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Consumer Based Brand Equity – A detailed review

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This research paper is an effort to study the literature on consumer based brand equity. The paper presents a component wise review of literature on four components of consumer based brand equity. David Aaker (1991) has identified four dimensions of consumer based brand equity (Brand awareness, Brand Association, Perceived Quality and Brand Loyalty) and this paper is a detailed review of those four. This paper is an effort to bring all the literature on these four components together and present it before the audience.

Authors

1. Introduction

‘Economic times’ has a special weekly issue named “Brand Equity”, which indicates the importance of this concept in business world. It was David A. Aaker who published the first book on this subject “Managing Brand Equity” in 1991. This term was extensively used by advertising professional in 1980’s (Barwise, 1993).

In literature two major beneficiaries of brand value can be identified i.e. customers and firms (Aaker, 1991). So to understand this concept there are two main perspectives and that are: 1) Firm Based Brand Equity 2) Consumer Based Brand Equity. Firm based brand equity (FBBE) studies the financial value that is created for business. Authors like, Haigh (1999), Simon and Sullivan (1993) and Farquhar *et al.*, (1991) have focused on FBBE. Whereas, the Consumer based brand equity is based on the perception of the consumers and authors like, Christodoulides *et al.*, (2006), Pappu *et al.*, (2005), de Chernatony *et al.*, (2004), Vazquez *et al.*, (2002), You and Donthu (2001), Keller (1993) and Aaker (1991) have worked on it. Knowledge of the brand has an effect on the consumer responses (Shocker *et al.*, 1994; Keller, 1993), so CBBE is based on the perception of the brand in the minds of consumers. In this study consumer’s perception of a brand is under investigation, therefore second perspective of the brand equity i.e. CBBE is more suitable in this situation.

2. Brand Equity

Aaker (1991) has defined brand equity as a set of assets and liabilities which are related to a brand. The brand name of a product adds a value to it and that added value is called brand equity (Kamakura & Russell's, 1990). These value additions are because of the consumer's perception of the brand (Chaudhuri, 1995; Winters, 1991). Consumer based brand equity is the product of strong and unique brand associations (Lassar *et al.*, 1995; Kamakura & Russell 1993), formed by the information that stay in the consumer's memory for long period of time (Keller, 1993). Therefore it is about, how superior a product is in the minds of consumers, when compared to competitor's products (Lassar *et al.*, 1995).

Brand equity is an important marketing asset (Ambler, 2003) and investment in this asset drives brand wealth and raises competitive barriers (Yoo, Donthu and Lee 2000). Increase in the brand equity for firms is one of the major objectives that are achieved by earning favorable associations (Falkenberg 1996).

2.1 Consumer Based Brand Equity Model (Aaker, 1991)

Researchers have identified different dimensions over the period of time, but Aaker's (1991) brand equity dimensions have been somewhere common to most of the research conducted in this area (Atilgan *et al.*, 2009; Guizani *et al.*, 2009; Buil *et al.*, 2008; Pappu *et al.*, 2005; Bendixen *et al.*, 2003; Kim *et al.*, 2003; Washburn & Plank, 2002; Yoo and Donthu, 2001; Motameni and Shahrokhi, 1998; Keller, 1993). Aaker (1991) has identified five components to explain brand equity. These are 1) Brand Awareness 2) Brand Association 3) Perceived Quality 4) Brand Loyalty 5)

Other Proprietary Assets. The first four elements are consumer related, but the last one is related to market, as it is concerned with the market value of assets like trademarks, patents etc. So, for CBBE we will only consider the first four components of the Aaker's (1991) brand equity model.

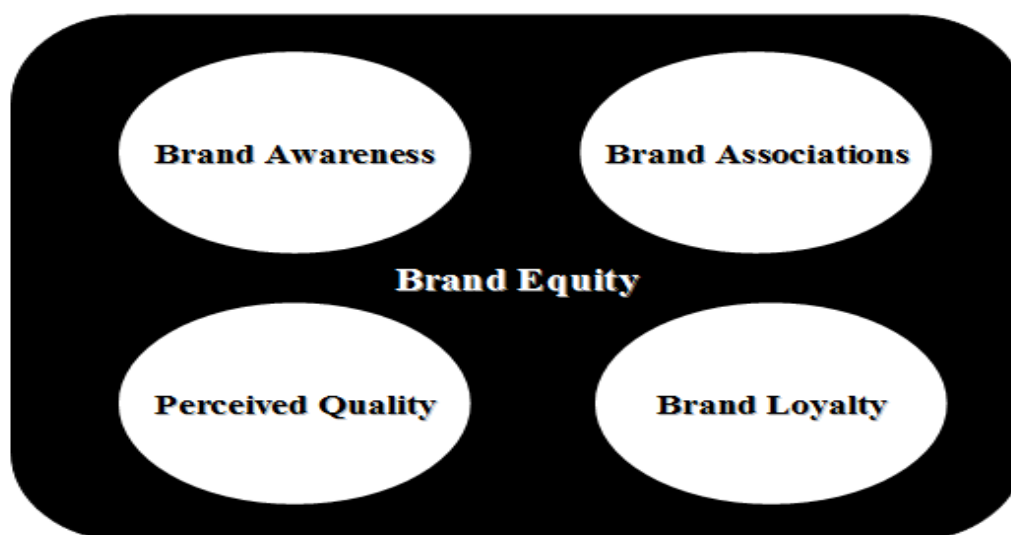


Fig 2: Aaker's (1991) Brand Equity Model

2.1.1 Brand Awareness

Brand Awareness has been identified as a major dimension of brand equity in most of the models of consumer based brand equity (Kimpakorn & Tocquer, 2010; Wang, Wei & Yu, 2008; Pappu, Quester & Cooksey, 2005; Kim & Kim, 2004; Netemeyer *et al.*, 2004; Mackay, 2001; Yoo, Donthu & Lee, 2000; Na, Marshall and Keller, 1999; Agarwal and Rao, 1996; Krishnan, 1996; Cobb-Walgren, Ruble & Donthu 1995; Keller, 1993; Aaker, 1991; Kapferer, 1991). Brand Awareness is the power of a brand that is accumulated in consumer's memory, (Keller, 1993) and is the capacity of consumers to identify and remember a brand as a constituent of a product category (Aaker, 1991). Aaker (1991) has identified three levels of brand awareness shown in the figure 3. The bottom of pyramid is concerned with the complete unawareness of the brand. Therefore, the first step in process of establishing brand awareness is brand recognition i.e. a consumer should first identify the brand (Keller, 2003; Aaker, 1991). Awareness is the ability of a consumer to recall a brand, under dissimilar conditions (Keller, 2003). So the second step is to establish those images in the minds of consumers that help them in recalling the brand.

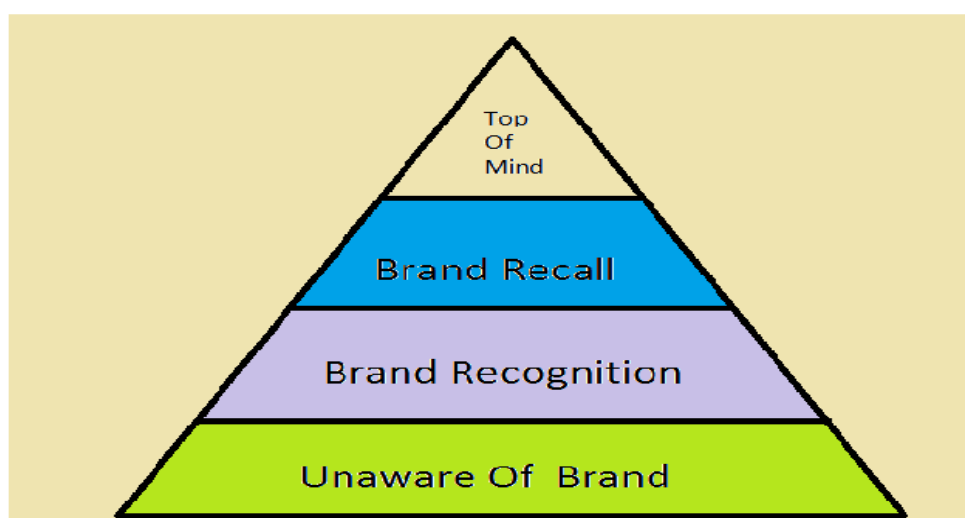


Fig 3: Brand Awareness Pyramid, Source: Aaker (1991)

The third and the final stage in the brand awareness process is the “top of the mind”. “Top of the mind” is a special position that a brand attains in the minds of the consumers i.e. the brand ranks one in the product category (Aaker, 1991). That brand is the first thing that comes to a consumers mind when he thinks about a particular product category. Therefore for new brands that are introduced in the market, brand recognition is more important, whereas for the brands that are well known to the consumers “brand recall” and “top of the mind” are more significant (Aaker, 1996).

2.1.2 Brand Association

In Aaker's (1991) model brand awareness is immediately followed by brand association, because a consumer can develop association only when he is aware of the brand (Washburn and Plank 2002). Brand association forms the foundation for the purchase decisions (Aaker, 1991). Feelings, thoughts, experiences and beliefs etc (Kotler & Keller, 2006), that are linked in memory to some particular brand are brand associations (Aaker, 1991). Brand associations are the consumer's perception

linked to a brand (James, 2005). Brand image targets the consumer's perception of a brand (Keller 1993). When these perceptions and beliefs related to some brand are organized in the minds of the consumers in some evocative way, brand associations are formed (Aaker, 1991). Brand association can have three major form i.e. emotional features, experiential benefits and brand attitudes (Keller, 2003, 1993).

Unique brand associations are useful in differentiating a brand from the competing products in the market (Keller, 2003). Brand images like "Consumer's trust on the brand" and "service quality" are very favorable associations linked to a brand (James, 2005; Biel, 1991). According to the Biel (1991) brand image is influenced by three major components. First is the corporate image of the brand which is concerned with senior leader's performances and behaviors. Second is the product image which is concerned with the quality of the product. And the third is users images which is concerned with the social status of the users i.e. "do you admire the users or not".

2.1.3 Perceived Quality

The concept of quality can be easily visualized but it's hard to define (Garvin, 1988). Perceived quality is the prime component of the consumer based brand equity framework (Nguyen, Barrett & Miller, 2011; Kimpakorn & Tocquer, 2010; Wang, Wei & Yu, 2008; Pappu, Quester & Cooksey, 2005; Kim & Kim, 2004; Netemeyer et al., 2004; Yoo, Donthu & Lee, 2000; Aaker, 1996; Cobb-Walgren, Ruble & Donthu, 1995). It is not concerned with the actual quality (Objective quality) of a product, but with the perception of the consumers, about the overall product quality in comparison to its competitors (Aaker, 1991; Zeithaml, 1988). Qualities that are related to the technical aspects of a product are its objective qualities, whereas the perceived quality is related to the overall quality of the product perceived by the consumers (Zeithaml, 1988). The quality of a product is directly influenced by the perception of the consumers (Boulding et al., 1993). The concept of perceived quality is classified into two groups 1) intrinsic attributes 2) extrinsic attributes (Zeithaml, 1988). Physical features (such as form, appearance, colour) are the intrinsic attributes of product, whereas extrinsic attributes are related to the products, but not in the physical sense (such as brand name, packaging, price, stamp of quality etc) (Bernue's et al., 2003). High Perceived quality helps a brand to differentiate itself from the competitors and to charge a premium price (Aaker, 1991).

2.1.4 Brand Loyalty

Loyalty is considered as an important dimension of the brand equity by many scholars (Nguyen, Barrett & Miller, 2011; Delgado-Ballester & Munuera-Alemán, 2005; Pappu, Quester & Cooksey, 2005; Kim & Kim, 2004; Yoo, Donthu & Lee, 2000). According to Aaker (1991) brand loyalty is "the attachment that a customer has to a brand".

In marketing literature brand loyalty has been studied from two perspectives i.e. attitudinal and behavioral (Sinclair & Gendall, 2000; Aaker, 1991). Schoell & Gultinan (1990) has defined brand loyalty from behavioral perspective as the extent to which an individual or household focus its purchases over the period of time on a particular brand within a 'product category'. So brand loyalty can be studied by reading the purchase choices (Keller, 1998) a customer makes over the period of time, for example number of brands purchased, repurchase rates etc. Oliver (1997) has defined the

brand loyalty from the attitudinal perspective as “The tendency to be loyal to a focal brand as demonstrated by the intention to buy it as primary choice”. So, from the attitudinal perspective it’s about the willingness to buy the brand and to stay loyal. This is measured by studying the switching costs involved, consumer preferences and commitment to buy the brand in future. In this study we have conceptualized brand loyalty on the basis of consumer perception and not on the basis of consumer behavior, so we will be focused on attitudinal perspective of brand loyalty. A brand should become consumer’s first choice, this tells us about his intentions to purchase the brand (Keller, 1988). Brand loyalty from attitudinal perspective is to study about the first choice of the customer during the purchases. Brand loyalty is related to price of the product (Chaudhuri & Holbrook, 2001), which is the basic indicator of loyalty (Aaker, 1996). Consumers, who have greater confidence in a brand instead of its alternatives, are more loyal towards it and are also willing to pay a higher price for it (Lassar *et al.*, 1995). Repeated purchase of brands is mostly based on the consumer attitudes (Kim, Kim & Jeong, 2003). Competitive threats can be reduced by building brand loyalty among the consumers (Aaker, 1991).

3. Conclusion

Researchers have identified other components of consumer based brand equity also but the mostly used and accepted in the literature are the Akker (1991) four dimensions. The review in this paper is an effort to bring the literature on these four components of consumer based brand equity together and present it in a better way for the audience. Brand awareness, brand association, perceived quality and brand loyalty are the most important indicators of consumer based brand equity, which are identified in the literature.

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