



# ***BRAND EQUITY: Concept and Measure***

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# BRANDS WITH HIGH EQUITY



# Brand Equity - Introduction

- 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.
- <https://www.forbes.com/powerful-brands/list/>



# Brand Equity can be determined by measuring:

Returns to the Share-Holders.

Evaluating the Brand Image for various parameters that are considered significant.

Evaluating the Brand's earning potential in long run.

By evaluating the increased volume of sales created by the brand compared to other brands in the same class.

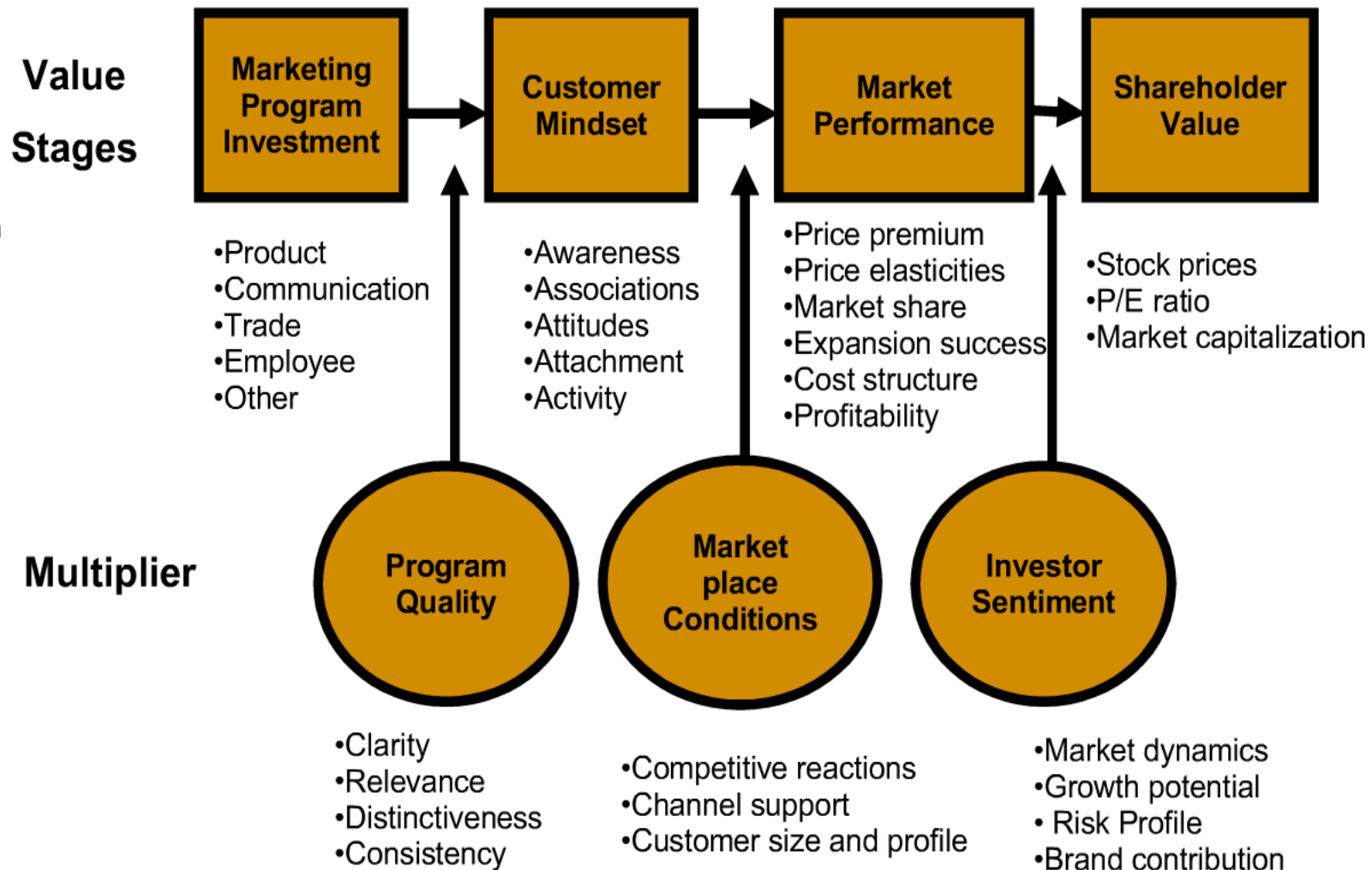
The price premium charged by the brand over non-branded products.

From the prices of the shares that an organization commands in the market (specifically if the brand name is identical to the corporate name)

# The Brand Value chain

- The brand value chain is a ***structured approach to assessing the sources and outcomes of brand equity***
- Broader perspective than just the CBBE model

# The Brand Value chain



# Brand Equity consists of two components:

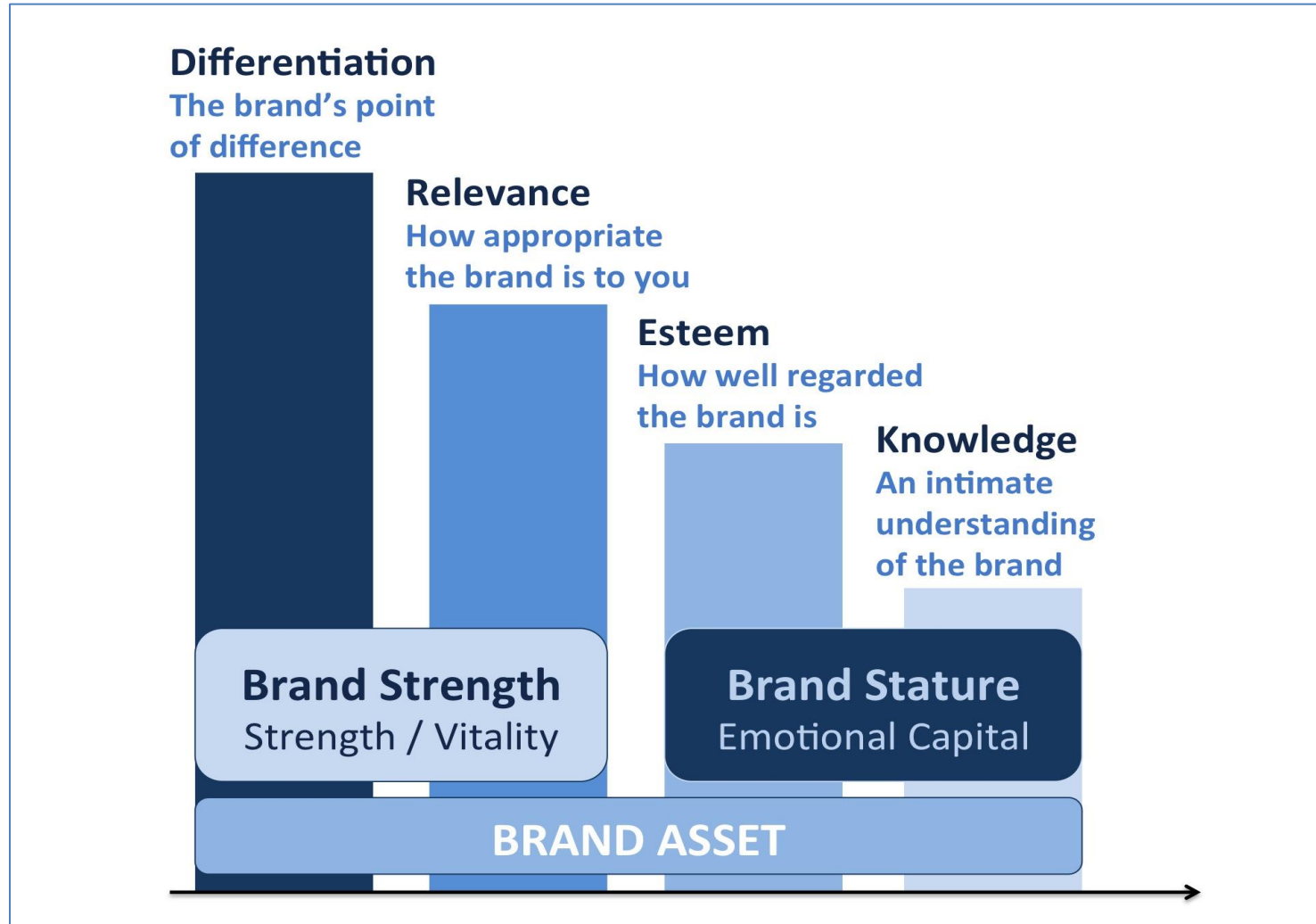
- **Brand Strength** – or customer-based measure
- **Brand Value** - or financial performance
  - **Cost-based valuation** : based on cost to create a brand
  - **Market-based valuation**: based on market transactions involving comparable brands
  - **Royalty relief method**: Widely used in India; based on what royalty a company had to pay if it had to license it from third party; estimated by future sales potential
  - **Economic use method**: Most widely used method; takes into account economic value of a brand to its current owner and like valuation of shares, it is a cash flow valuation.

# Brand Equity measures

- **Brand Strength:** Models based on measuring brand equity through brand strength are:
  - **CBBE model** (Keller's Brand Equity **model**)
  - **David Aaker's Model**
  - **Milward Brown's Brand Dynamics**  
[https://www.millwardbrown.com/solutions/slick-sheets/millwardbrown\\_branddynamics.aspx](https://www.millwardbrown.com/solutions/slick-sheets/millwardbrown_branddynamics.aspx)
  - **Young and Rubicam's Brand Asset Valuator**  
<https://www.yr.com/bav>



# Young and Rubicam's BAV model

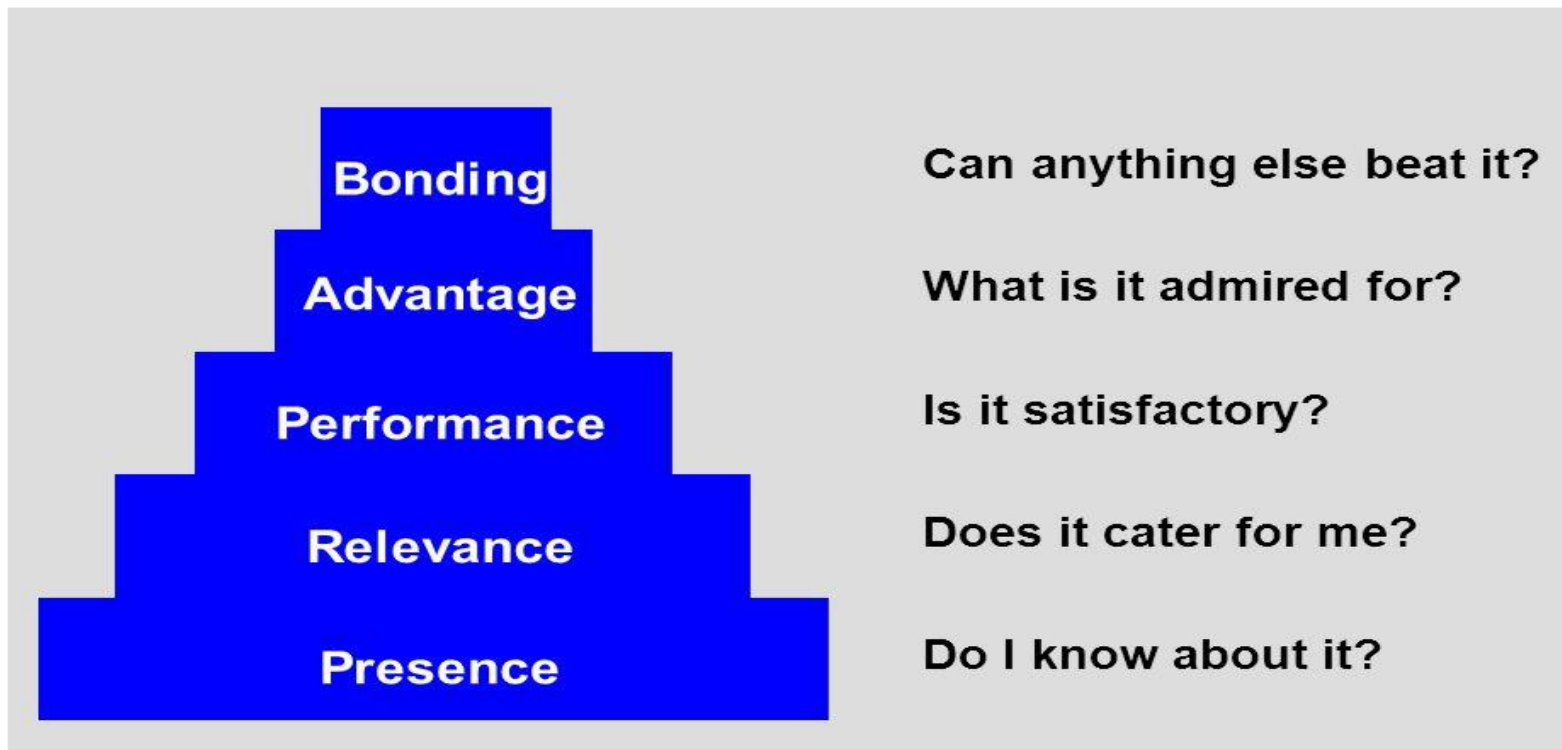


[https://www.youtube.com/watch?v=K5LG\\_Pc3P04&t=14s](https://www.youtube.com/watch?v=K5LG_Pc3P04&t=14s)

# Milward Brown BrandDynamics

## BrandDynamics™ Pyramid

World 2001

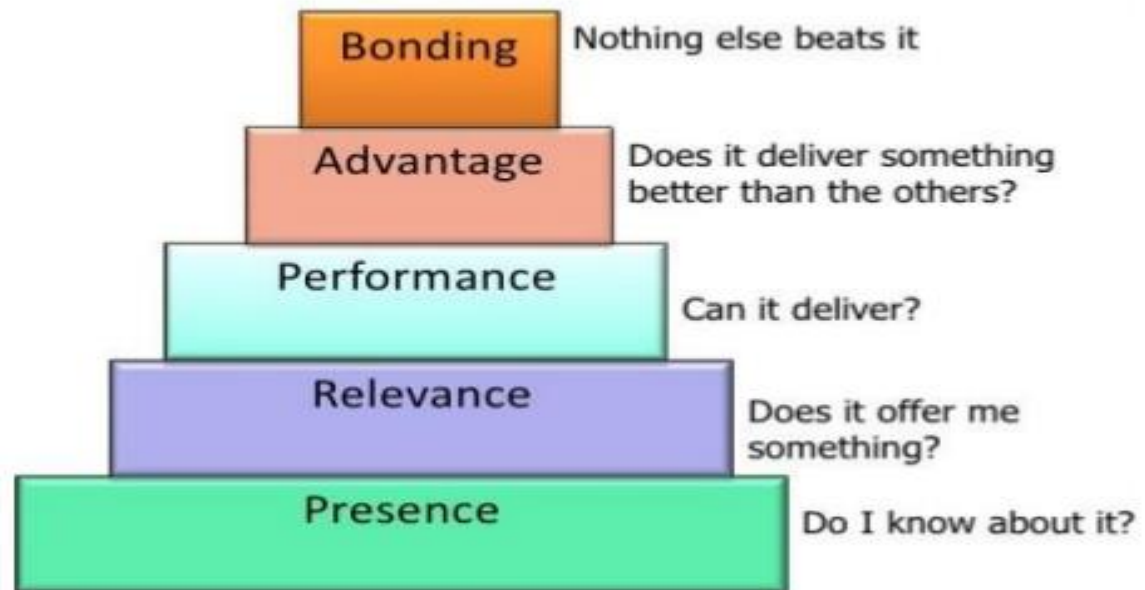


# MilwardBrown : Brand Relationships

Strong relationships



Weak relationships



# Motivation for Customer-Based Brand Equity Model

- CBBE measures help in overcoming limitations of financial measures as they help managers evaluate marketing strategies.
- The most common model for customer-based brand equity is the one created by marketing professor Kevin Lane Keller in his book, Strategic Brand Management.
- CBBE model was designed to be ...
  - comprehensive
  - cohesive
  - well-grounded
  - up-to-date
  - actionable

# Rationale of Customer-Based Brand Equity Model

- Basic premise: Power of a brand resides in the minds of customers
- Challenge is to ensure customers have the right types of experiences with products & services and their marketing programs to create the right brand knowledge structures:
  - Thoughts
  - Feelings
  - Images
  - Perceptions
  - Attitudes
- <https://mybrandinggroup5mba15.wordpress.com/what-is-cbbe-model/>

# Customer-Based Brand Equity Pyramid



## 4. Relationships

What about you and me?

## 3. Response

What about you?

## 2. Meaning

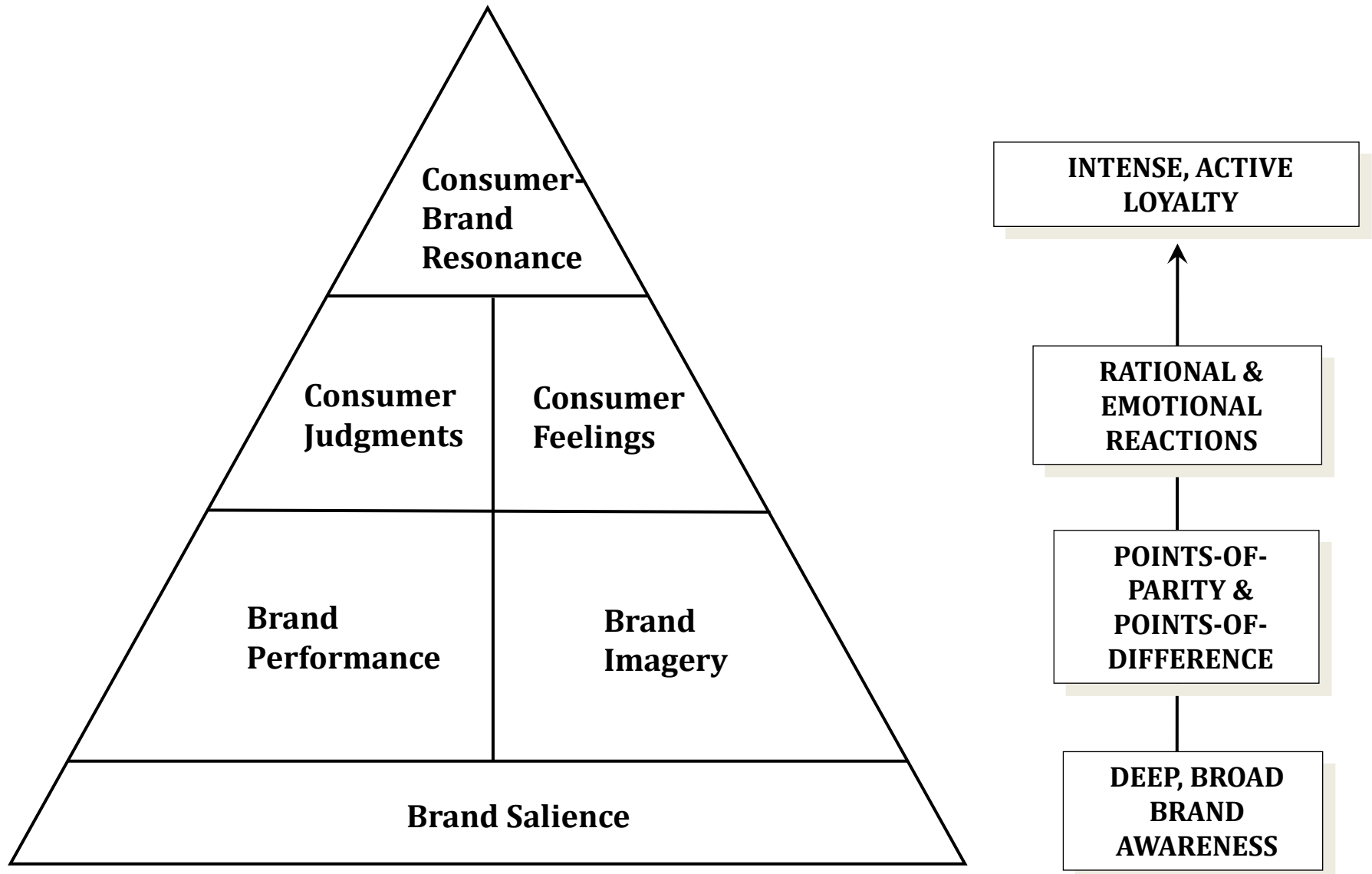
What are you?

## 1. Identity

Who are you?

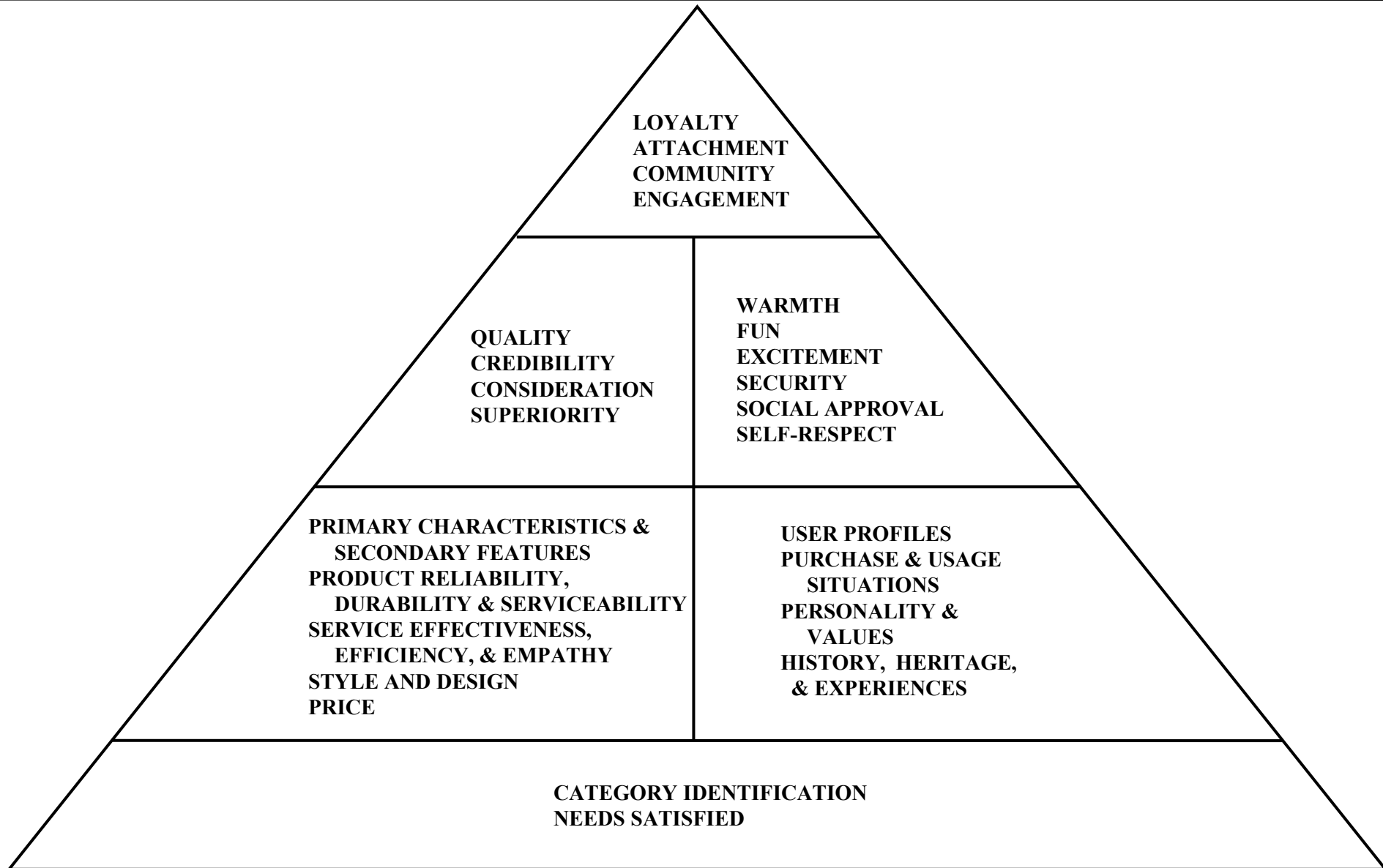
Source: Keller 2003

# Customer-Based Brand Equity Model



# Sub-Dimensions of CBBE Pyramid

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# Salience Dimensions



- Depth of brand awareness
  - Ease of recognition & recall
  - Strength & clarity of category membership
- Breadth of brand awareness
  - Purchase consideration
  - Consumption consideration

# Performance Dimensions

- Primary characteristics & supplementary features
- Product reliability, durability, and serviceability
- Service effectiveness, efficiency, and empathy
- Style and design
- Price

# Imagery Dimensions

- User profiles
  - Demographic & psychographic characteristics
  - Actual or aspirational
  - Group perceptions -- popularity
- Purchase & usage situations
  - Type of channel, specific stores, ease of purchase
  - Time (day, week, month, year, etc.), location, and context of usage
- Personality & values
  - Sincerity, excitement, competence, sophistication, & ruggedness
- History, heritage, & experiences
  - Nostalgia
  - Memories

# Judgment Dimensions



- Brand quality
  - Value
  - Satisfaction
- Brand credibility
  - Expertise
  - Trustworthiness
  - Likability
- Brand consideration
  - Relevance
- Brand superiority
  - Differentiation

# Feelings Dimensions

- Warmth
- Fun
- Excitement
- Security
- Social approval
- Self-respect

# Resonance Dimensions

- Behavioral loyalty
  - Frequency and amount of repeat purchases
- Attitudinal attachment
  - Love brand (favorite possessions; “a little pleasure”)
  - Proud of brand
- Sense of community
  - Kinship
  - Affiliation
- Active engagement
  - Seek information
  - Join club
  - Visit web site, chat rooms



Building Resonance for Dettol has been an ascending, sequential set of steps of building a relationship with the consumer



### Rational Route

### Emotional Route

4. Relationships =  
What about you  
and me?

4. Relationships =  
What about you  
and me?

3. Response =  
What about you?

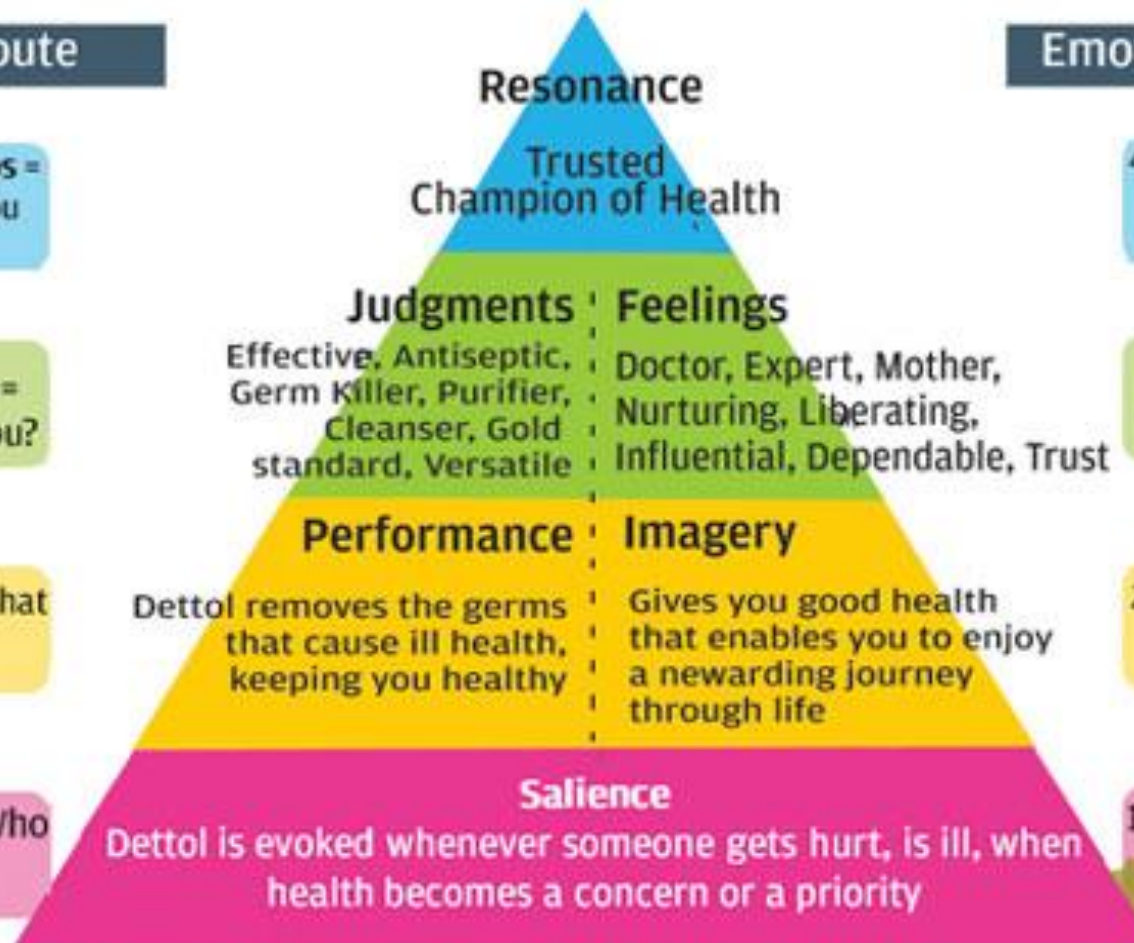
3. Response =  
What about you?

2. Meaning = What  
are you?

2. Meaning = What  
are you?

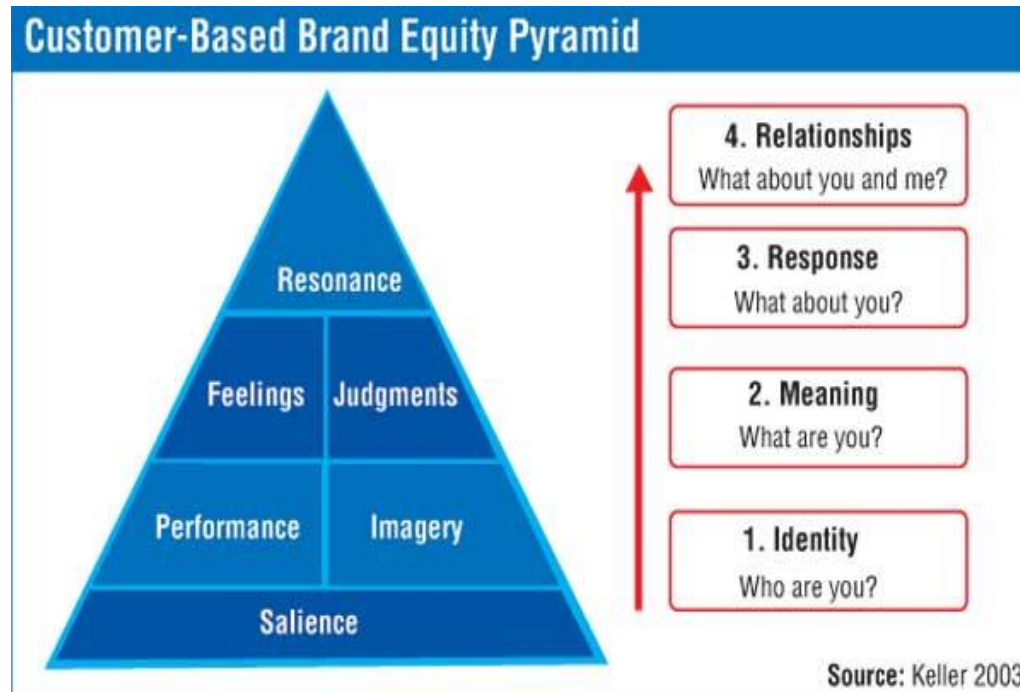
1. Identity = Who  
are you?

1. Identity = Who  
are you?



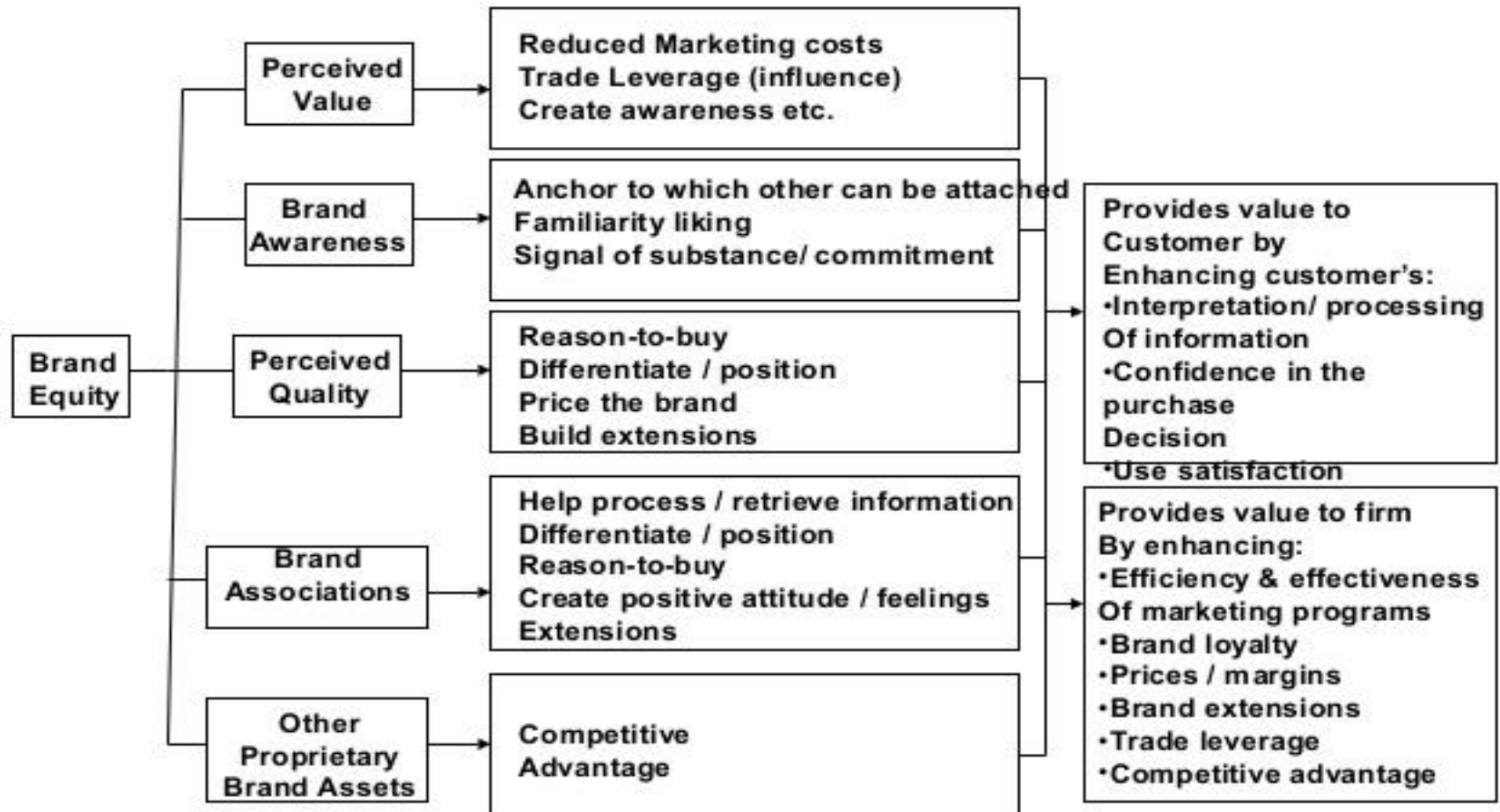
# Class Activity

Construct a brand equity pyramid (CBBE) for a brand of your choice.





# David Aaker's Brand Equity Model



# Aaker's Brand Equity components

