
Defining Customer-Based Brand Equity : An Evaluation of Previous Studies

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Abstract

Since the term “brand equity” emerged in the 1980s, there has been a growing interest in the subject among marketing academicians and practitioners. Customers and brands are the two most important intangible assets of any organization. Keller defines Customer-Based Brand Equity (CBBE) as the differential effect that brand knowledge has on consumer response to marketing activity with respect to that brand. The purpose of this study is to review literature from a customers’ point of view, Customer based brand equity can be defined and measured. The study begins with a review of the literature to establish the perpetual assets of CBBE. Based on the literature review a conceptual fundamental model is framed. The study also aimed to review the dimensions of customer-based brand equity by drawing together strands from various literature and empirical studies made within the area of customer-based brand equity. This paper will only study and define the customer based- brand equity in consumer’s perspective.

Keywords: Brand Awareness, Brand Associations, Brand Loyalty, Perceived Quality.

Introduction

Brand equity is supposed to bring several advantages to a firm. For example, high brand equity levels are known to lead to higher consumer preferences and purchase intentions (Cobb-Walgren et al., 1995). Brand equity and its emergence in marketing have raised its importance in marketing strategies among managers and researchers (Keller, 2003) and have different concepts (Yoo & Donthu, 2001). Brand equity is the added value endowed to a product as a result of past investments in the marketing of the brand. Added value of a brand is created in the mind of consumers as a result of perceived performance on various marketing dimensions. Brand equity occurs when the consumer is familiar with the brand and holds some favourable, strong attitude and unique brand associations in the memory (Kamakura and Russell, 1991). In recent years, customer-based brand equity (CBBE) has garnered considerable attention. Several conceptualizations of CBBE exist, and these conceptualizations have offered valuable insight into the processes that consumers evaluate and choose brands within a given product category. However, many CBBE facets have not been systematically measured or validated within a Nomo-logical framework.

A brand is said to have positive (negative) customer-based brand equity when consumers react more (less) favourably to a product and the way it is marketed when the brand is identified as compared to when it is not. Thus, a brand with positive customer-brand equity might result in consumers being more accepting of a new brand extension, less sensitive to price increases and withdrawal of advertising support, or more willing to seek for the brand in a new distribution channel. Customer-based brand equity occurs when the consumer is familiar with the brand and holds some positive brand associations in memory. Favourable consumer response, in turn, can lead to enhanced revenues, lower costs, and greater profits for the firm.

Early research centered on measuring a brand’s equity with the use of a variety of financial techniques (Farquhar et al. 1991, Simon & Sullivan 1990, Swait et al. 1993, Kapferer 1997). More recently, brand equity has increasingly been defined in customer-based contexts (Keller 1993) and extended to include effects on brand preferences, purchase intent (Cobb-Walgren et al. 1995, van Osselaer & Alba 2000), and brand alliances (Rao et al, 1994).

Research Objectives:

The primary aim of the study is to review the literature on Customer-Based Brand Equity (CBBE) and identify various definitions in order to understand extremely Customer-Based Brand Equity (CBBE) in consumers' perspective.

Research Methodology:

The paper is based on the recommendations of previous studies, the review of consumer-based brand equity included brand awareness, brand loyalty, perceived quality and brand image. . This research consists of use of secondary data. The secondary data have been collected from the various published reports, journals, previous studies, websites, etc.

Definitions and Dimensions of Customer-Based Brand Equity

The customers-based brand equity is a study of brand equity from the customers perspective (Xu and Chan, 2010), and it can be described as different brand knowledge such as customers association, familiarity,

which are affect customer reaction to the marketing of a brand (Keller, 1993; Tong and Hawley, 2009). Customer-based brand equity occurs when customers are familiar with a brand and hold some brand associations in their memory such as favourable, strong and unique (Wang et al., 2008).

The assessment of brand equity from a consumer's perspective determines customer-based brand equity. This means to measure the cognitive and behavioural brand equity at the individual consumer level (Yoo and Donthu, 2001). A large stream of research (Cobb-Walgren et al, 1995; Washburn and Plank, 2002) has conceptualized brand equity from a consumer perspective and has integrated its consumer's behavioural aspects by evaluating customer -based brand equity (Yoo and Donthu, 2001; Pappu et al, 2005) that strengthens the brand's customer franchise (Barwise, 1993) and permits long-lasting competitive advantage and marketing success.

Reviewing the current literature on brand equity, there is a plethora of brand equity definitions and dimensions of the same. The following points illustrate the diversity of existing definitions and concept of brand equity.

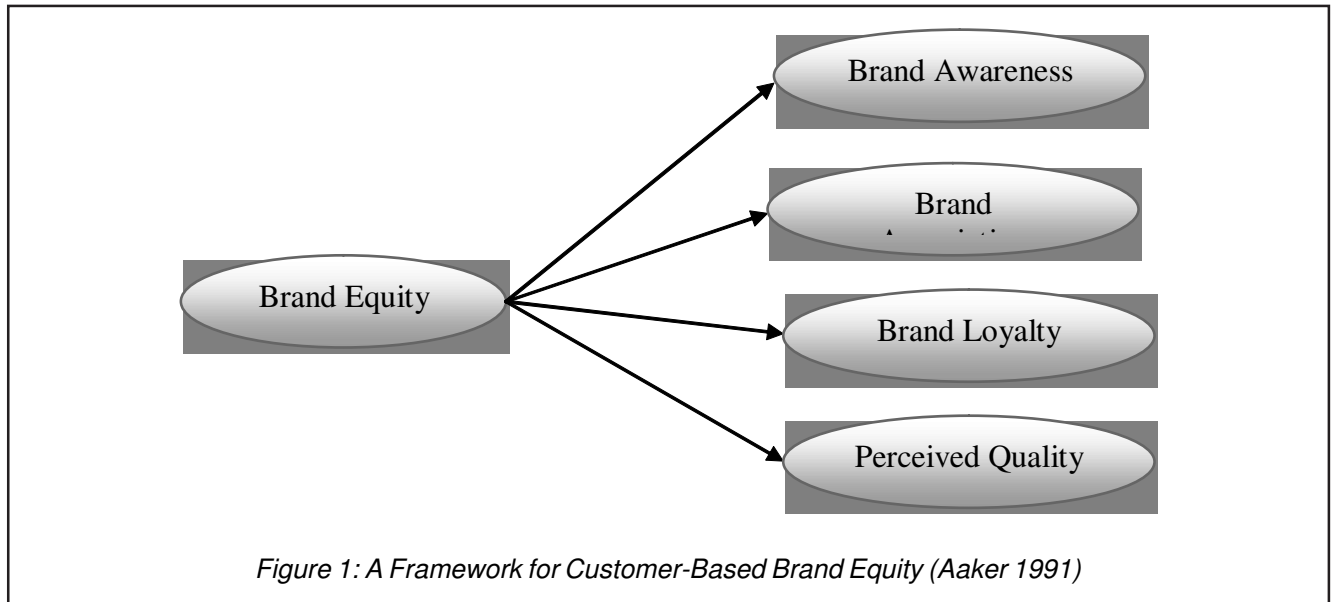
(Aaker 1991, 15),	Brand Equity is a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customer.
(Barwise 1993, 99 –100)	Brand equity can be defined in several ways and it has value both to a branding company and to a brand's user. An important characteristic of virtually all definitions of brand equity is that they focus on the incremental effect of the brand compared with some concept of what the customer response would be to the same product or service, if it were unbranded.
Keller (2003)	Brand equity as "a multidimensional concept and complex enough that many different types of measures are required. Multiple measures increase the diagnostic power of marketing research" (p. 477). He noted that, from a marketing perspective, brand equity is referred to as consumer-based brand equity.
Lassar et al. (1995)	Customer-based brand equity consists of two components: brand strength and brand value. According to him, brand strength refers to the brand associations held by customers and brand values are the gains that accrue when brand strength is leveraged to obtain superior current and future profits.
Aaker (1991),	Customer-based brand equity is a multidimensional concept grouped into five dimensions: brand awareness, brand associations, brand loyalty, perceived quality and other brand proprietary assets such as patents, trademarks, and channel relationships. The fifth component (other brand proprietary assets) is not relevant to consumer perception (Yoo and Donthu, 2001)
(Wang et al., 2008)	Customer-based brand equity occurs when customers are familiar with a brand and hold some brand associations in their memory such as favourable, strong and unique
Kamakura & Russell 1993 (Lassar et al.1995)	Customer-based brand equity occurs when the consumer is familiar with the brand and holds some favourable, strong, and unique brand associations in the memory.
(Kamakura and Russell, 1991; Keller,1993, 1998)	Customer-based brand equity is defined as the differential effect of brand knowledge on consumer response to the marketing of the brand

Clearly, various researches in brand equity through the years result in all different kinds of dimension of brand equity that can be linked to a brand. The consumer-based brand equity is the assets of all four dimensions of brand equity that are brand awareness, brand associations, perceived quality and brand loyalty.

dimensions of this phenomenon have been empirically tested in the literature. Several models of brand equity have been discussed in the previous literature. A conceptual framework for measuring customer-based brand equity is developed by using the conceptualization of Aaker's five dimensions of brand equity (See Figure 1)

A Framework

Brand equity is mostly considered a multi-dimensional concept and a complex phenomenon; some of the



Dimensions of Customer Brand Equity: The Proposed Model

In this study, customer-based brand equity is conceptualized in accordance to Aaker (1991, 1996) and Keller (1993)'s models. A description of the dimensions and their constructs on which brand equity is based is examined and tested in the succeeding sections of this study.

Yoo et al., (2000) used confirmatory factor analysis methods to measure consumer-based brand equity. Yoo and Donthu (2001) developed a multi-dimensional scale for consumer-based brand equity and test its psychometric properties. Washburn and Plank (2002) have highlighted the need to refine the dimensionality of consumer-based brand equity. Sinha et al., (2000) treated consumer-based brand equity as set of four dimensions namely brand awareness, brand associations, perceived quality and brand loyalty.

Brand Awareness

Brand awareness is the customers' ability to recall and recognize the brand as reflected by their ability to identify the brand under different conditions and to link the brand name, logo, symbol, and so forth to certain associations in customer's memory (Keller, 2003). Aaker (1991) defines brand awareness as the ability of a potential buyer to recognize or recall that a brand is a member of a certain product category. Brand awareness plays an

important role in consumer decision-making by influencing which brands enter the consideration set, which of these brands are used as a heuristic, and the perception of quality (Macdonald and Sharp, 2000). During the decision-making process the consumer retrieves, from long-term memory, those products and brands of which they are aware. This small set of brands (the consideration set) is important, since a brand that is not part of the consideration set is unlikely to be chosen (Mowen and Minor, 2001). Brand awareness is a key determinant of brand equity. It is defined as an individual's ability to recall and recognize a brand (Aaker, 1996; Keller, 2003).

In the context of consumer-based brand equity, Agarwal and Rao (1996) measured brand awareness by unaided recall and familiarity. They found that the familiarity measure is highly consistent with other brand equity measures, but the re-call measure is not convergent. Aaker conceptualizes brand awareness must precede brand associations. That is where a consumer must first be aware of the brand in order to develop a set of associations (Washburn and Plank 2002).

Brand Association

Brand associations are defined as "anything linked in memory to a brand", Brand associations are beliefs, thoughts and images about the brand (Aaker 1991, 109). According to Keller (1993), "customer-based brand equity

occurs when the consumer is aware of the brand and holds some favourable, strong, and unique brand associations in memory” (p. 17). In the customer-based brand equity model of Netemeyer et al. (2004), brand uniqueness is taken as a “primary” brand equity dimension, whereas brand awareness, familiarity, popularity, organizational associations, and brand image consistency are taken as “related” brand equity dimensions. There are three dimensions of brand association: strength (qualitative and quantitative information about the brand), favourability (brand’s attributes and benefits that satisfy consumer’s needs) and uniqueness (the capacity of a brand to have a unique selling proposition).

Brand loyalty

In the marketing literature, loyalty has been widely recognized as being of the utmost importance; brand loyalty produces positive word-of-mouth recommendation, and greater resistance among loyal consumers to competitive strategies from rival suppliers. Brand loyalty refers to the level of consumers’ commitment toward a brand revealed by their repetitive and continuous purchasing behaviour of that brand.

Aaker (1991) defines brand loyalty as ‘the attachment that a customer has to a brand’. Brand loyalty is either a behaviour or attitude and is considered as CBBE’s determining factor and “strategic asset” for the organizations (Gil et al., 2007; Odin et al. 2001; Yoo et al., 2000). Two different levels of loyalty are classified: behavioural and cognitive loyalty (Keller, 1998). Behavioural loyalty can be indicated by a number of repeated purchases (Keller, 1998) or commitment to rebuy the brand as a primary choice (Oliver, 1997, 1999). Cognitive loyalty refers to the consumers’ intention to buy the brand as the first choice (Keller, 1998; Yoo and Donthu, 2001). Another indicator of loyalty is the customer’s willingness to pay higher price for a brand in comparison with another brand offering similar benefits (Aaker, 1996; Chaudhuri and Holbrook, 2001; Srinivasan et al., 2002).

Petty and Cacioppo (1983) argued higher involved customers will result in higher customer loyalty. Oppositely, lower involved customer will not pay much attention on brand choice, function evaluation, research process.

Chaudhuri & Holbrook (2001) mention that brand loyalty is directly related to brand price. Aaker (1996) identify price premium as the basic indicator of loyalty. Price premium is defined as the amount a customer will pay for the brand in comparison with another brand offering similar benefits and it may be high or low and positive or negative depending on the two brands involved in the comparison. Brand loyalty reduces uncertainty as well as saves costs of seeking new relational exchanges with other brand (Erenkol and Duygun, 2010). Brand loyalty makes consumers buy a brand routinely and resist switching to other competing brand (Yoo et al., 2000).

Brand loyalty has also been defined by Aaker (1991) as the likelihood of a customer to switch over to another brand, especially, when the other brand is different in product features or price. Keller (2003), however, scrutinizes brand loyalty as the relationship between the customer and the brand. The above-mentioned definitions tend to point out a relationship among brand equity and brand loyalty. This satisfaction further leads towards the trust in enhancing loyalty of the customers (haq et al., 2011). Aaker (1991) identified this relationship as the core dimension of brand equity.

Perceived Quality

In Customer based brand equity (CBBE) framework, perceived quality is considered as the primary facet (Dyson et al., 1996). Zeithaml (1988) suggests that service quality is “the consumer’s judgment about the overall excellence or superiority of a service”. The service providers can differentiate the brands through perceived quality and provide a reason to the customer for purchasing a specific brand because of its superior quality. Perceived quality is defined as “the consumer’s judgment about a product’s overall excellence or superiority” (Zeithaml, 1988, p. 3). Perceived quality is the customer’s judgment about a product’s overall excellence or superiority that is different from objective quality and relates to customer’s perception (Tang & Hawley, 2009) (Fayrene & Lee, 2011). Perceived quality is one of the antecedents of customer satisfaction and has a positive effect on customers purchase intention (Syzmanski & Henard, 2001). Perceived quality has been shown to be associated with price premiums, price elasticity and brand usage (Aaker, 1996).

Perceived quality is considered a “core/primary” facet across CBBE frameworks (Aaker, 1996b; Dyson et al., 1996; Farquhar, 1989; Keller, 1993). A definition that has gained some level of acceptance views perceived quality as the customer’s judgment of the overall excellence, esteem, or superiority of a brand (with respect to its intended purposes) relative to alternative brand(s). Perceived quality is at a higher level of abstraction than any specific attribute, and differs from objective quality as Perceived quality is more akin to an attitudinal assessment of a brand—a global affective assessment of a brand’s performance relative to other brands (Aaker, 1996b; Keller, 1993; Zeithaml, 1988). Perceived quality is considered a core/primary CBBE construct because it has been associated with the willingness to pay a price premium, brand purchase intent, and brand choice. Perceived quality may also be a surrogate for other elements of CBBE (i.e., PVC), and it is applicable across product classes (Aaker, 1996a; Keller, 1993, 1998).

Aaker and Jacobson (1994) investigate the possibility of a positive relationship between product quality and stock returns. They find a significant and positive correlation between stock returns and perceived quality measures. Moreover, they also find that in regard to the long-term implications of quality, quality can enhance a firm’s long-term performance. This is subsequently reflected in the stock price.

Zeithaml (1988) and Steenkamp (1997) classify the concept of perceived quality in two groups of factors that are intrinsic attributes and extrinsic attributes. The intrinsic attributes are related to the physical aspects of a product (e.g. colour, flavour, form and appearance); on the other hand, extrinsic attributes are related to the product, but not in the physical part of this one (e.g. brand name, stamp of quality, price, store, packaging and production information (Bernue's et al.2003). It's difficult to generalize attributes as they are specific to product categories (Olson and Jacoby 1972, Anselmsson et., al. 2007).

Conclusion and Future Research Opportunities

This study contributes to understanding of customer based brand equity criteria in consumer's perspective. Building brand equity is considered a part of brand building. Brand equity is supposed to bring several advantages to a firm. Marketers can gain competitive advantage through successful brands. The review of this paper identified dimensions of brand equity from academic literature and provides the essential depth and breadth of understanding of brand equity and its measure. The theoretical framework develops is useful for examining the contribution of brand association, brand awareness, perceived value and brand loyalty to brand equity.

Future research should investigate empirically the dimensions of customer based brand equity, the relevance of CBBE measures for practising managers. Secondly in this paper only customer's perspective research works has been review future researcher should use financial perspective of brand equity for better outcomes.

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