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**MKTG7502 Assessment 1 – Critical essay, 2022 Semester 1**

**Introduction**

Various customer-focused techniques have been implemented by businesses throughout the years to build a favourable image in the minds of their consumers. Organizations must deliver a distinct brand experience that is easy to recall in order to prevent customers from moving to a rival. It is vital to grasp the notion of consumer-based brand equality, as well as the factors that influence it, to examine the customer experience of a company's brand. The customer-based brand stock is made up of entities that are tied to consumers. The brand's decision is critical in determining the size of the brand's consumer base. It appears that the brand equity values derived from customer relationships have little influence on customers' perceptions of the value of their brand. It is reasonable to state that the brand's performance, as well as its overall feeling, is robust, optimistic, and considerable in comparison to the competition. Even though brand investment has a significant negative impact on a company's perception, success, production, and sentiments are the only factors that are taken into consideration. These are the primary objectives of this study, which seeks to do just that by defining customer-based brand equity and comparing it to brand equity in other organizations.

Brand equity refers to an organization's reputation among customers as well as the perceived value of a well-known and identifiable brand in the minds of consumers. A firm's brand equity is established by giving customers positive experiences that motivate them to continue purchasing from the company instead of from a competitor (Aaker, 1992). This is accomplished through the deployment of marketing campaigns that are relevant to target-consumer values, the fulfilment of promises and qualifications when consumers use the product, and the development of customer loyalty and retention. Coupons on their birthdays, as well as other forms of customer loyalty incentives, encourage your consumers to remain with you rather than switch to another brand. To build brand equity, two pillars must be present: awareness and experience. This paper will provide the readers with an opportunity to understand why financial-based brand equity or customer-based brand equity is more important to ongoing firm success.

**Brand Equity Overview**

Academics have long held the notion that businesses aren't using branding as a strategic tool to their advantage. The difference in value between a company's product and a generic equivalent from a well-known manufacturer is referred to as brand equity. Firms may raise the market value of their products by ensuring that they are consistent and long-lasting in their manufacturing processes. Brand equity may also be developed via the use of large advertising campaigns. As long as the business has a strong reputation, customers are willing to pay more for the company's products, especially if they can buy the same item elsewhere at a lower price. Customers are willing to pay extra for the chance to deal with a brand they know and trust (Berry, 2013). Price differences between brands and their competitors are only at the margin since the brand does not incur any more expenditures in the production and marketing of a commodity compared to its competitors. Because of the firm's brand value, each transaction generates a higher profit margin for the company. Positive brand equity may have a major influence on the return on investment (ROI). Brands usually earn more revenue than their competitors, despite spending less money on production, advertising, and other aspects of their operations than their competitors. Positive brand equity, for example, enables enterprises to charge more money from their products. Customers are prepared to pay extra for a brand's products if they believe in the principles that the brand symbolizes as well as the quality of the products themselves. New product offerings that are offered under the same umbrella brand will have a stronger probability of success since customers already have trust in the brand.

**FBBE**

Any FBBE readings may be quantified trivially using actual numbers. Some FBBE metrics are very static; they may be utilized for accounting purposes, but they have only a limited influence on the management of price discrepancies for business drivers. Others are more dynamic. Financial indicators, rather than long-term competition, are seen to be more concerned with short-term success than with long-term success. Standard indicators such as the balance sheet may make it easier to assess FBBE in traditional businesses but evaluating FBBE for a specific position or product may be more challenging. When an organization relies on public finances and is inspected by a variety of stakeholders, then the FBBE becomes a highly critical factor.

**CBBE**

When determining customer-based brand value, there are two primary ways to consider. The 'indirect' technique aims to identify possible sources of consumer-based brand equity by evaluating brand familiarity, reputation, and image, among other factors. Customers' brand equity may be used to measure the impact of brand recognition on consumer reaction to various aspects of a firm's marketing campaign. It is possible to analyse customers' opinions of a brand's value in a variety of ways, both directly and indirectly. An indirect approach may be used to discover the many components that contribute to customer-based brand equity, as well as the precise method of determining the substance of the distinction.

**Most important equity**

There are three components of brand equity: market awareness, unfavourable or positive impacts, and the monetary worth of the company's brand name. As defined by Brand Equity, it is a mix of brand recognition, customer perceptions of a company, and overall user experience with a brand's products and services. The assumption that a market group has a name might have either positive or bad consequences depending on the situation. If the company's brand equity is strong, the organization, its goods, and finances are likely to improve (Keller, 2019). If your brand's equity is poor, the same criteria apply as in the previous example. When everything is said and done, the results may be made public or they may stay hidden from public view. Because of the beneficial influence on sales or benefits, the economic value of the intervention will be achieved. It is recognized that intangibles like brand awareness and goodwill play a significant role in the marketing process (Farquhar, 1989). The capital, whether it is material or intangible, may be detrimental when the outcomes are poor. When people are prepared to pay less for a generic product than they are to pay more for a premium product, the brand's value suffers. Businesses may be inspired to take action as a result of an important reminder, such as the widespread environmental catastrophes, that has been brought to their attention. The reputation and consistency of a brand will be valued highly by customers, and they will be prepared to pay a higher price for these attributes. When it comes to actual pricing, brands with high levels of brand value command higher prices. There is no difference in the expense of Lacoste company's golf shirt production and marketing compared to a less well-known brand of the same size. As a result, the company will boost the cost of the garments and profit from the price differential. A strong brand encourages customers to pay more for products, even if the price is the same as a similar one without a powerful position in the marketplace. The fact that customers place a high level of confidence in brands means that brand equity has a direct influence on sales. Even though it is typically more costly than equivalent competition items, customers line up to acquire new products when they are presented by Apple. When it comes to Apple, one of the most essential criteria is the company's brand value. Profit margins are larger when income margins are higher because a predefined percentage of the selling price of the commodity is predetermined. Third, customer retention has an impact on profit margins since brand value influences how long consumers stay with a company. According to Apple's client base, the great majority of those who purchase its goods own more than one of the company's products. Additionally, they are looking forward to the release of the next instalment. Even though this brand has a devoted following, it is a tiny one that is usually evangelistic. Apple's high degree of customer satisfaction is another manifestation of the company's strong brand equity. When a company's consumers are loyal, profit margins are raised since the company spends less on promotions to get the same amount of sales. New customers are more expensive to acquire, while loyal customers are less costly to keep. First, a firm must build and sustain its brand equity before it can extend its product line. By linking the latest brand with an already-established, successful brand, a corporation can boost the likelihood that buyers will purchase the product in question. In the case of Campbell's, the company would almost certainly continue with its present brand name if it introduced a new soup. The attractiveness of soups with a well-known brand name will always outweigh the appeal of soups with a lesser-known brand name. The first-line medication for mild to severe pain, Tylenol, was developed by McNeil, a division of Johnson & Johnson, in 1955. An EquiTrend survey found that most people who needed pain management relied on generic versions of Tylenol. New products including Extra Dosage, Cold and Flu, Children's, and Clogged Sinuses & Pain have helped expand the company's product portfolio. For over a decade, the Kirkland Signature brand at Costco has been steadily growing its market share and generating significant money for the retailer. Everything from chocolate to apparel to laundry can be found in this establishment. Costco members have access to low-cost gasoline at its private gas stations, which it owns. In comparison to other brands, Kirkland is more tempting because of its affordable prices. Fortune magazine has ranked Starbucks as the world's sixth-largest firm for the year 2020. For Arabica beans and speciality coffee, Starbucks is the largest leading retailer with more than 31,000 locations across the world as of 2019. Starbucks is the largest roaster and reseller of speciality Arabica beans and coffee in the world. Racism was a major issue in the United States at the time. Coca-Cola had a gross margin of 26.7 per cent, making it the world's biggest beverage brand. More than simply a logo, though, this brand embodies the best of what it means to be an American and the best of what it means to be a consumer. Because of its successful marketing campaigns, Coca-Cola is currently regarded to be one of the most well-known marketing businesses in the world. Porsche's reputation and long-term viability are dependent on the company's usage of only the highest-quality, most unique components. When it comes to luxury brands, Porsche is regarded as one that offers its consumers much more than simply a car. The US News & World Report predicts that Porsche will be the most luxurious brand in the world in 2020 when compared to the competition. Predicting brand success and failure is highly dependent on the amount of brand equity a firm has in the public market (Srivastava, 1991). Firms in the same market or industry compete for the same amount of brand equity. According to the Harris Poll EquiTrend year-end rankings, Home Depot and Lowe's Home Improvement are the two most popular hardware and home improvement shop brands in the United States, followed by Ace Hardware. According to the poll, Lowe's and Home Depot were the two most valued hardware companies in 2020. As a result of Home Depot and Lowe's gaining ground in 2019, the rankings have been reshuffled.

**Conclusion**

The value of a company's brand is a critical component of its entire marketing strategy and should not be overlooked. The inventory of a brand is equally as important as the inventory one has amassed in one's residence. Aspects of a company's profitability are among those examined by the organization. Developing brand equity is not an easy undertaking, but it is critical to the long-term success of any organization. When developing an all-encompassing brand strategy, it is important to employ several marketing channels. To determine the value of a brand, customers must compare it to other brands. If a company's stock stays valued, its products and services will almost certainly attract a greater price than those of its competitors. The negative connotation associated with an organization's name causes purchasers to be more inclined to pay higher prices for generic items or the consequences of competitive rivalry.

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