Consumer Based Brand Equity Conceptualization & Measurement:

A Literature Review

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Abstract:

Although there is a large body of research on brand equity, little in terms of a literature review has been published on this since Feldwick's (1996) paper. To address this gap, this paper brings together the scattered literature on consumer based brand equity's conceptualization and measurement. Measures of consumer based brand equity are classified as either direct or indirect. Indirect measures assess consumer based brand equity through its demonstrable dimensions and are superior from a diagnostic level. The paper concludes with directions for future research and managerial pointers for setting up a brand equity measurement system.

Keywords: literature review, brand equity, consumers

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Introduction:

Marketers are continually under pressure to justify the impact of marketing activities and this has renewed interest in measures of marketing performance (O'Sullivan and Abela 2007). The Marketing Science Institute has indicatively placed accountability and return on investment of marketing expenditure at the top of its research priorities for 2008-10 (MSI 2008). Financial measures such as sales and profit provide only partial indicators of marketing performance due to their historical orientation and typically short term horizon (Mizik and Jacobson 2008). Intangible, market-based assets on the other hand provide a richer understanding of marketing performance, reconciling short- and long-term performance (Ambler, 2003) as well as bridging marketing and shareholder value (Srivastava, Shervani, and Fahey 1998). Whilst competitors can emulate financial and physical assets, intangible assets represent a more sustainable competitive advantage (Hunt and Morgan 1995).

Brand equity is a key marketing asset (Ambler 2003; Davis 2000), which can engender a unique and welcomed relationship differentiating the bonds between the firm and its stakeholders (Capron and Hulland 1999; Hunt and Morgan 1995) and nurturing long term buying behavior. Understanding the dimensions of brand equity, then investing to grow this intangible asset raises competitive barriers and drives brand wealth (Yoo, Donthu and Lee 2000). For firms, growing brand equity is a key objective achieved through gaining more favorable associations and feelings amongst target consumers (Falkenberg 1996). Previous research established a positive effect of brand equity on: consumer preference and purchase intention (Cobb-Walgren, Ruble, and Donthu 1995); market share (Agarwal and Rao 1996); consumer perceptions of product quality (Dodds, Monroe, and Grewal 1991); shareholder value (Kerin and Sethuraman 1998); consumer evaluations of brand extensions (Aaker and Keller 1990; Bottomley and Doyle 1996; Rangaswamy, Burke, and Oliva 1993); consumer price insensitivity (Erdem, Swait, and Louviere 2002); and resilience to product-harm crisis (Dawar and Pillutla 2000).

Over the last 15 years, brand equity has become more important as the key to understanding the objectives, the mechanisms, and net impact of the holistic impact of marketing (Reynolds and Phillips 2005). In this context, it is not surprising that measures capturing aspects of brand equity have become part of a set of marketing performance indicators (Ambler 2003). The discussion of brand equity and its measurement has a broad range of adherents, both academic and practitioner, that collectively share what can be described as a “black box” orientation (Reynolds and Phillips 2005). Evidence of the importance of brand equity for the business world is the fact that there is currently a significant number of consulting firms (e.g. Interbrand, WPP, Young & Rubicam and Research International), each with their own proprietary methods for measuring brand equity (Haigh 1999). In setting up the future research agenda for brand management, Keller and Lehman (2006) unsurprisingly identified brand equity and its measurement as a significant research topic.

The literature on brand equity, although substantial, it is largely fragmented and inconclusive. As Berthon et al. (2001) put it, “perhaps the only thing that has not been reached with regard to brand equity is a conclusion." This paper provides a systematic review of the literature on brand equity conceptualization and measurement, and concludes with some directions for future research. Figure 1 shows the structure of the paper and introduces the broad categories of methodologies to measure CBBE. Although the whole purpose of setting up a brand equity monitor is to enable marketers to appreciate its key drivers, it is beyond the scope of this paper to review research on antecedents and consequences of brand equity as exemplified by Yoo, Donthu and Lee (2000).

- Insert Figure 1 about here -

Firm Based versus Consumer Based Brand Equity

As Winters (1991) states, "if you ask ten people to define brand equity, you are likely to get ten (maybe 11) different answers as to what it means" (p.70). Since then, many studies have been published on brand equity but Winters' statement is even more relevant today than it was in 1991. Brand equity is such a complex concept that the diversity of its conceptualizations in the literature may be due to the "blind men and elephant" syndrome (Ambler 2003); different studies describing different aspects of this intangible asset. The lack of an agreed definition of brand equity, has in turn spawned various methodologies for measuring the construct. Although there is no universally accepted definition of brand equity, there is at least some consensus in that brand equity denotes the added value endowed by the brand to the product (Farquhar 1989: RC7). This value can serve as a bridge that links what happened to the brand in the past and what should happen to the brand in the future (Keller 2003). Hence, Ambler's (2003) characterization of brand equity as a repository of future profits or cash flows that results from past marketing investment.

Firms however are not the only recipients of brand value. According to the literature the main recipients of brand value are either firms or customers and such a view is clearly presented in Aaker's (1991) definition of brand equity as "a set of 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 that firm's customers" (p.15). A similar yet more output oriented definition is that of Srivastava and Shocker (1991) who define brand equity "a set of associations and behaviors on the part of a brand's consumers, channel members and parent corporation that enables a brand to earn greater volume or greater margins that it could without the brand name and, in addition, provides a strong, sustainable and differential advantage." So far, the brand equity construct has been viewed from two major perspectives in the literature. Some authors focused on the financial perspective of brand equity (Farquhar et al 1991; Simon and Sullivan 1993; Haigh 1999) and others on the customer based perspective (Aaker 1991; You and Donthu 2001; Vazquez et al. 2002; Keller 1993; de Chernatony et al., 2004; Pappu et al., 2005; Christodoulides et al. 2006). The first perspective discusses the financial value brand equity creates to the business and is often referred to as firm based brand equity (FBBE). However, the financial value of brand equity is only the outcome of consumer response to a brand name. The latter, is considered the driving force of increased market share and profitability of the brand and it is based on the market's perceptions (consumer based brand equity).

In a related study trying to understand interpretations of brand equity, Feldwick (1996) identified three different ways in which the term "brand equity" has been used: first to signify the total value of a brand as a separate asset –when it is sold or included on a balance sheet; second, as a measure of the strength of consumers' attachment to the brand; and, third as a description of the associations and beliefs the consumer has about the brand. Whilst the first sense of the term is associated with firm-based brand equity, the other two senses reflect consumer-based brand equity. Kapferer (2004) attempted to link consumer based brand equity dimensions (i.e. "brand assets") to brand value (net discounted cashflow attributable to the brand after paying the cost of capital invested to produce and run the business and the cost of marketing) (e.g. price premium) through CBBE consequences such as price premium. For Kapferer it is essential for brands to yield financial benefits if they are to claim high levels of equity.

Consumer-based brand equity

The conceptualizations of consumer-based brand equity have mainly derived from cognitive psychology and information economics. The dominant stream of research has been grounded in cognitive psychology, focusing on memory structure (Aaker 1991; Keller 1993). Aaker (1991) identified the conceptual dimensions of brand equity as brand awareness, brand associations, perceived quality, brand loyalty, and other proprietary brand assets such as patents, trademarks and channel relationships. The former four dimensions of brand equity represent consumer perceptions and reactions to the brand, while proprietary brand assets are not pertinent to consumer-based brand equity. Keller (1993) looked at consumer based brand equity strictly from a consumer psychology perspective and defined it as "the differential effect of brand knowledge on consumer response to the marketing of the brand" (p.2). According to this conceptualization, a brand has a positive (or negative) value if the consumer reacts more (or less) favorably to the marketing mix of a product of which he/she knows the brand name than to the marketing mix of an identical yet unbranded product. Consumer response to the marketing mix of a brand can be translated at various stages of the purchase decision making sequence such as preference, choice intentions and actual choice. According to Keller (1993), brand knowledge is a key antecedent of consumer based brand equity and is in turn conceptualized as a brand node in memory to which a variety of associations have been linked. Brand knowledge is then decomposed into two separate constructs, brand awareness and brand image (associations). The majority of conceptual studies summarized in Table 1.1 agree that awareness and associations are important components of consumer based brand equity. The majority of conceptual studies on CBBE took place in early/mid 1990s with subsequent research being mostly empirical. It may also be argued that the emphasis of conceptual research has shifted from the relational intangible asset (i.e. brand equity) *per se* to the consumer-brand relationship (e.g. Fournier 1998) and customer equity (e.g. Rust et al. 2000; 2004).

- Insert Table 1.1 about here –

In parallel, brand equity research rooted in information economics draws on the imperfect and asymmetrical nature of markets (Erdem and Swait 1998). In this context, economic agents are required to transmit information about their specific characteristics by means of signals. According to Erdem et al. (2006), brand names act as signals to consumers. A brand signal becomes the sum of that brand's past and present marketing activities. Imperfect and asymmetrical market information produces uncertainty in consumers' minds. A credible brand signal generates consumer value by: (1) reducing perceived risk, (2) reducing information search costs, and (3) creating favorable attribute perceptions (Erdem and Swait 1998). Under this approach, CBBE is defined as the value of a brand signal to consumers (Erdem and Swait 1998).From our review of the literature we regard the two research streams (cognitive psychology and information economics) as complementary and we propose a definition of CBBE that contains elements from both, i.e. "a set of perceptions, attitudes, knowledge, and behaviors on the part of consumers that results in increased utility and allows a brand to earn greater volume or greater margins than it could without the brand name."

Measurement of CBBE

Although Aaker (1991) and Keller (1993) amongst others conceptualized brand equity they never operationalized a scale for its measurement. This spawned a number of methodologies to quantify this highly regarded intangible asset, most of which employ complex statistical procedures (e.g. Leuthesser et al. 1995; Park and Srinivasan 1994), making them difficult to comprehend and use amongst practising marketers. Empirical endeavors to operationalize consumer-based brand equity can be classified based on their approach to measurement (i.e. direct or indirect). Direct approaches to brand equity measurement attempt to measure the phenomenon directly by focusing on consumers' preferences (e.g. Park and Srinivasan 1994; Srinivasan 1979) or utilities (e.g. Kamakura and Russell 1993; Swait et al. 1993), while indirect approaches measure brand equity through its demonstrable manifestations (e.g. Pappu et al. 2005; Yoo and Donthu 2001). Table 1.2 summarizes the main studies on consumer based brand equity measurement.

- Insert Table 1.2 about here -

Direct approaches

Studies falling into the former group neglect the theoretical dimensions of the construct which, if properly operationalized, can provide actionable insights into the drivers of equity. Ultimately, what these studies are trying to achieve is a separation of the value of the brand from the value of the product (e.g. by using the multiattribute model). Over the years, this has proved to be conceptually and methodologically problematic as “brands supervene on products, much as the mental has been claimed to supervene on non-aesthetic properties” (Grassl 1999, p.323).

Multiattribute Approaches

Srinivasan (1979), Park and Srinivasan (1994), and Jourdan (2002) use the multi-attribute model as a common departure point to measure consumer based brand equity. Srinivasan (1979) defines brand equity, which back then he calls brand specific effect as “the component of a brand’s overall preference that is not explained by the multiattribute model” (p.12). In line with this definition, Srinivasan (1979) measures brand equity by comparing observed preferences based on actual choice with consumer preferences derived from a multiattribute conjoint analysis. The difference between overall preference and the preference estimated by the multiattribute model is subsequently quantified by means of a monetary scale (dollarmetric scale). Estimates of brand equity that result from this method occur, at best, at the segment level. As with every attempt to measure brand equity directly, this approach does not shed light on the sources of brand value. Fifteen years later, Park and Srinivasan (1994) achieve measurement of brand equity at the individual level which they operationally define as "the difference between an individual consumer's overall brand preference and his or her multiattributed preference based in objectively measured attribute levels" (p.273). Objective preferences can be obtained by laboratory tests, blind tests or surveys with experts. Park and Srinivasan (1994) also disaggregate consumer based brand equity into two parts: an attribute component, based on consumers' evaluations of the brand's physical characteristics; and a non-(product) attribute component, based on symbolic associations attached to the brand. Although it provides important insights into the perceptual distortions caused by a specific product attribute, this method does not break down the non-attribute based component of brand equity. It is also naïve to assume that experts (or dentists in the context of the study) are immune from the brand equity effect and are able to provide objective attribute scores. Jourdan (2002) notes that the difference of utility implied in the Park and Srinivasan (1994) definition of brand equity may not entirely be imputable to the brand as part of it is due to measurement error. Aside from the brand name effect, overall preference may not coincide with the preference based on objectively measured product attributes for two other reasons. First, a consumer may positively evaluate all product attributes but yet choose another brand due to unobservable variables that affect preferences and may even be random to the individual consumer (i.e. random error). Second, preference based on objective evaluations of a product's attribute levels is estimated by means of the multiattribute model, the arbitrary choice of which, as well as the number and nature of the attributes retained, may be potential sources of systematic error. As such Jourdan (2002) argues for an error component, which data from a repeated measures experiment shows is not negligible. His amendment resulted in improved levels of reliability and validity of brand equity measurement. Also, the choice of a single sample provides better control of distortional factors. Despite this method's advantages the complexity of its inherent experimental design translates into little managerial value.

Other Direct Approaches

Not deviating substantially from the underlying logic of the studies in the previous section, Leuthesser et al. (1995) begin with the assumption that personal evaluation of a given brand on a number of attributes is always biased. This bias is caused by the fact that consumers are predisposed towards brands they know. At the level of subjective attribute-by-attribute evaluations, this predisposition is manifest through the statistical "halo effect" (or error): the correlations of inter-attributes in the multiattribute model would be higher than if consumers held no a priori overall attitude (global effect) towards the brand being rated. According to the authors, it is this perceptual distortion that forms the basis of brand equity. In the same line of thinking, they postulate that the halo effect corresponds to the aggregate value of the brand. In order to isolate the effect of this halo, Leuthesser et al. (1995) describe two statistical procedures: "partialling out" and "double centering". This method does not provide any indication of the sources of consumer based brand equity and is therefore of little value to brand managers. More importantly, this method does not take into account the part of consumer based brand equity that hinges on associations attached to the brand name. As a result, this method can only be applied in product categories where the positioning of competitive brands is functional or experiential (Park, Jaworski and McInnis 1986). Another weakness of this method is that equity is at best measured at the aggregate level rather than the individual level. Finally, the method does not overcome the shortcoming of previous methods, which draw heavily on statistics, making it hard to use by brand managers.

Unlike previous studies which focus on preference, Kamakura and Russell (1993) examine consumers' actual purchase behavior by means of a segmentwise logit model. The empirical estimation of the model is based on real purchase data from supermarket checkout scanners. Consumer based brand equity is measured as "the implied utility or value assigned to a brand by consumers" (p.10). By removing the effects of short term advertising and price promotions, Kamakura and Russell (1993) came up with a proxy of Brand Value. Two major sources of brand equity were subsequently identified as a result of decomposing Brand Value into tangible and intangible components. The authors go on to propose Brand Value and Intangible Brand Value as two alternative measures of brand equity. While Brand Value provides a fairly good diagnostic for a brand's competitive position, Intangible Brand Value isolates the utility associated with intangible factors such as brand associations and perceptual distortions. While providing a preliminary breakdown of Brand Value, Intangible Brand Value is not decomposed further to enable brand managers to manage the sources of that value. Similar to Srinivasan (1979), this approach does not allow evaluating consumer based brand equity at the individual consumer level. The method offers the advantage of reflecting actual consumer behavior as opposed to preferences, but at the same time is confined to contexts where scanner data is available. Finally, the method assumes that brand separability is possible, a position challenged severely by researchers who adopt an “inclusive” as opposed to an “additive” approach to branding (Ambler and Barwise 1998; Barwise *et al*. 1990).

Building on the information economics paradigm, the approach adopted by Swait *et al*. (1993) uses the entire utility value attached to a brand rather than isolating specific parameters thereof. Their argument is that the effect of brand equity occurs throughout the components of the utility function and therefore any measure of brand equity should reflect total utility. Based on this, they propose a new measure of consumer based brand equity called “Equalisation Price” (EP), which encompasses “the monetary expression of the utility a consumer attributes to a bundle consisting of a brand name, product attributes and price” (p.30). Based on a hypothetical choice task and additional information relating to consumers’ purchases and product usage, image and socio-demographics, EP is then calculated by means of a multinomial logit model. This is the hypothetical price at which each brand would have the same market share in that consumer’s purchases (Barwise 1993). One of the advantages of this measuring instrument is that it incorporates a series of qualitative variables related to symbolic associations. The instrument developed by Swait *et al*. (1993) allows identifying the sources of brand associations and determining importance weights in the function of consumer utility. Another advantage is that it permits the calculation of consumer based brand equity at the individual level. Nevertheless, the specification of the model postulates that all consumers have identical preferences, rendering the method inappropriate for markets characterized by inhomogeneous consumer choice.

Shankar et al. (2008) developed a model of brand equity that combines financial and consumer survey data. The two multiplicative components of brand equity are offering value and relative brand importance. Offering value is the net present value of a product or product range carrying a brand name and can be estimated through financial measures such as forecast revenues and margin ratios. Relative brand importance is a measure that seeks to isolate the effect of brand image on consumer utility relative to the effect of other factors that also affect consumer choice. Shankar et al. identify brand reputation, brand uniqueness, brand fit, brand associations, brand trust, brand innovation, brand regard, and brand fame as drivers of brand image which may be captured through a consumer survey. An advantage of this method is that it allows estimating brand equity for multicategory brands. While this method is beneficial in terms of combining both financial and consumer data, it makes comparisons with rival brands difficult due to competitor financial measures often being unavailable at the brand level. Moreover, this approach produces an aggregate estimate of brand equity as only relative brand importance is measured at the individual level.

Indirect approaches

Compared to direct approaches, indirect approaches to CBBE measurement adopt a more holistic view of the brand and seek to measure brand equity either through its manifest dimensions or through an outcome variable such as a price premium.

Lassar et al (1995) defined consumer based brand equity as "the enhancement in the perceived utility and desirability a band name confers on a product" (p.10). Based on a previous study conducted by Martin and Brown (1990), the authors suggested five CBBE dimensions namely, performance, value, social image, trustworthiness, and commitment. The hypothesized structure of brand equity was supported by survey data collected from consumers in two product categories – TV monitors and watches. Lassar et al. (1995) also reported adequate levels of internal consistency and discriminant validity for the resultant 17-item likert-type CBBE scale. Understanding the complexity of previous brand equity measurement techniques, Lassar et al. (1995) paved the way for a simple paper and pencil instrument that enables managers to easily monitor their brand equity through its constituent dimensions. Furthermore, the metric can also be applied to various product fields as individual scale items measure consumer perceptions at a rather abstract, non-product class specific level. Despite its merits, Lassar et al.'s (1995) CBBE scale focuses solely on associations and excludes significant behavioral components of brand equity (e.g. behavioral loyalty). Also, the scale was developed and validated with a convenience sample of 113 consumers which is considered inadequate for confirmatory factor analysis (Hinkin 1995). Finally, the authors do not report any tests on the scale's external validity.

Similar to the previous authors' holistic definition of brand equity, Vázquez et al. (2002) define consumer based brand equity as the "overall utility that the consumer associates to the use and consumption of the brand; including associations expressing both functional and symbolic utilities" (p.28). It is notable that the above definition highlights *ex-post* (i.e., utilities obtained by consumers following a brand's purchase) as opposed to *ex-ante* utilities (i.e., utilities obtained prior to purchase), the latter being the focus of investigation under the information economics paradigm. Their empirical study involving consumer evaluations of athletic shoe brands verified the existence of four dimensions of brand utilities: product functional utility, product symbolic utility, brand name functional utility, and brand name symbolic utility. Further tests including confirmatory factor analysis showed that their proposed 22-item scale has strong psychometric properties. An additional conclusion of the study is that neither the additive nor the inclusive conception of a brand is supported. Results showed that product and brand utilities maintain discriminant validity, suggesting that consumers do not view the two entities (i.e., product and brand) as identical. Nevertheless, the strong inter-correlations between the dimensions require brand managers not to regard the product and brand name as entirely independent entities. The resulting scale has a number of advantages over preceding methods of brand equity measurement. In the first place, unlike previous methods which involve complex statistical modeling, the Vázquez *et al*. (2002) method is relatively easy to administer. Second, the developed scale sheds light on the sources of consumer based brand equity through four dimensions. Third, the scale allows measurement at the individual level. Nevertheless, the scale was calibrated solely in the athletic shoes sector and therefore certain adaptations are required to administer the scale in other contexts. Finally, this method focused on *ex-post* brand utilities, thus neglecting significant *ex-ante* brand utilities. In a follow up study, Koçak et al. (2007) sought to replicate the results of Vázquez *et al*. (2002) and to determine whether their scale could be applied to a different cultural context, i.e. Turkey. Koçak et al. (2007) therefore used the same dimensionality of consumer based brand equity (i.e. product, functional utility, product, symbolic utility) and to facilitate comparability of results tested the scale in the same product category (i.e. sport shoes). The results showed that the original 22-item scale developed by Vázquez *et al*. (2002) in Spain was not appropriate for the Turkish sample. Instead a 16-item scale that was similar but not identical to the original scale was supported by the data. This led Koçak et al. (2007)

to conclude that the differences between the original and the replication study may be due to cultural diversity. In other words, consumers may arrive at different evaluations of brands as a result of different cultural conditions.

In a separate endeavor, Yoo and Donthu (2001) sought to develop an individual- level measure of consumer based brand equity that is reliable, valid, parsimonious, and draws on the theoretical dimensions put forward by Aaker (1991) and Keller (1993). Data to calibrate and validate the scale was collected from three independent samples of American, Korean American, and Korean consumers. The resultant battery measuring "multi-dimensional brand equity" consists of ten items reflecting the three dimensions of brand loyalty, perceived quality, and brand awareness/associations. To assess MBE's convergent validity, Yoo and Donthu (2001) further developed a 4-item unidimensional (direct) measure of brand equity, which they labeled as "overall brand equity". A strong and significant correlation was found between the two measures.

Amongst the indirect approaches to consumer-based brand equity measurement, the Yoo and Donthu (2001) study arguably has the most strengths and fewest weaknesses. First, Yoo and Donthu's (2001) adoption of an etic approach to scale development, which refers to simultaneous use of samples from multiple cultures, suggests that the scale is culturally valid. Second, the scale is applicable to various product categories without requiring further adjustments such as in the case of Vázquez *et al*. (2002). Third, the instrument is parsimonious and easy to administer, making it simple for brand managers to regularly assess the equity of their brands. Fourth, measurement of brand equity is made at the individual consumer level. Fifth, the authors carried out a rigorous multi-step validation process.

Nevertheless, the study's limitations, as outlined below, necessitate further scale development to allow researchers and practitioners to arrive closer to a universally-accepted measure of consumer-based brand equity (Washburn and Plank 2002).

The major limitation of Yoo and Donthu's (2001) three factor consumer-based brand equity scale is that brand awareness and brand associations, two theoretically distinct underlying constructs of brand equity, collapsed into one dimension. The question of whether or not brand awareness and brand associations should be collapsed is critical. Although the two constructs are clearly correlated, both Aaker (1991) and Keller (1993) distinguish between brand awareness and associations. According to Aaker's (1991) conceptualization, brand awareness must precede brand associations. Nonetheless, the two dimensions are not synonymous since one can be aware of a brand without having a strong set of brand associations linked in memory. Pappu et al. (2005) achieved a distinction between the dimensions of brand awareness and brand associations; however their confirmatory factor model suffers from a serious limitation. Two of brand equity's dimensions, brand awareness and brand loyalty are operationalized by one and two indicators respectively, making the psychometric properties of their scale questionable (confirmatory factor analysis requires a minimum of three indicator variables for each exogenous construct). Another limitation is related to the exclusive reliance on student samples to develop and validate their brand equity scale. Students are generally not effective surrogates of consumers (James and Sonner 2001). A third limitation is concerned with Yoo and Donthu's (2001) selection of product categories. In an era where branding has become critical for services (Brodie et al. 2006; van Riel et al. 2001), and several service brands enjoy prominent positions in Interbrand's annual top brands ranking, it is a serious omission that Yoo and Donthu (2001) only chose product brands for their survey (films, jeans, and athletic shoes). Furthermore, while attentive to cultural variations, their study was based on specific country cultures. Further evidence about the dimensionality of brand equity and the construct's invariance amongst cultures was presented by Buil et al. (2008) who collected and compared data from consumers in the UK and Spain. The hypothesized structure of consumer based brand equity consisting of brand awareness, perceived quality, brand loyalty and brand associations (decomposed into perceived value, brand personality and organizational associations) was supported in both countries. Further research may look further into the conceptual and metric equivalence of brand equity such as in "individualist vs. collectivist" cultures, and also in "developed vs. developing" markets.

Except for measures of consumer based brand equity intended to be applicable across product categories, the marketing literature also reports studies developing category /industry specific measures of brand equity (e.g. de Chernatony et al. 2004; Christodoulides et al. 2006). For instance, de Chernatony et al. (2004) identified three dimensions of CBBE specific to financial service brands, namely brand loyalty, satisfaction, reputation. Similarly, Christodoulides et al. (2006) focused on brand equity measurement in an online context and through interviews with experts identified five dimensions of e-tail brand equity, i.e. emotional connection, online experience, responsive service nature, trust and fulfillment. Consumer surveys are in both cases used to then assess consumer based brand equity, each time through its manifest dimensions.

Price premium

Another way to indirectly measure consumer based brand equity is through an outcome variable of consumer based brand equity, i.e. price premium. This method calculates the additional income or profit which is generated as a result of the differential selling price between a branded and a generic (non-branded) product (Barwise et al. 1989). Ailawadi et al. (2003) proposed a revenue premium measure as a proxy for measuring consumer based brand equity. This is defined as "the difference in revenue (i.e. net price x volume) between a branded good and a corresponding private label" (p.3). Two of the advantages of this measure are the reliance on actual market data (as opposed to subjective judgments) and the relative ease of calculation. On the negative side, price premium does not provide insights into the sources of brand equity. Also, brand equity building usually implies one of two generic strategies: a price premium strategy or a market share strategy (Park and Srinivasan 1994). In the former case, revenue premium provides satisfactory results. However, in the case where the brand in question strives to increase its market share, the price premium method fails to deliver accurate results of brand value. Third, often no equivalent generic product is available, but even when is available, it is likely to be extremely difficult to obtain a breakdown of competitors' profitability figures by individual product line.

In parallel with the academic research on brand equity measurement, various consultancies and market research firms have also developed their own methodologies - which cannot be neglected as they occasionally appear in scholarly research (e.g. Chu and Keh 2006; Mizik and Jacobson 2008). The best known methodologies are summarized in table 1.3. Comparing the measures used by different consultancies (see table 1.3) as well as the measures used by consultancies and academics (see table

1.1 and 1.3) shows little common ground in terms of the constituent dimensions of brand equity.

- Insert Table 1.3 about here -

Conclusions and Directions for Future Research

Our extensive literature review identified two streams of research with regard to CBBE's conceptualization: the dominant stream derives from cognitive psychology whilst a secondary stream draws on signaling theory from information economics. Although there is some agreement with regard to the definition of brand equity as the added value endowed by the brand to the product, additive approaches to measuring brand equity have recently given way to more holistic metrics. Our literature review identifies two main classes of CBBE measurement methods. First, methods that seek to quantify brand equity directly; and second, methods that seek to measure brand equity either through its demonstrable dimensions or through price premium (outcome variable). It is mostly earlier studies that attempted to measure brand equity directly (e.g. Srinivasan 1979) and faced serious problems such as brand separability. Moreover, direct techniques have limited managerial value as they usually rely on complex statistical models and provide no insights into the sources of brand value. Indirect approaches, by contrast, use simple "pen and pencil" instruments to tap consumer based brand equity through its individual dimensions. Despite their managerial usefulness as a diagnostic tool, indirect measures of brand equity still have limitations some of which derive from the lack of agreement on what dimensions constitute consumer-based brand equity although a wave of studies (e.g. Yoo and Donthu 2001; Washburn and Plank 2002; Pappu et al. 2005; Buil et al. 2008) endorse

Aaker's (1991; 1996) dimensionality. We believe that there is no such thing as *a* universal measure for brand equity and that the market sector and life-stage of the brand need to be taken into account when selecting an appropriate set of measures to assess brand equity (Baker et al. 2005). It is notable from our literature review that while some CBBE facets may be product or category specific (e.g. car performance) others are "softer" and likely to be more generic in their applicability and scope (e.g. trust) (cf. Morgan 2000). Tables 1.1 and 1.3 suggest that not only is there diversity in the views of academics on CBBE's dimensionality, but also there seems to be a gap between their views and consultants' views. This may be because consultants have a business model based on which they generate an income stream through their proprietary methodologies. Future research should investigate the relevance of CBBE measures for practising managers. Furthermore, our literature review shows a bias to reporting measures developed and validated in the US. Future research should apply these scales to other contexts to assess the conceptual and psychometric equivalence of CBBE measures across cultures. Finally, existing CBBE measures relied heavily on evaluations of product (esp. FMCG) brands. Branding is essential not just for products but also for services. As such, CBBE measures should be tested with service brands, and if necessary new service specific brand equity scales should be developed. Furthermore, we recognize that a market consists of clusters of individuals with different levels of loyalty (Dick and Basu 1994; Morgan 2000). Research also shows that each of these clusters may differ significantly on brand equity suggesting that aggregate brand equity scores may be misleading (Rust et al. 2004). Future research needs to address the relative strength of brand equity by type of user. For instance, are committed, loyal customers typically the most valued? Why should habitual customers not be just as valued? (Knox 2001).

Finally, the largest contribution (in terms of volume) to the existing body of research knowledge on brand equity comes from studies adopting a psycho cognitive perspective which is largely underpinned by a linear consumer thinking process (see for example "hierarchy of effects"). Emerging advances in neural psychology allude to a much more complex brain activity when consumers process a brand (e.g. Moutinho and Santos 2009; Quartz and Asp 2005; Yoon et al. 2006). For instance, Yoon et al. (2006) have recently challenged the view that the processing of products and brands is akin to that of humans. Further developments in neurosciences are expected to provide better understanding of how consumers feel about, resonate and value a brand.

The following pointers are intended to assist practicing marketers and market researchers in setting up their own system to measure brand equity.

1. Brand equity is a complex and multi-faceted concept and, as such, it needs to be captured through a set of measures rather than a single measure. The measures selected should be aligned with the brand vision (Davis 2000). For instance, a supermarket like Waitrose is likely to be more concerned about perceived quality than a discounter who would focus more on value-for-money. Measures should also be attentive to the organizational culture of the corporation since externally focused organizations with flexible structures would be more attentive to particular facets than internally focused organizations with stable structures.

2. Understanding brand equity is about understanding customer value within a particular situational context and level of co-producing value. It is therefore

important for brand managers and market researchers to know how their brand contributes to the overall product experience.

3. Brand category is an important variable in brand equity measurement. The usefulness of different dimensions of brand equity is not uniform across diverse industries. A brand equity monitor should incorporate dimensions that drive value within the specific industry [e.g. satisfaction for financial services (de Chernatony et al. 2004), and online customer experience for e-brands (Christodoulides et al. 2006)]. The holy grail of "universal" measures is akin to fools' gold – a shining example of statistical depth with little that drives significant growth.

4. Brand equity monitor systems should consist of perceptual and motivational factors which can be modeled against consequential behavioral (e.g. purchase recency/frequency) measures.

5. Functional (e.g. performance), emotional (e.g. affinity), and experiential facets should be considered for inclusion in a brand equity measurement system to truly appreciate the evolving nature of brands.

6. In recessionary periods managers may be excessively focused on the short term fiscal outcomes of brand strategies. Insightful consultancy advice needs to exhort the importance of appreciating the facets of brand equity which have given rise to monetary gain – and how this can be sustained.

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Table 1.1 Conceptual Research on CBBE

Study	Dimensions of CBBE
Aaker (1991, 1996)	brand awareness brand associations perceived quality brand loyalty
Blackston (1992)	brand relationship (trust, customer satisfaction with the brand)
Keller (1993)	brand knowledge (brand awareness, brand associations)
Sharp (1995)	company/brand awareness brand image relationships with customers/existing customer franchise
Berry (2000)	brand awareness brand meaning
Burmann et al. (2009)	brand benefit clarity perceived brand quality brand benefit uniqueness brand sympathy brand trust

Source: the authors

Table 1.2 Research on CBBE measurement

Measurement	Dimensions of CBBE	Measurement level	Context	Product Category
Direct approach				
Srinivasan (1979)	n.a.	aggregate	USA	health care
Kamakura & Russell (1993)	perceived quality brand intangible value	aggregate	USA	detergents
Swait et al. (1993)	n.a.	individual	USA	deodorants, trainers, jeans
Park & Srinivasan (1994)	attribute based brand equity non-attribute-based brand equity	individual	USA	toothpaste, mouthwash
Leuthesser et al. (1995)	n.a.	individual	Austria	detergents
Shankar et al. (2008)	Offering value, relative brand importance	aggregate	USA	insurance
Indirect approach via intermediate measures				
Lassar et al. (1995)	performance social image value trustworthiness attachment	individual	USA	televisions watches
Yoo & Donthu (2001)	brand awareness brand associations perceived quality brand loyalty	individual	USA, Korea	athletic shoes, film, colour television sets
Vazquez et al. (2002)	product functional utility product symbolic utility brand name functional utility brand name symbolic utility	individual	Spain	sports shoes
Washburn & Plank (2002)	brand awareness brand associations perceived quality brand loyalty	individual	USA	crisps paper towels

de Chernatony et al. (2004)	brand loyalty satisfaction reputation	individual	UK	financial services
Netemeyer et al. (2004)	perceived quality perceived value for the cost uniqueness willingness to pay a premium	individual	USA	colas, toothpaste, athletic shoes, jeans
Pappu et al. (2005)	brand awareness brand associations perceived quality brand loyalty	individual	Australia	cars, televisions
Christodoulides et al. (2006)	emotional connection online experience responsive service nature trust fulfillment	individual	UK	e-tailers
Kocak et al. (2007)	product functional utility product symbolic utility brand name functional utility brand name symbolic utility	individual	Turkey	sports shoes
Buil et al. (2008)	brand awareness perceived quality brand loyalty brand associations (perceived value, brand personality, organizational associations)	individual	UK, Spain	soft drinks, sportswear, electronics, cars
Indirect approach via behavior based measures				
Ailawadi et al. (2003)	n.a.	aggregate	USA	consumer packaged goods, groceries

<u>Source</u>: the authors

Table 1.3 Consultancy Based Measures of CBBE

Name	**Measures of CBBE**
Interbrand Brand Strength	market
	stability
	brand leadership
	trend
	brand support
	diversification
	protection
Y&R Brand Asset Valuator	knowledge
	esteem
	relevance
	differentiation
WPP Brand Dynamics	presence
	relevance
	performance
	advantage
	bonding
Research International Equity Engine	affinity
	perceived functional performance
	the interaction between the brand's equity and its price

Source: the authors

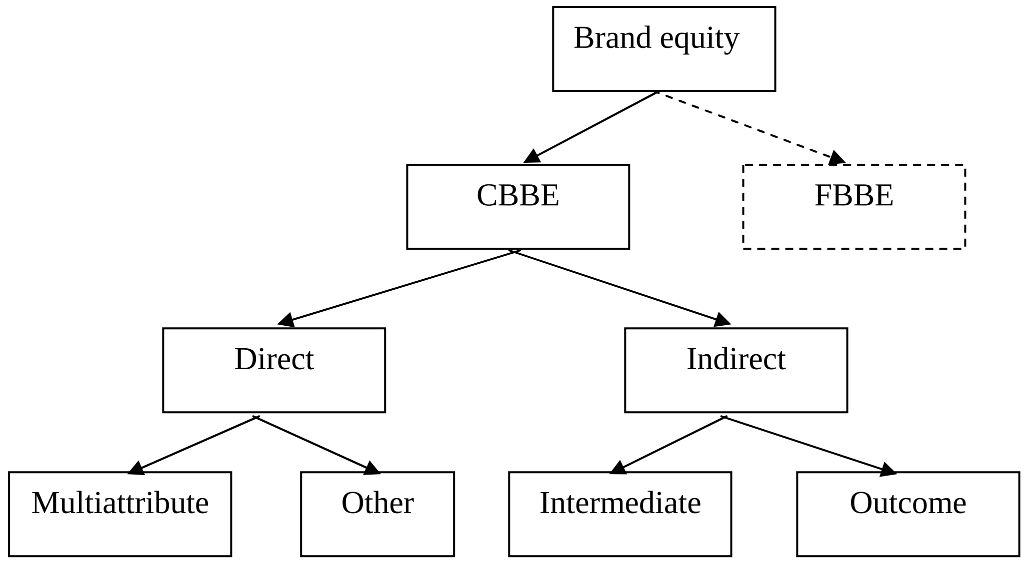

Figure 1: Brand Equity Methodologies