Aayushi International Interdisciplinary Research Journal (AIIRJ)

VOL- IX | ISSUE- I | JANUARY | 2022 | PEER REVIEW e-JOURNAL | IMPACT FACTOR 7.331 | ISSN 2349-638x

Measurement of Brand Equity: A Significant Aspect of Brand Equity Management

Dr. Ruhi Sethi
Research Supervisor
Tantia University, Sri Ganganagar (Raj.)

Yasha Jangir
Research Scholar
Tantia University, Sri Ganganagar (Raj.)

Abstract

A brand is the marking characteristic of any product and brand equity can be regarded as the relationship between the customers and the product. The measurement of brand equity is an essential component of brand equity management, as brand equity plays a pivotal role in the success of any product and thereby the company producing the product. The present study is an attempt to signify the role of brand equity and highlight various brand equity measurement strategies used in the management of brand equity.

Keywords : *Brand, brand equity, measurement, management*

Introduction

The term "Brand" may be defined as a characteristic name or a symbol, for example a logo, trademark, or package design, envisioned to recognizeand distinguish the goods or services of a seller or a group of sellers from those of its competitors. A brand tells the customer about the source of the product, and protects both the customer and the producer from competitors who would attempt to provide products that appear to be identical. Brand Equity basically represents the relationship between the customers and brands. Brand equity is hard to define as it is a multi-dimensional and complex concept. Its complexity is evident from various definitions proposed by both academics and professionals. In the words of a renowned marketing expert, Prof. David Aaker, brand equity is - "A set of assets or liabilities in the form of brand visibility, brand associations and customer loyalty that add or subtract from the value of a current or potential product or service driven by the brand." (Aaker, 1991). In simple terms, brand equity epitomizes the value of a brand. It is the simple difference between the value of a product of a specific brand, and the value of that very product without the name of specific brandattached to it (Elliott*et al.*, 2015).The concept of brand equity has been described differently in accounting and marketing perception. Accountants definebrand equity in a different way from marketers, withthe concept being defined both in terms of therelationship between customer and brand(consumer-oriented definitions), or assomething that adds to the brand owner(company-oriented definitions) (Wood, 2000). Feldwick, 1996, abridgesvarious definitions, bymentioning that brand equity is the total value of a brand as a distinguishableasset, when it is sold, or included on a balance sheet; or it is the measure of the strength of consumers'attachment to a brand or simply it is a description of the associations andbeliefs the consumer has about the brand.

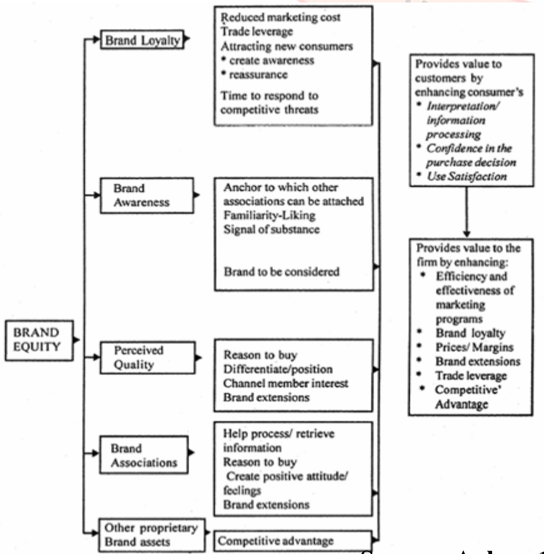
The present study is an insight into the significance and measurement of brand equity which plays a pivotal role in the management of the brand. The study is descriptive in nature.

Brand Equity: Significance

Brand equity is considered very important for the success of a company. Brand equity helps in building the relationships between the perceived benefits and perceived costs that people relate to that product. David Aaker specifies five levels of approaches towards a brand-

- No brand loyalty i.e. due to price difference, customer may switch brands.
- No reasons to switch the brand i.e. consumers are overall satisfied.
- Customers are satisfied with the brand, and would incur cost by switching the brand.
- Customers relate themselves with the brand.
- Customers are devoted to the brand.

The main assets of a brand are brand name awareness, brand loyalty, perceived quality, and brand associations. Brand awareness refers to the level of brands presence in a consumer's mind. Various levels of awareness can be categorized such as recognition, recall and dominating. Perceived quality is the general verdict about the quality of the product. It is the measure of the impact of brand identity. Quality discernments cannot be sustained unless the claims are true and applicable. Brand loyalty is another important aspect, because a highly loyal customer base can be expected to make a very predictable sales and profit. It is less costly to retain customers than to attract newer ones. Brand association is also very important. The brand equity is mainly derived from the associations that consumers make about and around the brand. The associations might range from attributes, symbols, music, celebrities and so on. Brand associations are largely driven by the brand identity-which is what the company wants the brands to stand for in the minds of consumers. Brand equity could help in building competitive advantage for the company. For example, the cost of marketing could be lower because of higher consumer awareness and loyalty, company could enjoy more channel power and have leverage in trade negotiations, price realization could be higher because of higher perceived quality, brand could be easily leveraged for brand extensions and to gain advantage the managers have to carefully understand the-drivers of brand equity (Keller, 1993; Lassar*et al.*, 1995).These different assets create value for brand in different ways-



Source: Aaker, 1996

Brand Equity: Measurement

For the measurement of brand equity, some significant criteria have been proposed by various eminent marketers, researchers and authors. This study highlight some of the significant ones.

- **Brand Equity Ten:** David Aaker, a marketing professor and brand consultant proposed ten characteristics of a brand which can be used for the evaluation of a brand. These comprise differentiation, satisfaction or loyalty, perceived quality, leadership or popularity, perceived value, brand personality, organizational associations, brand awareness, market share, and market price and distribution coverage. According to this concept of measurement, all the characteristics are not considered on a combined level or score but various attributes are evaluated separately from one another (Aaker, 1991).
- **Brand Equity Index:** Marketing executive Bill Moran developed an index for the assessment of brand equity. This index is the product of three factors i.e. effective market share, relative price and durability. The effective market share is a weighted average. It represents the total of a brand's market shares in all related segments, weighted by each segment's proportion of that brand's total sales. Relative price is a ratio which represents the price of goods sold under a given brand, divided by the average price of comparable goods available in the market. Durability represents customer retention or loyalty. It is the percentage of a brand's customers, who will continue to buy goods of a specific brand in future (Farris *et al.*, 2010).
- **Brand Asset Valuator**: Young & Rubicam, which is a marketing communications agency, has developed a tool to assess the value of a brand. It is called as the Brand Asset Valuator or BAV. This tool utilizes the survey technique for evaluating brand equity. It collects data on four basic characteristics concerning consumers i.e. differentiation- the defining characteristics of the brand and its individuality relative to competitors; relevance: the suitability and linking of the brand to a given consumer; esteem, consumers' respect for and attraction to the brand and finally knowledge- the consumers'

cognizance of the brand and awareness of what it represents (Farris *et al.*, 2010).

- **Brand Contribution to Market Cap Method**: Core Brand which is a research, brand strategy, communication, and designing firm, uses this method. They utilize the Corporate Branding Index® database composed of familiarity and favorability data as the quantitative basis of its system. Familiarity and Favorability scores are analyzed in the context of a company's size in market cap and revenue to determine a base expected level of familiarity and favorability for the brand's value to be zero. Applying a statistical regression analysis of the factors driving the cash flow multiple and thus share price, the variance in familiarity and favorability above or below the base expected level is evaluated. The results of the analysis gives the details about the percentage of market cap that is credited directly to its corporate brand and the asset value of the brand as a component of the company's market valuation(Gregory and Sexton, 2007).
- **Conjoint Analysis:** Marketers use conjoint analysis method to assess consumers' liking for various qualities of a product, service, or provider, for example- features, design, price, or location. By considering brand and price, they can evaluate consumers' valuation of a brand. However the authenticity of these customer satisfaction methods still requires validation.
- **Brand Equity with Time-Series Data (Event Study):** The event study offer evidence that brand equity positively affects financial performance. Numerous studies focus on customer mindset metrics to offer this relationship. Event method is applied to determine the stakeholder interest or value assessed in a brand before, during or after an event.

Brand Equity Management: Challenges

The most significant characteristic feature of marketing is the changing marketing environment. The environment continuously changes and mostly very significantly. Changes occur in every aspect of marketing for example- consumer behavior, competitive strategies, government regulations etc. These changes greatly influence the future of the brand. Apart from the external factors, the internal factors also contribute to the challenges for maintaining brand equity, for example the changing strategies or resources of a firm. Brand reinforcement, brand regenesis and brand consistency maintenance should be implemented effectively for better results (Kotler, 2012). Therefore, an efficacious brand management strategic system is the necessity for the maintenance of brand equity.

Conclusion

In the present world of intense competition, the assets likebrands play a pivotal role. A proper understanding concerning a specific brand is necessary for developing both the brand and brand equity. Brandequity is affected by many factors, both external and internal and therefore the assessment of brand equity by efficient methods of measurement is very essential and is the most significant aspect of Brand Management.

References

1) Aaker, D. A. (1991).Managing Brand equity. New York: Free Press.
2) Aaker, D. A. (1996). Building strong brands (6th Ed.). New York: Free Press.
3) Elliott, R. H., Rosenbaum-Elliott, R., Percy, L., &Pervan, S. (2015). Strategic brand management. Oxford University Press, USA.
4) Farris, P., Bendle, N., Pfeifer, P. E., &Reibstein, D. (2015). Marketing metrics: The manager's guide to measuring marketing performance. FT Press.
5) Feldwick, P. (1996). Do we really need 'brand equity'? Journal of Brand Management, 4(1), 9-28.
6) Gregory, J. R., & Sexton, D. E. (2007). Hidden wealth in B2B brands. Harvard Business Review, 85(3), 23.
7) Keller, K. L. (1993). Conceptualizing, measuring, and managing customer-based brand equity. Journal of marketing, 57(1), 1-22.
8) Kotler, Philip (2012). Marketing Management. New Delhi: Pearson Education.
9) Lassar, W., Mittal, B., & Sharma, A. (1995). Measuring customer-based brand equity. Journal of consumer marketing, 12(4), 11-19.
10) Wood, L. (2000). Brands and brand equity: definition and management. *Management decision*, 38(9), 662-669.