

Reputation Effects

Reputation effects include brand awareness and perception

- Customers often prefer to buy from
 - Companies with which they have had a successful transaction in the past, or
 - Companies they know well via friends, family, or
 - Companies with effective branding efforts

Be thoughtful on your investments of money and time in building your reputation

- Reputation effects are best aligned with new ventures when new industries and/or new markets are being pursued.
- Focus on serving new customers in new ways to make the reputation of existing competitors irrelevant.

Dimensions of brand equity

- Brand awareness
 - Familiarity with the brand
- Perceived quality
 - Based on desired features
- Brand associations
 - Connects the customer to the brand
- Brand loyalty
 - Bond or tie to the brand

Ways to build brand equity

- Create and communicate your image
- Build awareness and familiarity
- Build associations
 - Name, logo, design, packaging, colors, etc.
 - Price “right”
 - Placement and affiliations
- Build loyalty
 - Rewards, special pricing
 - Community, special benefits

Summary

- How can you make the reputation of competitors irrelevant?
- How can you build your reputation and brand (affordably and quickly)?