



BRAND EQUITY

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- MODULE 2- Session15



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TOPICS

- Brand Equity



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Brand Equity

- 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.** The concept of Brand Equity comes into existence when consumer makes a choice of a product or a service. It occurs when the consumer is familiar with the brand and holds some favourable positive strong and distinctive [brand associations](#) in the memory

Factors contributing to Brand Equity

1. [Brand Awareness](#)

2. [Brand Associations](#)

3. [Brand Loyalty](#)

4. Perceived Quality: refers to the customer's perception about the total quality of the brand. While evaluating quality the customer takes into account the brand's performance on factors that are significant to him and makes a relative analysis about the brand's quality by evaluating the competitors' brands also. Thus quality is a perceptual factor and the consumer analysis about quality varies. Higher perceived quality might be used for [brand positioning](#). Perceived quality affects the pricing decisions of the organizations. Superior quality products can be charged a price premium. Perceived quality gives the customers a reason to buy the product. It also captures the channel member's interest. For instance - American Express.

5.Other Proprietary Brand Assets: Patents, Trademarks and Channel Inter-relations are proprietary assets. These assets prevent competitors attack on the organization. They also help in maintaining customer loyalty as well as organization's competitive advantage.

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Brand Equity & Customer Equity

- Brand Equity is defined as value and strength of the Brand that decides its worth whereas Customer Equity is defined in terms of lifetime values of all customers.
- **Brand Equity and Customer Equity have two things in common-**
- Both stress on significance of customer loyalty to the brand
- Both stress upon the fact that value is created by having as many customers as possible paying as high price as possible.

- But conceptually both **brand equity and customer equity differ.**
- While customer equity puts too much emphasis on lower line financial value got from the customers, brand equity attempts to put more emphasis on strategic issues in managing brands.
- Just as customer equity can persist without brand equity, brand equity may also exist without customer equity. For instance I may have positive attitude towards brands - McDonald and Burger King, but I may only purchase from McDonald's brand consistently

References

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- 2. Kotler, Philip and Kevin Keller. Marketing Management. Pearson Education, 15th Ed , 2016
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