions (beyond short term measures such as revenues and profits which can also happen at the expense of brand equity), (4) to track the brand’s health over time, and (5) to financially valuate brands for purposes of selling/acquisition and financial reporting.

**Measurement of Brand Equity**

Even though Leuthesser (1988), Farquhar (1989), Aaker (1991), and Keller (1993) conceptualized brand equity, none of them operationalized their measurement. In the early to mid-1990s, a number of varied approaches to measure brand equity emerged including driving the brand value using: conjoint analysis (Rangaswamy et al. 1993, Green & Srinivasan 1978), a scanner-data based measure (Kamakura & Russell

The empirical measurement approaches of consumer-based brand equity can be classified into two types: direct approaches and indirect approaches. The direct approaches measure the overall CBDE (or the outcome of brand equity) directly by measuring the consumers’ preference for the brand (Park & Srinivasan 1994), or the revenue premium generated by the brand (Ailawadi et al. 2003), or the utility the brand provides (Kamakura & Russell 1993), or the overall brand value to the consumer (Green & Srinivasan 1978, Rangaswamy et al. 1993). The indirect approaches on the other hand measure the various dimensions that contribute to a brand’s equity such as brand awareness and brand image/associations (Lassar et al. 1995, Yoo&Donthu 2001, Washburn & Plank 2002, Vazquez 2002, Pappu et al. 2005).

**Direct Approaches to Measuring CBDE**

The first attempts made to measure the equity of the brand, which was used by several authors in the late 1980s, treated brand equity as the brand name importance or the value added by the brand name to the product (Louviere & Johnson 1988, MacLachlan&Mulhem 1991). Direct approaches evaluate consumer-based brand equity by separating the value provided by the brand alone from that provided by the product. The three major types of direct approaches used by researchers are:

a) Overall added value measure: measuring the value provided by the brand name to the remaining offering/product using methods like conjoint analysis (estimating the part-worth of the brand name), logit model and studying the overall perceptual distortion/bias consumers have towards their brands;
b) Multi-attribute approaches: separating the value of the brand alone from that provided by all other attributes (such as the product, packaging, advertising, sales, distribution etc.); and

c) Price and revenue premium generated: the price or revenue premium approach (i.e. the amount of price or revenue premium the brand generates over similar alternatives).

Table 2-3 lists down various CBBE measurement research studies that have used the direct approach.

### Table 2-3: Direct approach CBBE measurement research

<table>
<thead>
<tr>
<th>Author</th>
<th>Dimensions of Brand Equity</th>
<th>Measurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Brand Intangible Value</td>
<td>(Overall measure)</td>
</tr>
<tr>
<td>Swait et al. 1993</td>
<td>Brand Name</td>
<td>Equalization Price</td>
</tr>
<tr>
<td></td>
<td>Product Attributes</td>
<td>(Overall measure)</td>
</tr>
<tr>
<td></td>
<td>Brand Image</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Consumer Heterogeneity</td>
<td></td>
</tr>
<tr>
<td>Park &amp; Srinivasan (1994)</td>
<td>Attribute/ product based brand equity</td>
<td>Multi-attribute model</td>
</tr>
<tr>
<td></td>
<td>Non-attribute based brand equity</td>
<td></td>
</tr>
<tr>
<td>Leuthesser et al. 1995</td>
<td>Perceptual bias/ distortion of attribute evaluation</td>
<td>Overall measure</td>
</tr>
<tr>
<td>Agarwal &amp; Rao 1996</td>
<td>Brand Awareness</td>
<td>Multi-attribute model</td>
</tr>
<tr>
<td></td>
<td>Perceptions, attitudes,</td>
<td></td>
</tr>
<tr>
<td>Study</td>
<td>Measurement</td>
<td>Method</td>
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<td>-------</td>
<td>-----------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Crimmins 2000</td>
<td>Preference &amp; choice intentions</td>
<td>Premium generated over competitor (Consumer experiment)</td>
</tr>
<tr>
<td>Srinivasan et al. 2001</td>
<td>Brand Awareness, Attribute perception bias, Non-attribute perception bias</td>
<td>Multi-attribute model</td>
</tr>
<tr>
<td>Jourdan 2002</td>
<td>Attribute/ product based brand equity, Non-attribute based brand equity</td>
<td>Multi-attribute model</td>
</tr>
<tr>
<td>Sriram et al. 2007</td>
<td>Incremental utility of brand over store brand</td>
<td>Store purchase data (Overall measure)</td>
</tr>
<tr>
<td>Priluk &amp; Till 2009</td>
<td>Brand attitude</td>
<td>Implicit Association Test (Overall measure)</td>
</tr>
</tbody>
</table>

**a) Overall brand equitymeasurement:**

In this direct approach, researchers have used various instruments like using scanner-data from supermarket check-out to estimate consumer preference (Kamakura & Russell 1993), estimating the ‘halo effect’ (i.e. the perceptual bias in evaluating the product attributes for a brand versus a unbranded alternative) as an indicator of the brands equity (Leuthesser et al. 1995), using a random coefficients demand logit model calibrated on store-level data from a market database (Sriram et al. 2007), and using an Implicit Association Test where respondents pair positive and negative...
words with brands in a timed experiment (Priluk & Till 2009). Some of these instruments and approaches are presented in greater detail in the following paragraphs.

Kamakura & Russell (1993) used actual consumer purchase information (obtained from supermarket check-out scanner data) under normal market conditions to estimate the value consumers attach to each brand in a product category after accounting for advertising exposure effects (such as brand salience) and the effect of price differences. Brand equity is measured as the implied value or utility assigned by the consumer to the brand which they calculate by removing the effects of short-term advertising effects and price promotions. They term this as Brand Value.

According to Kamakura & Russell (1993), consumers form perceptions of a brand based on their exposure to the physical product and psychosocial cues (such as advertising cues). Consumers then make preference valuations according to their brand perceptions and their motivations to purchase (different motivations to purchase from a product category at a given point in time leads to seeking of different benefits which in turn affects how their perceptions translate into preferences). To operationalize the model, they adopt a random utility framework. They decompose the actual utility from the brand into 2 components: i) a component of utility intrinsic to the brand, and ii) a component of utility that can be explained by situational factors such as price and advertising. The intrinsic utility represents the value of the brand after the effect of the situational factors has been taken into account. This value reflects consumer choice based on the brand alone and not biased by the effect of recent advertising campaigns or price promotions. The authors further show the decomposition of the brand value into 2 components: i) a component based on the physical features (attributes) of the brand, and ii) an intangible component arising from perceptual distortion and other brand associations. In their own words, “brand value (BV) can be decomposed into two parts: a tangible component (BTV) which arises from the physical features of the product, and an intangible component (BIV) which arises from perceptual distortions and other responses to psychosocial cues.” The limitation of this study was that only aggregate (segment level scores) measures of brand equity are computed and not individual level brand equity.
Swait et al. (1993), based upon ideas from information economics and market signaling theory, operationalized a measure called Equalization Price as a measure of brand equity. They argue that the brand affects every component of utility to the consumer and hence any measure of brand equity must reflect total consumer utility. Equalization Price is an implicit measure of the combined effects of brand name, product attributes, brand image and consumer heterogeneity effects which are a result of consumer advertising & product experiences, and their brand perceptions and preferences. Through a consumer choice experimental design they analyse consumer choice using a multinomial logit model to calculate the equalization price (monetary value of brand equity). The equalization price is the hypothetical price at which each brand (in the experiment) would have the same market share in that consumer’s purchase. The advantages of their method are that it is an individual level measure and incorporates a variety of qualitative variables linked to intangible value (brand name, image, & associations).

Leuthesser et al. 1995 questions the assumptions made by the multi-attribute models (Srinivasan 1979, Park & Srinivasan 1994) in measuring the overall brand preference and separating from it the brand preferences based on multiple attributes. They begin their study with the premise that consumer evaluations of a given brand on multiple attributes (including physical, tangible attributes) are always biased. Consumers will be predisposed to the brands they know and thus there will exist a ‘halo’ effect in their evaluations of these attributes for the known brand. According to them, this perceptual bias (or perceptual distortion as termed by the authors) is the very basis of brand equity. While the multi-attribute models assume a belief-causes-attitude linkage, the halo effect suggests dual causality (i.e even attitudes cause beliefs). The consequence of this is that product attribute ratings consist of individual attribute ratings plus an adjustment of these ratings by the raters overall attitude to the brand (the ‘halo’ effect). This results in inter-attribute correlations that are higher (and statistically significant) than those that would exist if the brand halo effect were absent. They use two statistical procedures, ‘partialling out’ and ‘double-centering’, to isolate this perceptual distortion (brand equity). Their measure like Kamakura & Russell (1993) is an aggregate measure of brand equity.
Sriram et al. (2007) used process to measure brand equity from store level data. They used weekly sales data over 30 quarters to estimate brand intercepts as their measure of brand equity. They measured brand equity for a large number of brands (and multiple sizes/variants for each chosen brand) including identical/similar store brands. The store brand intercepts were calibrated to zero and hence the brand intercept scores for the brands were relative to a store (surrogate indicator for unbranded product). This is their measure of brand equity. They also compared in their study the short- and long-term impact of marketing actions (advertising, sales promotion & product innovations) on brand equity. The advantage of their approach is that store-level data is relatively free of the error of self-reports.

Priluk & Till (2009) study consumer’s positive and negative feelings to brands by using the IAT (Implicit Association Test). They believe that while explicit measures of brand equity like price premium or choice or preference provide a lot of value, such measures may be missing out on elements of brand meaning that implicit measures such as IAT (despite imperfections) can detect. Consumers are asked to pair positive and negative words (that are presented to them) with different brands (each having different levels of brand equity) in a timed experiment. They then measure the strength of the association between the two concepts. They find that “when subjects are faster at pairing a positive word with a particular brand than a negative word with that same brand, this is an indication that the subject may hold higher positive valence for the first brand.”

b) Multi-attribute approach:

This approach was first used by Srinivasan (1979) to estimate what he termed ‘brand-specific effect’ (since the term brand equity wasn’t in use then) as the “overall preference not explained by the attributes used in the multi-attribute model.” He argued that whilst ‘Coke’ and ‘Pepsi’ may have similar values for attributes like sweetness, carbonation, calories, and price; they still have different consumer preferences and market shares. He estimates brand equity by first measuring the overall brand preference/attitude and then subtracting from it the preference/attitude estimated by the multi-attribute model to yield a measure of brand equity which he
then quantified in monetary terms. They compare actual market choices made by the consumer with the choices predicted by the multi-attribute model. Srinivasan 1979 used conjoint analysis to isolate the brand preference from the multi-attribute model. Their measure of brand equity is an aggregate measure and cannot be done at an individual level. At best it can be used to measure brand-specific effects (brand equity) at a segment level.

Park & Srinivasan (1994) measured brand equity “as the difference between an individual’s overall brand preference and his or her brand preference on the basis of objectively measured product attribute levels.” As compared to the 1979 Srinivasan study, they measure brand equity at an individual level by quantifying the incremental value (measured as consumer preference) that the brand adds to the product as perceived by an individual consumer. They break-up the value add into 2 components: the value added by attributes (perceived by consumers as the products physical characteristics); and the non-attribute value which is comprised of the intangible (symbolic) characteristics of the product/ brand. The attribute-based component is the difference between the subjectively perceived attributes and the objectively perceived attributes (respondents rate the brand/ product relative to other competing brands individually for multiple product attributes); whilst the non-attribute component is an overall preference for the brand unrelated to the product attributes. However they do not distinguish between the various components of the non-attribute component and hence has limited utility for practitioners in managing the brand’s equity. They also measured the market share premium and price premium as overall summary measures of brand as a comparator/ validity measure for their multi-attribute model measure. They used a consumer survey to estimate the market share premium and price premium that their chosen brands had over store brands (which they considered to be equivalent to unbranded products).

Jourdan (2002) brought about a refinement to the Park & Srinivasan (1994) study/measure by pointing out that the objective evaluation of attributes itself will be influenced by the brands’ ‘halo effect’ and have tried to correct this measurement error. The Park & Srinivasan (1994) study defines objective preference for the attributes as a measure not including any effect of the brand whilst the subjective (or overall) preference measure includes the objective measure plus the impact of the
brand. Additionally, they point out that even though all attributes of a brand get evaluated favorably over competition, the consumer may still prefer another brand (rated lower on all attributes) due to the incoherency and irrationality of his choice. (Tversky & Kahneman 1974). They found a potential source of systematic error in the Park & Srinivasan method in that the method arbitrarily chooses attributes (both the number and nature of attributes chosen) and the overall error component therefore is not negligible. The Jourdan (2002) modification in the method resulted in better reliability and validity of brand equity measurement.

Agarwal & Rao (1996) felt that whilst there were multiple measures of brand equity in the early 1990s, there were few attempts made to integrate these measures into a holistic brand equity measure and test its convergent validity. They tried to combine eleven different measures of brand equity (2 measures of awareness – recall & familiarity, 3 measures of perceptions & attitudes including a value for money and quality of brand measure, 3 measures of preferences including a price premium measure, two measures of choice intentions/ likelihood of purchase – one explicit and one implicit measure, and one measure of actual choice/ past purchase), used as aggregate level as well as individual measures of equity, and tried to measure the convergence of these measures. They also tried to validate their results against actual consumer purchases obtained from laboratory data. At both the aggregate as well as individual level, they find that except for the recall measure, all the other ten measures showed high consistency & congruence to each other. They summarize that indirect measures like preferences, perceptions, attitudes, or choice intentions are convergent supporting the conceptualization of equity by Aaker (1991) and Keller (1993).

Srinivasan et al. (2001) estimated CBBE at an individual level by “determining the incremental choice probability, i.e. the difference between an individual customer’s overall choice probability for the brand and his or her choice probability for the same product and price but with minimal brand-building efforts.” This approach is similar in spirit to Park & Srinivasan (1994) and includes some improvements such as the addition of brand awareness (and its effect on brand availability). They define brand equity as “the incremental profit per year (at an individual level) obtained by the brand in comparison to a brand with the same product and price but with minimal brandbuilding efforts.” They conceptualize brand equity as arising from three sources:
the brand awareness, the attribute perceptions of the brand, and the non-attribute (the overall image unrelated to attributes) perceptions of the brand. Srinivasan et al. (2001) calculate the brand equity in profit terms by multiplying the individual consumer’s incremental choice probabilities (which are a result of brand awareness, attribute preferences & non-attribute preferences) with the category purchase quantities and the brand’s profit margin.

Despite some of the advantages of the various multi-attribute approaches, the degree of complexity involved in measuring brand equity makes results in relatively low managerial value & application (Christodoulides & de Chernatony 2010).

c) **Price and Revenue premium based direct approach:**

One of the benefits of a strong brand is the premium it earns over its competition and also the lesser sensitivity it has to price increases as compared to competitors (Feldwick 1996). Researchers have used these (price premium and price elasticity) as the measure of a brand’s equity. The price premium is the ability of the brand to charge a premium (higher price) in comparison to an unbranded equivalent product (Aaker 1996, Barwise et al. 1993). Joel Axelrod (1992) defines brand equity as “the incremental amount your customer will pay to obtain your brand rather than a physically comparable product without your brand name”. Crimmins (2000) definition and measurement approach of brand equity concurs with that of Axelrod (1992). In the previous section we looked at the Park & Srinivasan (1994) study in which they too measured the price premium and the market share premium the brand earned over an unbranded product.

Price premium can be measured by using real market data (Moran 1994) or by using experimental data (either by asking consumers how much they will pay for the brand or by using conjoint analysis in which brand name is an attribute and its part worth in terms of preference/ price premium can be calculated). In the experimental route, researchers determine the market share the brand would garner at various levels of price. The equity measure is the calculation of the relative price at which each competing brand would have the same market share (Feldwick 1996). The advantages of price premium methods is that it is more complete than any other individual
measure of brand equity (like awareness, perceived quality, evaluation of attributes etc) and that brand equity gets measured in a dollar/ monetary value. Also, this measure quantifies the broad universally accepted definition of brand equity as the incremental benefit to the product due to the brand name. One other drawback of the price premium method is in the cases where a brand strives to increase its market share (adopt a market penetration strategy) and hence trades price premium with sales volume (revenue). In such a case, price premium method fails to accurately estimate the brand’s equity.

Ailawadi et al. (2003) compared various methods for measuring CBBE and proposed revenue premium as an alternate to other product-market outcomes methods such as the price-premium method. They define revenue premium as the “difference in revenue (i.e. Net Price X Volume) between a branded good and a corresponding private label.” They used data from Dominick’s database (a secondary source containing data on prices, market shares, revenue, promotions, purchase cycle & other similar market data for brands, private labels and product categories). They argue that the external validity and objectivity of this measure is obviously high since brand equity is calculated using actual market data and doesn’t therefore encounter either hypothetical scenarios (where consumers are asked to state their purchase intention and purchase intention need not result in actual purchase (Tversky&Kahneman1974)) or subjective judgments by consumers. This method is also easy to use since it doesn’t involve primary data collection (consumer surveys), estimation of demand elasticity’s (for the price premium method), assumptions about consumer choice, and data is easily available through internal company data and secondary sources (such as annual reports, syndicated research reports such as the AC Nielsen data).

Limitations of the direct approach:

Direct measures of brand equity do not shed any light on the sources of brand equity and hence are of relatively low utility to practitioners in taking corrective actions (since they are not able to identify which drivers of equity are doing well and which are not). They are only measures of the overall brand equity (and at best they have been decomposed to the level of attribute/ tangible brand value and non-attribute/ intangible brand value). While they recognize that the intangibles include brand name
awareness levels, brand image, perceived quality, brand meaning and brand associations; the direct approach does not measure these drivers of brand equity independently and hence have limited utility for managers of brands.

Indirect Approaches to measuring CBBE

Indirect approaches to measuring CBBE seek to measure brand equity by studying/measuring its manifested dimensions. The brand equity calculation is based on the accumulation of measures of these multiple dimensions of CBBE. Most of the indirect measurement approaches are based on the Aaker (1991) and Keller (1993) conceptualization of CBBE. Table 2-4 summaries the various research studies that have used indirect approaches to measuring CBBE.

Table 2-4: Indirect approach to CBBE measurement research

<table>
<thead>
<tr>
<th>Author</th>
<th>Dimensions of Brand Equity</th>
<th>Product Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cobb-Walgren et al.</td>
<td>Brand Awareness</td>
<td>Hotel</td>
</tr>
<tr>
<td>(1995)</td>
<td>Advertising Awareness</td>
<td>Household cleanser</td>
</tr>
<tr>
<td></td>
<td>Perceived Quality</td>
<td></td>
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<tr>
<td></td>
<td>Brand Associations</td>
<td></td>
</tr>
<tr>
<td>Lassar et al. (1995)</td>
<td>Performance</td>
<td>Televisions</td>
</tr>
<tr>
<td></td>
<td>Social image</td>
<td>Watches</td>
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<tr>
<td></td>
<td>Value</td>
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<td></td>
<td>Trustworthiness</td>
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<td></td>
<td>Attachment</td>
<td></td>
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<tr>
<td>Authors</td>
<td>Constructs</td>
<td>Products</td>
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<td>---------------------</td>
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</tr>
<tr>
<td>Yoo &amp; Donthu (2001)</td>
<td>Brand Awareness, Brand Associations, Perceived Quality, Brand Loyalty</td>
<td>Athletic shoes, Camera films, Color Televisions</td>
</tr>
<tr>
<td>Vazquez et al. (2002)</td>
<td>Product functional utility, Product symbolic utility, Brand functional utility, Brand symbolic utility</td>
<td>Sports shoes</td>
</tr>
<tr>
<td>Netemeyer et al. (2004)</td>
<td>Perceived Quality, Perceived Value w.r.t cost, Willingness to pay premium</td>
<td>Toothpaste, Colas, Athletic Shoes, Jeans</td>
</tr>
<tr>
<td>Pappu et al. (2005)</td>
<td>Brand Awareness, Brand Associations, Perceived Quality</td>
<td>Cars, Televisions</td>
</tr>
<tr>
<td>Study</td>
<td>Constructs</td>
<td>Products/Industries</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-----------------------------------------------</td>
<td>-----------------------------------------</td>
</tr>
<tr>
<td>Christodoulides et al. (2006)</td>
<td>Emotional connect, Online experience, Responsive service, Trust, Fulfillment</td>
<td>Service (e-tailers)</td>
</tr>
<tr>
<td>Rajasekar &amp; Nalina 2008</td>
<td>Performance, Social Image, Value, Trustworthiness, Attachment</td>
<td>Consumer Durables (Indian context)</td>
</tr>
<tr>
<td>Buil et al. 2008</td>
<td>Brand Awareness, Perceived Quality, Brand Loyalty, Brand Associations</td>
<td>Soft drinks, Sportswear, Consumer electronics, Cars</td>
</tr>
</tbody>
</table>

Cobb-Walgren et al (1995) were the first researchers to measure consumer based brand equity (CBBE) empirically on lines of the conceptualization of Aaker (1991) and Keller (1993). They argue that attitudes are generally a poor predictor of marketplace behavior and find this to be the shortcoming of many of the direct approaches used to measure consumer behavior. Instead, consumer perceptions are a precursor to behavioral manifestations of brand equity. Their operationalization of
CBBE is based on Aaker’s (1991) conceptualization of brand equity being composed of brand awareness, brand associations and perceived quality. They also look at 2 separate types of awareness: brand awareness and advertising awareness and also classify associations into positive, negative and neutral associations (Keller 1993). They arrived at brand equity as the sum of the scores obtained for the 4 different dimensions (brand awareness, advertising awareness, net positive associations, and perceived quality).

\[
\text{Brand Equity} = \frac{\text{Brand Awareness}}{\text{Advertising Awareness}} + \frac{\text{Net Favorable Associations}}{\text{Perceived Quality}}
\]

The advantage of is the method is its ability to measure individual components of brand equity and hence will help managers identify problems that result in lower levels of equity. The major drawback is that they do not consider any affective or behavioral dimension (such as brand loyalty).

Lassar et al. (1995) operationalize brand equity as “the enhancement in the perceived utility and desirability a brand name confers on a product. It is the consumers’ perception of the overall superiority of a product carrying that brand name when compared to other brands.” They believe that there are certain considerations when defining brand equity: it refers to consumer perceptions rather than any objective indicators; it refers to a global value associated with a brand that stems from the brand names (and not only from physical characteristics of the product); that brand equity is not absolute, it is relative to competition; and finally that brand equity positively influences financial performance. As a starting point, they develop upon the Martin & Brown (1990) study. Martin & Brown (1990) conceptualized brand equity (termed by them as consumer-perceived brand equity) as composed of 5 components: perceived quality, perceived value, image, trustworthiness and commitment.

Lassar et al. (1995) improved upon their conceptualization and used performance as a more inclusiveterm than quality, restricted the image component to only the social image (defined by them as “the consumer’s perception of the esteem in which the consumer’s social group holds the brand. It includes the attributions a consumer
makes and a consumer thinks that others make to the typical user of the brand”), and viewed commitment as only perceptual commitment and not behavioral commitment (defined by them as “the relative strength of a consumer’s positive feelings toward the brand”). Thus, the Lassar et al. conceptualization of brand equity consisted of 5 dimensions: performance, value, social image, trustworthiness & commitment. Survey data was collected using a 17 item Likert type scale for which they reported adequate levels of internal consistency and validity; however they do not report any evidence of external validity.

Lassar et al. (1995) was the first to make measurement of brand equity a simple paper and pencil affair, a marked improvement over previous complicated techniques. The major drawback is that their scale focuses on perceptions only and excludes important behavioral components such as brand loyalty (Christodoulides & de Chernatony 2010).

Yoo & Donthu (2001) define consumer-based brand equity as “consumer’s different response between a focal brand and an unbranded product when both have the same level of marketing stimuli and product attributes.” Their criticism of previous measures of CBBE is that they were developed without rigorous psychometric testing and also that they were not parsimonious enough to use. Their objective was to develop a multidimensional measure of consumer-based brand equity that is reliable, valid, parsimonious, and generalizable cross-culturally. By consumer – based measurement, they mean a measure of cognitive and behavioral brand equity at an individual level using a consumer survey.

The starting point for their model were Aaker’s (1991) four dimensions of brand equity: brand awareness, brand loyalty, brand associations & perceived quality (the only difference being their conceptualization of brand loyalty as “the tendency to be loyal to a focal brand which is demonstrated by the intention to buy” as against Aaker’s conceptualization of loyalty as “attachment that a customer has to be a brand”). They developed a brand equity measure (scale) that is based on these 4 dimensions and collected data from 3 different cultural groups (Koreans, Korean Americans & Americans) across 2 countries (Korea & America) – i.e. they adopted an etic approach to scale development by simultaneously collecting data in multiple cultures to test whether the scale was cross-culturally valid.
Their resultant brand equity measurement scale, multidimensional brand equity (MBE), consists of ten items reflecting three dimensions of brand equity: brand loyalty, perceived quality and a combined ‘brand awareness & associations’ dimension (factor analysis did not produce 4 factors/ dimensions due to the high correlation/ inseparability between brand awareness and brand associations). The inseparability of awareness and associations happened in the Korean, Korean American, American and pooled groups. They further developed a 4 item scale to measure Overall Brand Equity (OBE) with the purpose of using it to test the MBE scale for convergent validity. They also tested validity using ‘purchase intention’ and ‘attitude towards the brand’ measures. The MBE scale showed a strong and significant correlation with all the 3 measures.

The Yoo & Donthu (2001) study is arguably the best amongst the various indirect approaches to measuring CBBE on account of its multiple strengths (reliable, valid, culturally valid, & parsimonious) and few weaknesses. The major limitation of their scale is the inseparability of awareness and associations (which are 2 distinctly different theoretical constructs).

Washburn & Plank (2002) investigated empirically the psychometric properties of the Yoo & Donthu (2001) CBBE scale. They tested the 15 item (for both a 4 dimension and 3 dimension solution) & shortened 10 item multidimensional brand equity (MBE) scale as well as the 4 item overall brand equity (OBE) scale. They found an acceptable fit and, composite reliability and variance extracted for the 10 item, 3 dimension (brand loyalty, perceived quality & a combined brand awareness/ associations dimension) MBE scale. However, the model was subject to serious residual problems which they were able to improve by using the Yoo & Donthu 2001 scale, but by examining 15 items instead of the reduced 10 item scale. Their research provides support for the Yoo & Donthu MBE scale but they conclude that “Yoo & Donthu’s scale is not psychometrically sound for theory testing research needs to be improved.”

Vazquez et al. (2002), based on work of Cobb-Walgren et al. (1995) and Kamakura & Russell (1993) proposed the development of a measurement instrument for ex-post (after purchase) utilities obtained by consumers from brands. They define CBBE as
“the overall utility that the consumer associates with the use and consumption of the brand, including associations expressing both functional and symbolic utilities.”

Vazquez et al. (2002) distinguished between the different utility that a product and a brand provide to a consumer, which is in line with the popular definition of brand equity as an addition to the product (meaning that the product and brand provide the consumer separate utilities). They then classify these 2 types of utility on 2 separate dimensions: functional value (relating to the physical utility of the product) and symbolic value (relating to the social and psychosocial needs of the consumer). Past research has equated product utility to functional utility and brand utility to symbolic utility (Kamakura & Russell 1993). Additionally, the functional value corresponds to the cognitive or rational consumer evaluation of brands and the symbolic value corresponds to the emotional or experiential consumer evaluation of brands.

The basic aim of their research was to “construct a reliable and valid measurement instrument for consumer-based brand equity that includes the brand name utilities and the product utilities, and that also compiles the functional and symbolic content of each of these utilities.” They developed a 22 item scale to measure CBBE on these 4 dimensions, namely: product functional utility, product symbolic utility, brand functional utility and brand symbolic utility. A disadvantage of this study is that it focused on ex-post utilities only and therefore neglected ex-ante utilities. Kocak et al. (2007) tried to replicate the results of Vazquez et al. (2002) in a different cultural setting (Turkey), choosing the same product category to study. The test was to determine if the scale was appropriate for Turkey as a different culture. They used the 22 item scale developed by Vazquez et al. (2002) and concluded that the same scale was not appropriate for Turkey and that consumers may arrive at different brand evaluations in different cultures.

Pappu et al (2005) set out to improve the measurement of CBBE by Yoo&Donthu (2001) (and which was validated Washburn & Plank 2002). They identified certain weaknesses in Yoo&Donthu (2001) study: 1) their observation/ result of CBBE as a three-dimensional construct (where brand awareness & associations got combined into a single dimension); 2) the fact that they used only student samples; and 3) their choice of items to study the brand associations dimension (both Yoo&Donthu 2001 &
Washburn & Plank 2002 did not include brand personality, an important element in the Aaker 1991 conceptualization of brand associations).

They point out that theoretically brand awareness and brand associations have been conceived to be conceptually different from each other (Aaker 1991, 1996, Keller 1993) and that there is also ample empirical evidence confirming that these are distinct from each other (Sinha & Pappu 1998). On the lines of future research recommendations of Washburn & Plank (2002) suggesting researchers to include more discriminating items to the Yoo&Donthu (2001) scale, they included brand personality as a sub-dimension/item to measure associations. They collected data for 6 brands from 2 product categories from non-student samples.

Their results support the four-dimension model of consumer behavior (they found brand awareness and brand associations to be two distinct dimensions of brand equity as conceptualized in marketing literature).

In our literature review on measurement (and conceptualization) of brand equity, we have cited numerous studies using a variety of direct and indirect approaches to measuring CBBE. Even though there is ample research in these areas, almost all the research is in the developed world and most of it is also in the western world context.

The only Indian study we came across on measurement of brand equity was by Rajasekar & Nalina (2008). Their study attempts to fill this research gap and they use a five dimension scale modeled on the lines of Lassar et al. (1995) to measure CBBE of consumer durables. The scale consisted of 17 items representing 5 dimensions: performance, social image, value, trustworthiness and attachment. They also report construct validity for their scale.

All the direct and indirect approaches presented in the above section have studied brand equity is the context of only product brands and this is a serious limitation. Relatively fewer studies have studied the conceptualization and measurement of CBBE in the context of services. de Chernatony (2004) was the first study to extend CBBE theory and measurement to services wherein they studies financial services and identified brand loyalty, satisfaction and reputation as the three dimensions of brand equity. This study was followed by Christodoulides et al. (2006) which studied brand
equity in an online context (e-tailing) and identified five dimensions: emotional connection, online experience, responsive service nature, trust and fulfillment. Research in this area is very scant and there is a lot of future scope in understanding and measuring brand equity in services.

**Proprietary methods of measuring consumer-based brand equity**

Alongside academic research on measurement of brand equity, brand consultancies and market research firms have also developed their own proprietary methods of measuring brand equity (both FBBE and CBBE). The most widely used proprietary CBBE measurement approaches are the Brand Asset Valuator (BAV) by Young & Rubicam and Millward Brown’s Brand Dynamics. A brief on these 2 models is presented in Table 2-5.

**Table 2-5: Proprietary CBBE measurement methods**

<table>
<thead>
<tr>
<th>Consulting Firm</th>
<th>Proprietary Method</th>
<th>CBBE dimensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Young &amp; Rubicam</td>
<td>Brand Asset Valuator (BAV)</td>
<td>Differentiation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Relevance</td>
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<td>Esteem</td>
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<td>Knowledge</td>
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<td>Energy</td>
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<tr>
<td>Millward Brown (WPP)</td>
<td>Brand Dynamics</td>
<td>Presence</td>
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<tr>
<td></td>
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<td>Relevance</td>
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<td>Performance</td>
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<td>Advantage</td>
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<td>Bonding</td>
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</table>
Limitations of Current CBBE Conceptualizations & Measurement

Our review of most of the extant literature on brand equity covered both the types of brand equity (firm based or financial and consumer based brand equity), tracked the evolution of definitions & conceptualizations of consumer-based brand equity (CBBE) from both the cognitive psychology and information economics perspective, and studied in-depth and critiqued the different approaches to the measurement of CBBE (the variety of direct and indirect methods & instruments used). We conclude that we find the Aaker (1991, 1996) conceptualizations of CBBE as composed of the four dimensions of brand awareness, brand loyalty, perceived quality and brand associations to be theoretically sound and adopted by a clear majority of subsequent studies for 2 decades (1993 to 2013). This conceptualization has also been empirically tested and found valid and is not without its own set of limitations (which are highlighted later in this section).

In terms of the measurement methods, researchers have used methods that measure brand equity directly and other (indirect) methods wherein they measure brand equity through the measure of its multiple dimensions. The early methods to be used to measure CBBE were the direct approaches but were then followed by easier to use paper-and-pencil indirect methods. We favor the indirect methods on 2 counts: direct measures have limited managerial value since they provide no input on the sources of brand equity (whilst indirect methods report on each of the sources/ dimensions of brand equity); and indirect methods are much easier to use compared to the more complex to operationalize direct methods that involve complex statistical models. We agree that brand equity is a complex and multi-faceted concept and needs to be captured/ measured through a set of measures rather than one single measure (Christodoulides& de Chernatony 2010).

We find some shortcomings in the existing research on conceptualization and measurement of consumer-based brand equity:

1. Most of the existing studies have focused on measurement of CBBE only for products. Branding and brand equity is as important for services as products. There are very few studies that have studied brand equity measurement of
services. We feel that there is a need to develop a measurement instrument that can be used to measure CBBE for both products and services.

2. Existing conceptualizations of CBBE include only cognitive dimensions (and consequently only cognitive evaluation measures) of brand equity such as awareness, associations (recall of associations), perceived quality, and brand loyalty (especially behavioral loyalty). We do agree that loyalty can be conceptualized to include attachment (Aaker 1991) of the consumer and thereby include an affective/emotional dimension.

3. Based on the earlier limitation, we believe that CBBE measures should include emotional and experiential facets.

4. Finally, some recent developments in branding in the areas of consumer-brand relationships (Fournier 1998, Breivik & Thorbjornsen 2008), brand love & emotions in branding (Ahuvia 2005, Kamat & Parulekar 2007), customer equity (Rust et al. 200), and brand experience (Schmitt 1999, Brakus et al. 2009, Lee et al. 2010) have an important role to play in consumer-based brand equity. This is elaborated in the next section. In fact Keller (2001) outlined steps for building brand equity, also suggesting consumer–brand relationship as an important component.

**New Developments in Branding affecting the understanding of Brand Equity**

In this section we present new developments in brand-related research which will impact the current and future understanding and measurement of consumer-based brand equity. The literature survey & discussion with academic experts led me to explore 4 brand-related research areas:

1. Customer-Brand Relationships,
2. Brand Love: after an extensive literature review, we understand this as a part of brand relationships (this wasn’t really the case in 2008 when the research proposal was made and brand love was a fast emerging research area,
3. Brand Experience, and
4. Customer equity: we were advised by an academic expert to read up on this area to better understand whether brand relationships (including brand love) has a role to play in brand equity or in customer equity.

**Brand Relationships**

The importance of relationship marketing has been part of marketing thought, practice and research for a long time. Comparisons vis-à-vis the traditional transaction mode of marketing in terms of the benefits, the applicability, measurement, and limitations has been made by numerous research studies. However, since relationship marketing finds much greater relevance in business markets as compared to consumer markets, relatively little work was done in the consumer domain till the 1990s. Thus, basic important questions such as whether, why, and what consumers look for in relationships with brands were largely unanswered (Webster 1992). The only significant research related to the relationship consumers have with their brands, was in the area of the self-concept connection that consumers have with their brands (Belk 1988, Sirgy 1982).

Susan Fournier’ (1998) published a seminal study to provide a framework to better understand relationships that consumers have with the brands they know and use. Fournier (1998) argued that brands can and do serve as meaningful relationship partners (akin to interpersonal relationships) and that these consumer-brand relationships are both theoretically and managerial useful. Brand loyalty for instance, though it is a consumer-relationship concept, wasn’t seen in that light till this study (Fournier 1997, 1998).

For a relationship to exist however, interdependence between the partners is necessary. Fournier (1998) considers a brand not merely a passive participant in the relationship (since it has no objective existence, is inanimate & not a ‘real’partner) but an active member of the relationship dyad (based of the behavioral significance of marketing actions such as advertising, packaging & pricing changes, promotions, etc.). Also, brands have been described by consumers in terms of human
characteristics, something used in Aaker’s (1991) conceptualization of brand personality.

In this study, Fournier (1998) draws on anthropological research methods to study 3 women drawn from varied demographic backgrounds and life histories. Over an extended period using observation (in the respondent’s homes, rummaging through their kitchen cabinets & wardrobes) and a series of depth interviews, she draws connections/relationships between these consumers and their brands.

Through Idiographic analysis, Fournier (1998) then tried to link the respondents’ identity issues with their brand relationships. Their analysis confirms how the concerns and themes consumers use to define themselves result in the relationships they cultivate with brands and also how the brands they use in turn affect their self-image and identity. The analysis of consumer brand usage text allowed them to characterize consumer-brand relationships on seven dimensions:

- voluntary versus imposed relationships
- positive versus negative relationships
- intense versus superficial (or casual) relationships
- enduring (long term) versus transient (short term)
- public versus private relationships
- informal (personal) versus formal (based on the role/ function or task) relationships; and
- symmetric versus asymmetric relationships

Fournier (1998) then went on to conceptualize an indicator for customer-brand relationship quality, depth, and strength. They hypothesized a preliminary six-faceted brand relationship quality (BRQ) construct: Love & passion, self-connection, commitment, interdependence, intimacy & brand-partner quality. They go on to propound that BRQ results in consumers attitude and behavior towards the brands they have a relationship with. This is represented in the figure 2-4 below:
In the implications for future research, they suggest an alternate construct for brand loyalty (which is an important dimension of the CBBE construct) which incorporates the brand relationships angle; and also a modified construct for brand personality (a second order sub-dimension of brand equity as part of the brand associations’ dimension).

Breivik & Thorbjørnsen (2008) noted that few studies had empirically tested consumer-brand relationship models. They agree with previous research that “brands play a significant role in people’s lives.” They set out to examine existing popular conceptual models of brand relationships: the BRQ model (Fournier 1998) and the Relationship investment (RI) model (Rusbult et al. 1980). They tried to theoretically validate and empirically test these models (subsequent to theoretical modifications).
They found a shortcoming in previous models of brand relationships with respect to the fact that while these “relationships can be important and non-trivial, they will not qualify as the most important part of people’s lives.” They also point out that previous models have been based on close ties between relationship partners (since the theory was built/ borrowed from interpersonal literature in the context of human relationships). However, in the case of most brands (with exceptions in cases like cult brands or brand communities), the consumer-brand relationships would not be so close (i.e. there will be many weak relationships in addition to the strong relationships in which context previous models were based). To overcome this, the first refinement they include is the addition of habit (behavioral frequency) as a dimension in both the BRQ & the RI frameworks. Additionally, they studied relationships in 2 steps: the first step involving strong consumer ties with their brands (all respondents chosen from brand communities) and in step 2 they did not select such respondents.

Their results show that dimensions of the BRQ model (which were hypothesized by previous research to be independent to each other, showed multi-collinearity) and hence some dimensions will collapse into others. They find the overall BRQ construct to be empirically valid and a strong predictor of purchase intention. They conclude that the BRQ model (the most influential brand relationship model) doesn’t therefore completely live up to its promise. They find the partial mediated RI (they tested a complete and a partial mediation model) model able to better interpret consumer-brand relationships. Their findings also support the inclusion of behavioral frequency as a dimension, especially for lesser involved relationships.

Chang & Chieng (2006) proposed that brand relationships depend on the successful establishment of the brand meanings (i.e., brand personality, brand association, brand attitude, and brand image). These also suggest that brand meanings can be formed directly from a consumer’s experience. This influence of experiences in the formation of brand relationships is also supported by Lee & Kang (2012). Chang & Chieng (2006) define “consumer–brand relationship as the tie between a person and a brand that is voluntary or is enforced interdependently between the person and the brand.” Their study confirmed that individual consumer experience impacts brand associations, brand personality and brand attitude. They also found that brand associations, brand personality, brand attitude & brand image influence customer-brand relationships.
Dimitriadis & Papista (2010) have suggested that brand awareness in linked to customer brand relationships. They felt that a common definition and measurement of brand relationship incorporating research from both relationship marketing and branding is lacking and their research attempted to look at similarities in both these concepts in conceptualizing customer brand relationship quality.

Valette-Florence & Valette-Florence (2011) studied the influence of brand personality variables (such as Aaker’s (1994) brand personality big 5 dimensions) and consumer emotions (like fear, gratitude, surprise etc.) on brand relationships. They find that as anticipated by them, there is interdependence in these cognitive (personality) and emotional variables. They also validate that the commitment aspect of brand relationships is composed of a cognitive (rational) commitment and an emotional commitment; both these types of commitment are influenced by brand (personality) cues and consumer emotion states and are mediated by trust and attachment.

**Brand Love**

Ahuvia (2005) was the first to study the love that consumers have for their brands. They state that consumer-brand relationships are broader than brand love, which is only one type of a consumer-brand relationship. Carroll & Ahuvia (2006) contend that examining brand love will contribute to a more nuanced view of consumer feelings towards brands, and allow for a better understanding and prediction of desirable consumer behavior.

Kamat & Parulekar (2007) believe that consumers form bonds or relationships with brands akin to person-person relationships and that love is the underlying relationship that results in loyalty of the consumer towards a brand. They term this as Brand Love and postulate that it is the underlying condition that is responsible for the creation of the symptom, namely brand loyalty. Based on Sternberg’s (1986, 1988) love triangle (Shimp & Madden 1998), they developed a 24 items scale to measure Brand Love composed of 5 dimensions: Friendship, Contentment, Admiration, Commitment and Yearning.
Keh et al. 2007 define brand love as “the intimate, passionate, and committed relationship between a customer and a brand, characterized by its reciprocal, purposive, multiplex, and dynamic properties.” Brand Love is a two-way relationship between the consumer and the brand unlike brand attitude and brand loyalty which are unidirectional (consumer to brand).

Initial studies likened Brand Love (love between a consumer and a brand) to interpersonal love (on lines of the Sternberg 1986, 1988 love Triangle). The Batra et al. (2012) study respondents “often stated that although they genuinely loved some brands, this was a different form of love than interpersonal love” and hence was described as less important than interpersonal love. They find integration of the loved brand into the consumer’s self-identity to be a central aspect of brand love (Albert et al. 2008). They also conclude that brand love is more a consumer–brand relationship than an emotion (i.e, it is an important part of the brand relationship framework). They first developed a ten dimension scale but refined it to a small 7 dimension scale to improve the parsimony of the scale. These dimensions were passion driven behaviors, self-brand integration, positive emotional connect, long-term relationship, anticipated separation distress, overall attitude valence, & certainty/ confidence.

We perceive brand love to be a subset of customer-brand relationships and important (not as a separate dimension of brand equity) as a part of the brand relationship dimension that needs to be included in CBBE conceptualization and measurement.

Brand Experience

The experiential aspects of consumption first appeared in academic literature in the 1982 (Holbrook & Hirschman 1982) and then after a gap of more than 15 years, a spurt of papers & books were published in the late 1990’s (Schmitt 1999, Pine & Gilmore 1998). Pine & Gilmore (1998) herald the progression of economic value from commodities, products & services to the experience economy. They state that “an experience occurs when a company intentionally uses the services as the stage, and goods as props, to engage individual consumers in a way that creates a memorable event.” Many researchers have studied the role of experiences in branding

Schmitt (1999) argues that the traditional view of branding (Aaker 1991 view) misses the very essence of the brand as a source of sensory, affective, and rational associations that are a part of a rewarding and memorable consumer experience. They postulate 5 different types of experiences that consumers can have: sensory (connected with the five senses of vision, sound, smell, taste & touch), emotional (or feelings), act (physical experiences, behavior & lifestyle experiences), thought (creative cognitive experiences) and relate (social identity experiences in which a consumer is able to relate to a group, cause, brand etc.).

Table 2-6: The Brand Experience Modules

<table>
<thead>
<tr>
<th>Type of Experience</th>
<th>Explanation</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>SENSE</td>
<td>Consists of memorable consumer experience relating to the 5 senses: sight, sound, smell, taste, &amp; touch</td>
<td>Logo shapes &amp; colors</td>
</tr>
<tr>
<td>FEEL</td>
<td>Emotions or feelings associate with a brand</td>
<td>Nostalgic connection (brand reminds you of someone)</td>
</tr>
<tr>
<td>ACT</td>
<td>The experience of the act (consuming or buying the brand)</td>
<td>Roller-coaster ride</td>
</tr>
<tr>
<td>RELATE</td>
<td>Symbolic or self-identity connect</td>
<td>Matches self-image</td>
</tr>
<tr>
<td>THINK</td>
<td>A cognitive experience in which the consumer finds some aspect of the brand creative, innovative,</td>
<td>Solving a complex (&amp; interesting) math problem</td>
</tr>
</tbody>
</table>
Zarantonello et al. (2007) propose that “consumer experiences with a brand arise when consumers are exposed to brands and pay attention to the experiential aspects of brands executions.” They go on to propose that there are five types of brand experiences: sensory, affective, social, bodily, and intellectual and developed a scale to measure brand experience (consisting of 3 dimensions: act, think and a third combined sense/feel/relate dimension).

Brakus et al. 2009 conceptualized brand experiences as “sensations, feelings, cognitions, and behavioral responses evoked by brand-related stimuli that are part of a brand’s design and identity, packaging, communications, and environments.” They developed a 12 item brand experience measurement scale composed of 4 dimensions: sensory, affective, intellectual, and behavioral. They reported reliability and validity of the scale and demonstrated that this scale is distinct from other brand scales. They also established that brand experience has a direct and indirect influence on brand loyalty and consumer satisfaction. Lee & Kang (2012) have used the Brakus et al. (2009) brand experience scale to study the influence of experiences on brand relationship quality. They suggest that brand experiences are necessary for building brand relationships and brand loyalty. Both Brakus et al. (2009) and Lee & Kang (2012) studies establishing the importance/contribution of brand experiences in brand equity conceptualization.

We believe that brand experiences will influence consumer-based brand equity indirectly (Brakus et al 2009 and Lee & Kang 2012 have demonstrated that positive affective experiences lead to brand attachment, brand-customer relationships & brand loyalty; we also believe that ‘relate’ will influence the symbolic value or self-identity connect of the consumer; and some sense experiences will be captured as brand associations) and will also contribute directly (the Aaker 1991 4 dimension CBBE model doesn’t capture any equivalent of the think and act experiences).

**Customer Equity**
In 2009, I had presented my review of literature (and qualitative research - focus groups and depth interview) and research proposal (including our hypothesized/conceptualized model of consumer-based brand equity) at the Great Lakes – North American Society for Marketing Education in India (GL-NASMEI) conference in Chennai, India. Some of the feedback at the conference (by academic researchers) suggested that we must be careful to avoid an overlap between our conceptualization of CBBE (while including brand relationship as a dimension in our conceptualization of CBBE) and the customer-equity construct (Rust et al. 2000, 2004, Lemon et al. 2001). They felt that customer-brand relationship will have implications in customer equity as a construct rather than in brand equity. At that point in time I went through the scant customer equity literature, a brief of which follows.

Rust et al. (2000, 2004) define customer equity as “the total discounted lifetime values summed over all of the firm’s current and potential customers.” Lemon et al. (2001) propose that customer equity is composed of three types of equity: value equity, brand equity and relationship equity (customer retention). The term ‘relationship equity’ is a misnomer and has very little to do with the customer-brand relationship construct. While brand relationship is a customer-based cognitive psychology construct, relationship equity has to do with customer retention and has implications for customer lifetime value (and not for consumer-based brand equity).

Rust et al. (2004) also aver that customer equity is more important to many firms (for eg. business-to-business firms, service providers such as banks and cellphone service providers) than brand equity.

We conclude that customer-brand relationship does not have implications for the customer equity constructs (and we were the first to propose that customer-brand relationship should be a driver of customer-based brand equity). Subsequent literature (Lee & Kang 2012, Breivik & Thorbjornsen 2008, Valette-Florence & Valette Florence 2011, Chang & Chieng 2006) substantiate our claim.

References

Brand Equity References


Brand Relationships References


**Brand Love References**


Brand Experience References


**Customer Equity References**

