Ethical Brand Equity

For:
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Prepared By:

Prof. K. S. Thakur
Jiwaji University, Gwalior

Brand Equity

All brands have some measure of brand equity. Powerful brands like Disney, Apple and Nike have strong brand equity. Brand equity accounts for the difference in customer response that a brand name makes. In essence, brand equity is a factor of a brand’s ability to keep and attract customers. Consequently, a brand can have negative brand equity or positive brand equity. For instance, consumers with strong brand loyalty respond less favorably to unbranded products or other branded products in the same market.

Brand Equity is the value and strength of the Brand that decides its worth. It can also be defined as the differential impact of brand knowledge on consumers response to the Brand Marketing. Brand Equity exists as a function of consumer choice in the market place. The concept of Brand Equity comes into existence when consumer makes a choice of a product or a service. It occurs when the consumer is familiar with the brand and holds some favorable positive strong and distinctive brand associations in the memory.

4 Components of Brand Equity

Young and Rubican developed a model to measure brand strength. Brands that rank high on each factor have high brand equity. Their model consists of the following four components.

Differentiation:

All brands make promises to consumers. The strongest brands make unique promises that they consistently uphold. These promises must differentiate from the promises of other brands so that consumers have a reason to purchase them. However, differentiation doesn't guarantee sales.

Knowledge:

Consumers won't buy a brand if they don't know anything about it. Strong brands have effective advertising and promotional campaigns that are successful in educating the market. Brand stories must be told and retold to new generations of customers.

Relevance:

Brands must address the needs of their market. Successful brands constantly adapt to changing market conditions and evolving trends.

Esteem:

Esteem represents how much a brand is respected. Esteem can be built by providing great quality, service, support, etc. Consumers must demonstrate high respect for a brand to have equity.

Factors contributing to Brand Equity:

1.Brand Awareness:

Brand awareness is the probability that consumers are familiar about the life and availability of the product. It is the degree to which consumers precisely associate the brand with the specific product. It is measured as ratio of niche market that has former knowledge of brand. Brand awareness includes both brand recognition as well as brand recall.

There are two types of brand awareness:

Aided awareness- This means that on mentioning the product category, the customers recognize your brand from the lists of brands shown.

Top of mind awareness (Immediate brand recall)- This means that on mentioning the product category, the first brand that customer recalls from his mind is your brand.

2.**Brand Associations:**

Brand Associations are not benefits, but are images and symbols associated with a brand or a brand benefit. For example- The Nike Swoosh, Nokia sound, Film Stars as with “Lux”, signature tune Ting-ting-ta-ding with Britannia, Blue colour with Pepsi, etc. Associations are not “reasons-to-buy” but provide acquaintance and differentiation that’s not replicable. It is relating perceived qualities of a brand to a known entity.

Brand associations are formed on the following basis:

Customers contact with the organization and it’s employees;
Advertisements;
Word of mouth publicity;
Price at which the brand is sold;
Celebrity/big entity association;
Quality of the product;
Products and schemes offered by competitors;
Product class/category to which the brand belongs;
POP (Point of purchase) displays; etc

3.Brand Loyalty:

Brand Loyalty is a scenario where the consumer fears purchasing and consuming product from another brand which he does not trust. It is measured through methods like word of mouth publicity, repetitive buying, price sensitivity, commitment, brand trust, customer satisfaction, etc.

Brand loyalty is the extent to which a consumer constantly buys the same brand within a product category. The consumers remain loyal to a specific brand as long as it is available. They do not buy from other suppliers within the product category.

Brand loyalty exists when the consumer feels that the brand consists of right product characteristics and quality at right price. Even if the other brands are available at cheaper price or superior quality, the brand loyal consumer will stick to his brand.

4.**Perceived Quality:**
refers to the customer's perception about the total quality of the brand. While evaluating quality the customer takes into account the brands performance on factors that are significant to him and makes a relative analysis about the brand's quality by evaluating the competitors brands also. Thus quality is a perceptual factor and the consumer analysis about quality varies. Higher perceived quality might be used for brand positioning. Perceived quality affect the pricing decisions of the organizations. Superior quality products can be charged a price premium. Perceived quality gives the customers a reason to buy the product. It also captures the channel member's interest. For instance - American Express.

5.Other Proprietary Brand Assets:
Patents, Trademarks and Channel Inter-relations are proprietary assets. These assets prevent competitors attack on the organization. They also help in maintaining customer loyalty as well as organization's competitive advantage.


Thank you