

Understanding Brand Equity

Maggi Case – Brand Equity

- People stopped eating Maggi
 - From 350 to 30 Crore/Month
- Did not switch over
 - despite competitors' efforts
- 1 years gap
- Came back



Brand Equity

The Trust & Loyalty of the customer enjoyed by the brand on a consistent basis.

“Positive Brand Equity”

Brand Equity

- The differential effect that knowing the brand name has on customer response to the brand
- **A measure of the brand's ability to capture consumer preference and loyalty**
- When customers react more favourably to a brand than generic or unbranded product
- Brand Equity = Brand Reputation

Brand Equity

BRAND EQUITY = (BRAND STRENGTH X BRAND STATURE)

Brand Strength

- Differential – customer value
 - How distinct is the brand in marketplace
 - Strong differentiation is basis for brand strength and high customer value
- Relevance
 - How relevant is product for customer needs
 - Being relevant to large no. of customers gives strength to brand

BRAND STRENGTH = f (differential, relevance)

Brand Stature

- Knowledge
 - The customers are aware of the Brand
 - Know what it stands for (features/benefits/functions)
 - Have positive perception
- Esteem
 - Perceived quality
 - Perception of popularity
 - Brand Associations
 - Satisfaction with brand

BRAND STATURE = f (Knowledge, Esteem)

Brand Equity

Equity of a brand is positive and high if it has both
STRENGTH and STATURE

E.g.

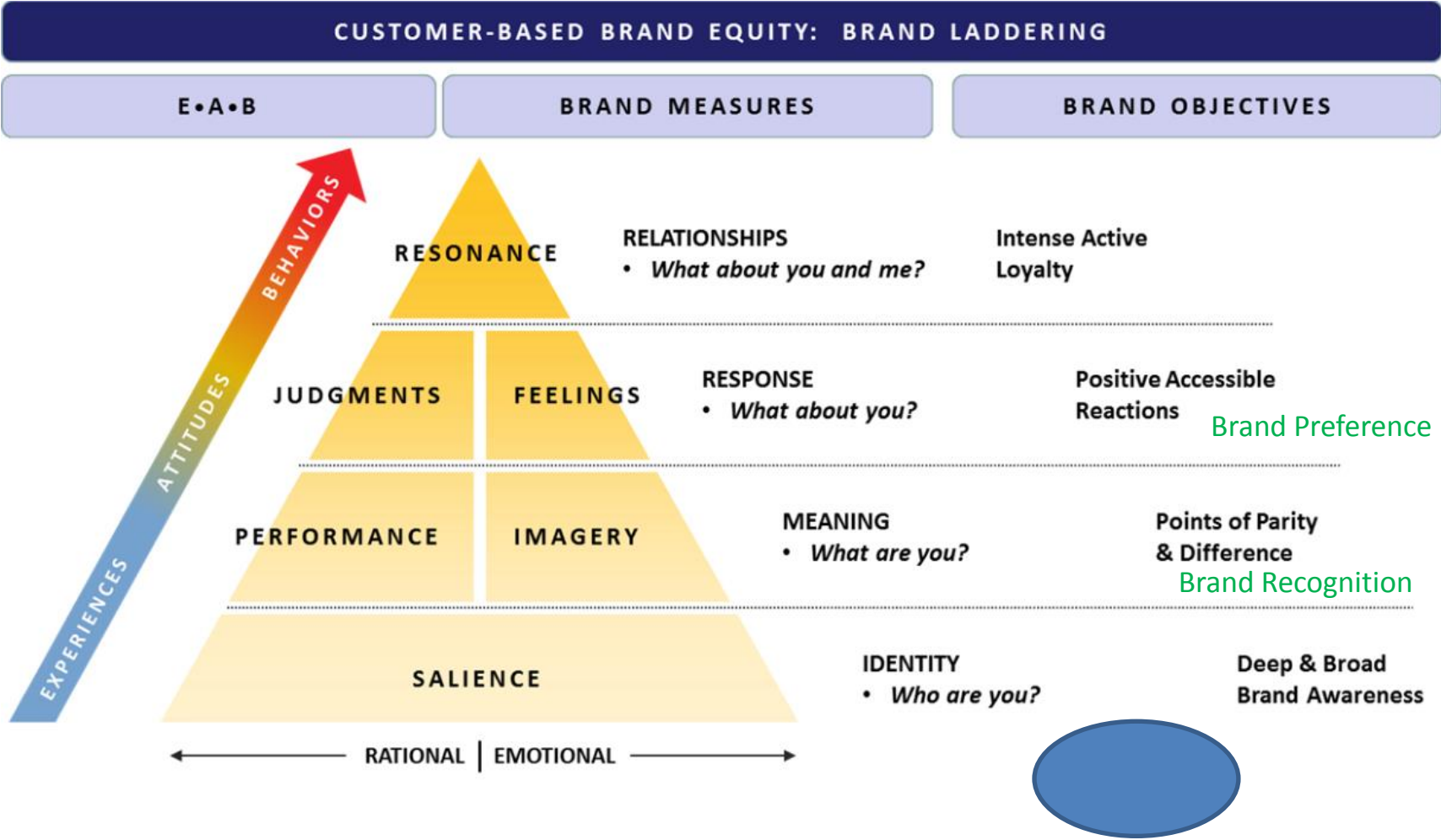
Apple, maintains a high level of positive brand equity; its products are unique, renowned for quality, customers are aware of it and are very loyal

Google

Titan

Maruti-Suzuki

Building Blocks of Brand Equity



Measuring Brand Equity

Loyalty

1. Price premium – *Willingness of customer to pay price premium for the brand*
2. Satisfaction/Repeat purchase, word of mouth recommendation

Perceived quality/Leadership Measure

3. Perceived quality
4. Leadership/Popularity

E.g. Mercedes Benz, Raymonds

Measuring Brand Equity

Associations/Differentiation measures

5. Perceived value (value proposition for the customer)
6. Brand personality (emotional/self expression benefit)
7. Organizational associations

Awareness Measures

8. Brand awareness (recognition, recall, TOMR, Dominant)

Market behaviour measures

9. Market share
10. Distribution coverage

Measuring Brand Equity

- Apple

Benefits of Brand Equity

- Positive Brand Equity provides competitive advantage
 - basis of strong & profitable consumer relationship
 - Customer loyalty
 - Reduced marketing spend
 - Command price premiums
- Positive Brand Equity leads to
 - Consistent sales, more profitability and higher profits
- Companies can leverage brand equity
 - Brand extensions
 - Business Diversification

Brand Equity

- Brand Equity has to be constantly managed to have sustained benefits.
 - Maintain quality and customer perceptions (Cadbury, Maggi)
 - Deliver brand promise and performance (Dove, Lizol)
 - Maintain market relevancy (Intel)
- Be proactive in dealing with possible negative influences



Expression of

- Love
- Affection
- Happiness

Brand Equity

Set of **assets and liabilities** linked to a brand's **name and symbol** that adds to (or subtracted) from the value provided by product/service to customer.

Thank you !!!